

ANNUAL REPORT



Franklin · Templeton · Mutual Series

Franklin Templeton Variable Insurance Products Trust Annual Report Table of Contents

Important Notes to Performance Information	
Fund Summaries	
Templeton Developing Markets Securities Fund	TD-
Templeton Foreign Securities Fund	TF-
Templeton Global Bond Securities Fund	TGB-
Index Descriptions	I-1
Board Members and Officers	BOD-
Shareholder Information	SI-

NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

IMPORTANT NOTES TO PERFORMANCE INFORMATION

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

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

This annual report for Templeton Developing Markets Securities Fund covers the fiscal year ended December 31, 2013.

Templeton Developing Markets Securities Fund Class 3

Performance Summary as of 12/31/13

Average annual total return of Class 3 shares* represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

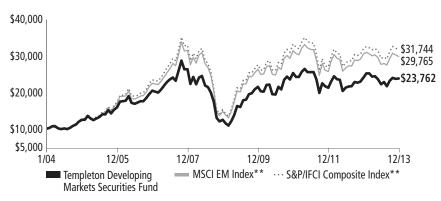
Periods er	nded 12/31/13	1-Year	5-Year	10-Year
Average	Annual Total Return	-0.97%	+13.85%	+9.04%

^{*}Since Class 3 shares were not offered until 5/1/04, performance prior to that date represents historical Class 2 performance. Since 5/1/04 (effective date), the average annual total return of Class 3 shares was +9.31%. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/04–12/31/13)

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance* is compared to the performance of the MSCI Emerging Markets (EM) Index and the Standard & Poor's®/International Finance Corporation Investable (S&P®/IFCI) Composite Index. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

Please see Important Notes to Performance Information preceding the Fund Summaries.



^{**}Source: © 2014 Morningstar. Please see Index Descriptions following the Fund Summaries.

Performance reflects the Fund's Class 3 operating expenses, but does *not* include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.

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

Current performance may differ from figures shown.

Fund Risks: All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets, of which frontier markets are a subset, involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with developing markets are magnified in frontier markets. The Fund is designed for the aggressive portion of a well-diversified portfolio. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Fund Goal and Main Investments: Templeton Developing Markets Securities Fund seeks long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in emerging market investments.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the MSCI EM Index had a -2.27% total return, and the S&P/IFCI Composite Index had a -0.57% total return for the same period. Please note index performance numbers are for reference and we do not attempt to track an index but rather undertake investments on the basis of fundamental research.

Economic and Market Overview

The 12 months under review were characterized by reinvigorated policy support, an economic recovery in developed markets and a slowdown in emerging markets. Although several emerging market countries faced headwinds such as soft domestic demand, weak exports, market volatility and social unrest, emerging market economies overall continued to grow faster than developed market economies. Following a relatively subdued first half, China's growth rate stabilized in the second half. Economic growth rates moderated in Russia, India and Indonesia but improved in Brazil, South Korea and Turkey. However, emerging market stock performance during the period appeared to be driven less by economic growth and corporate fundamentals and more by the fiscal and monetary policies in developed market countries.

After a weak start to 2013 as many investors locked in 2012 gains, emerging market stocks experienced a sharp sell-off in May and June amid concerns about a spike in China's interbank rates and the U.S. Federal Reserve Board's (Fed's) potential tapering of its asset purchase program. When these fears were not realized, investor confidence rose in late June, leading to a partial rebound in emerging market stock prices. Financial markets grew volatile again in late August but recovered as tension surrounding Syria was defused and as the Fed announced it would delay tapering its asset purchase program. A U.S. budget impasse in late September and its resolution in October also moved the markets. The Chinese government's announcement of social, economic and financial reforms boosted Chinese stocks in November.

^{1.} Source: © 2014 Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

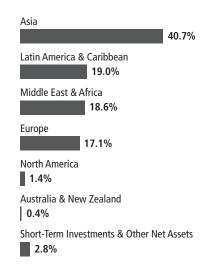
Emerging market stocks overall remained resilient despite the Fed's December announcement that it would reduce its monthly bond purchases beginning in January 2014.

For the 12 months ended December 31, 2013, emerging market stocks, as measured by the MSCI EM Index, had a -2.27% total return in U.S. dollar terms, as weaker emerging market currencies hindered returns. Asia and Eastern Europe produced modest gains, while Latin America declined. In Asia, Taiwan, Malaysia, South Korea and China delivered gains, while Indonesia, Thailand, India and the Philippines posted losses. In Eastern Europe, Poland and Russia generated gains, while the Czech Republic and Hungary posted losses. Latin American markets such as Peru, Chile, Colombia and Brazil were among the worst performers, partly because of generally weak commodity prices and local currencies. In the largely frontier markets of the Middle East and Africa, the United Arab Emirates (UAE), Ghana and Kenya outperformed many of their global peers, while Lebanon, Tunisia and South Africa underperformed.

At year-end, global liquidity conditions continued to be accommodative. The Fed committed to keeping interest rates low as long as the U.S. unemployment rate remained over 6.5% and inflation expectations remained low. Furthermore, there were no signs at period-end indicating the Bank of Japan or the European Central Bank would tighten policy. We believe emerging and frontier market countries with strong economic fundamentals could continue to benefit from the high liquidity provided by major central banks, as investors seek higher yielding assets in a low interest rate environment. We viewed greater cooperation among major emerging and developed market countries as potentially beneficial for economic growth and financial markets. For example, in August, Brazil, Russia, India, China and South Africa (BRICS) decided on a capital structure for a proposed development bank aimed at supporting emerging market countries' financing needs for infrastructure projects. In September, the BRICS countries committed \$100 billion for a joint currency reserve to protect their economies from global financial market volatility and currency shocks. Toward year-end, China and the European Union agreed to negotiate a bilateral investment treaty in an effort to increase bilateral trade and improve access to each other's markets.

Geographic Breakdown

Templeton Developing Markets Securities Fund Based on Total Net Assets as of 12/31/13



Investment Strategy

We employ a fundamental research, value-oriented, long-term investment approach. We focus on the market price of a company's securities relative to our evaluation of its long-term earnings, asset value and cash flow potential. We also consider a company's profit and loss outlook, balance sheet strength, cash flow trends and asset value in relation to the current price. Our analysis considers the company's corporate governance behavior as well as its position in its sector, the economic framework and political environment. We invest in securities without regard to benchmark comparisons.

Manager's Discussion

During the 12 months under review, key contributors to the Fund's absolute performance included Emaar Properties, a major property developer and manager with operations throughout the Middle East, notably in Dubai, UAE; Tata Consultancy Services, one of India's largest information technology (IT) consulting and services firms; and Melco Crown Entertainment, one of Macau's leading casino operators.

We believe that Emaar Properties provides an attractive exposure to Dubai's recovering real estate market. With a substantial income stream from its shopping mall and hotel properties, Emaar has a greater measure of financial security than some of its peers, in our assessment. Solid growth in all sectors of Dubai's real estate market and the Emirate's winning bid to host the 2020 World Expo benefited the shares of real estate companies in the region, notably Emaar. Furthermore, in our analysis, Dubai's rising tourism could continue to support Emaar's hotel and retail operations.

Tata Consultancy Services reported strong corporate results in 2013 amid the IT outsourcing industry's continued growth. Moreover, the company benefited from the rupee's significant weakness against major currencies such as the U.S. dollar and euro, as its revenues are primarily based in foreign currencies, while most costs are in rupees. In our view, Tata Consultancy is a well-managed, attractively valued service provider that is well positioned to potentially benefit from the IT outsourcing industry's continued growth.

Melco Crown Entertainment's solid earnings results and favorable growth outlook helped boost the casino resort operator's share price. Macau casinos continued to report strong visitor numbers and

gambling revenue growth, which supported the share prices of Macaufocused casino operators as investors anticipated higher earnings. We believe that Chinese consumers' rising disposable income could potentially benefit leisure businesses such as Melco Crown. Additionally, recent improvements to the transportation links between China's population centers and Macau could potentially lead to strong revenue growth.

In contrast, key detractors from the Fund's absolute performance included Souza Cruz, a major Brazilian cigarette company; Brazil-based Ambev, one of the world's largest beer and soft drink producers; and Antofagasta, a Chilean copper mining group.

Brazil's weak consumer demand, currency depreciation and higher taxes resulted in a challenging operating environment for Souza Cruz and Ambev in 2013, leading to share price declines. In our longer term view, however, we considered these companies to be attractive investments based on our belief that they have strong operations, low debt levels, dominant market shares and popular brands. Moreover, Brazil's hosting of the 2014 FIFA World Cup and 2016 Summer Olympics could potentially support consumer demand.

Concerns about copper prices and weak demand pressured the stocks of many copper mining companies, including Antofagasta. We divested the Fund's holdings in the company to raise funds for investment opportunities that we considered to be more attractive within our investment universe

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the 12 months ended December 31, 2013, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's investment predominantly in securities with non-U.S. currency exposure.

In the past 12 months, our continued search for investments we considered to be attractively valued led us to increase the Fund's exposure to Hong Kong, South Korea and Macau and to initiate a position in the

Top 10 Holdings Templeton Developing Mark Securities Fund 12/31/13	ets
Company Sector/Industry, Country	% of Total Net Assets
Ambev SA Beverages, Brazil	10.6%
Souza Cruz SA <i>Tobacco, Brazil</i>	4.5%
Remgro Ltd. Diversified Financial Services South Africa	4.4%
Emaar Properties PJSC Real Estate Management & Development, UAE	4.3%
Melco Crown Entertainment Ltd., ADR Hotels, Restaurants & Leisur China	3.7% e,
Tata Consultancy Services Ltd IT Services, India	. 3.7%
SJM Holdings Ltd. Hotels, Restaurants & Leisur Hong Kong	3.5% e,
Sands China Ltd. Hotels, Restaurants & Leisur Macau	3.3% e,
Compagnie Financiere Richemont SA Textiles, Apparel & Luxury Goods, Switzerland	3.0%
Samsung Electronics Co. Ltd.	2.9%

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

Semiconductors & Semiconductor Equipment,

South Korea

Top 10 Countries Templeton Developing Markets Securities Fund 12/31/13

	% of Total Net Assets
Brazil	16.6%
Hong Kong	11.4%
China	11.2%
U.K.	5.6%
India	5.1%
South Africa	5.0%
Russia	4.9%
UAE	4.3%
South Korea	4.3%
Macau	3.3%

Philippines. We also made some purchases in the U.K., Switzerland and Belgium as we identified companies listed in these developed countries that have significant emerging market operations, giving them the potential to benefit from emerging market countries' stronger personal income and consumer demand growth. Moreover, we added to the Fund's investments in Saudi Arabia, Qatar, the UAE and Nigeria as we identified companies in these frontier market countries that we believe have solid growth potential. We made some of the largest additions in hotels, restaurants and leisure; beverages; tobacco; real estate management and development; and textiles, apparel and luxury goods companies. Key purchases included new positions in Unilever, a U.K.-listed global consumer products company with more than 50% of its sales in emerging and frontier markets; Sands China and Melco Crown Entertainment, two of Macau's leading casino operators; and Belgium-listed Anheuser-Busch InBev, the world's largest brewer.

Conversely, we reduced the Fund's investments in Russia, Indonesia, India and China via China H shares as certain stocks reached their target prices and as we focused on stocks we considered to be more attractively valued within our investment universe.² We reduced the Fund's holdings largely in oil, gas and consumable fuels; commercial banking; and automobile companies. Key sales included the Fund's positions in Indonesian car and motorcycle manufacturer Astra International, Chinese oil and gas company PetroChina and Thai commercial bank Kasikornbank.

Thank you for your participation in Templeton Developing Markets Securities Fund. We look forward to serving your future investment needs.

2. "China H" denotes shares of China-incorporated, Hong Kong Stock Exchange-listed companies with most businesses in China.

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, redemption fees, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract level. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

- 1. Divide your account value by \$1,000. *If an account had an* \$8,600 *value, then* $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."

 If Fund-Level Expenses Incurred During Period were \$7.50, then 8.6 x \$7.50 = \$64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are \$64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 3	Beginning Account Value 7/1/13	Ending Account Value 12/31/13	Expenses Incurred During Period* 7/1/13–12/31/13
Actual	\$1,000	\$1,072.00	\$8.30
before expenses)	\$1,000	\$1,017.19	\$8.08

^{*}Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 3 shares (1.59%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Financial Highlights

Year Ended December 31,							31,			
ass 1 2013 2012 2011		2	2010		2009					
Per share operating performance (for a share outstanding throughout the year)										
Net asset value, beginning of year	\$	10.58	\$	9.50	\$	11.40	\$	9.86	\$	6.11
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.13 (0.22)		0.19 1.06		0.17 (1.94)		0.09 1.63		0.12 4.02
Total from investment operations		(0.09)		1.25		(1.77)		1.72		4.14
Less distributions from: Net investment income Net realized gains		(0.23)		(0.17)		(0.13)		(0.18)		(0.36) (0.03)
Total distributions		(0.23)		(0.17)		(0.13)		(0.18)		(0.39)
Redemption fees ^c		_		_		_		_		
Net asset value, end of year	\$	10.26	\$	10.58	\$	9.50	\$	11.40	\$	9.86
Total return ^d	(0.73)%	1	3.40%	(1	5.67)%	1	7.83%	7	3.32%
Ratios to average net assets Expenses Net investment income		1.35% 1.25%		1.35% 1.93%		1.40% 1.57%		1.49% ^e 0.87%		1.45% ^e 1.64%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate.		45,707 14.59%		03,568 4.45%		32,544 14.90%		47,242 !4.41%		25,927 6.58% ^f

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

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

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

^fExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Financial Highlights (continued)

	Year Ended December 31,												
Class 2		2013		2012		2011		2010		2009			
Per share operating performance (for a share outstanding throughout the year)													
Net asset value, beginning of year	\$	10.50	\$	9.42	\$	11.30	\$	9.78	\$	6.04			
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)	_	0.10 (0.21)		0.17 1.05		0.14 (1.92)		0.06 1.62		0.11 3.98			
Total from investment operations		(0.11)		1.22		(1.78)		1.68		4.09			
Less distributions from: Net investment income Net realized gains		(0.20)		(0.14)		(0.10)		(0.16)		(0.32) (0.03)			
Total distributions		(0.20)		(0.14)		(0.10)		(0.16)		(0.35)			
Redemption fees ^c		_		_		_		_		_			
Net asset value, end of year	\$	10.19	\$	10.50	\$	9.42	\$	11.30	\$	9.78			
Total return ^d	(0.92)%	1	3.16%	(1	5.86)%	1	17.58%	7	2.59%			
Ratios to average net assets Expenses Net investment income		1.60% 1.00%		1.60% 1.68%		1.65% 1.32%		1.74% ^e 0.62%		1.70% ^e 1.39%			
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		74,683 14.59%		91,638 4.45%		295,223 14.90%		92,546 24.41%		35,947 6.58% ^f			

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

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

eBenefit of expense reduction rounds to less than 0.01%.

fExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Financial Highlights (continued)

Year Ended December 31,					
Class 3		2012 2011 2010		2010	2009
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$ 10.43	\$ 9.36	\$ 11.23	\$ 9.73	\$ 6.02
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)	0.11 (0.22)	0.17 1.04	0.14 (1.91)	0.06 1.60	0.10 3.97
Total from investment operations	(0.11)	1.21	(1.77)	1.66	4.07
Less distributions from: Net investment income Net realized gains	(0.20)	(0.14)	(0.10)	(0.16)	(0.33)
Total distributions	(0.20)	(0.14)	(0.10)	(0.16)	(0.36)
Redemption fees ^c	_	_	_	_	_
Net asset value, end of year	\$ 10.12	\$ 10.43	\$ 9.36	\$ 11.23	\$ 9.73
Total return ^d	(0.97)%	13.16%	(15.86)%	17.51%	72.63%
Ratios to average net assets Expenses Net investment income	1.60% 1.00%	1.60% 1.68%	1.65% 1.32%	1.74% ^e 0.62%	1.70% ^e 1.39%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate	\$ 34,651 44.59%	\$ 48,277 24.45%	\$ 44,702 14.90%	\$ 66,484 24.41%	\$ 66,718 56.58% ^f

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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding. cAmount rounds to less than \$0.01 per share.

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

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

^fExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Financial Highlights (continued)

	Year Ended December 31,											
Class 4		2013		2012		2011		2010		2009		
Per share operating performance (for a share outstanding throughout the year)												
Net asset value, beginning of year	\$	10.50	\$	9.42	\$	11.30	\$	9.80	\$	6.09		
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.10 (0.21)		0.16 1.04		0.13 (1.91)		0.05 1.61		0.09 4.00		
Total from investment operations		(0.11)		1.20		(1.78)		1.66		4.09		
Less distributions from: Net investment income Net realized gains		(0.19)		(0.12)		(0.10)		(0.16)		(0.35) (0.03)		
Total distributions		(0.19)		(0.12)		(0.10)		(0.16)		(0.38)		
Redemption fees ^c		_		_		_		_				
Net asset value, end of year	\$	10.20	\$	10.50	\$	9.42	\$	11.30	\$	9.80		
Total return ^d	(1	1.07)%	13	3.06%	(1	5.88)%	1	7.41%	7	2.45%		
Ratios to average net assets Expenses Net investment income		1.70% 0.90%		.70% .58%		1.75% 1.22%		1.84% ^e 0.52%		1.80%e 1.29%		
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		15,225 4.59%		3,341 1.45%		24,380 14.90%		37,198 !4.41%		26,362 6.58% ^f		

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

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

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

fExcludes the value of portfolio securities delivered as a result of a redemption in-kind.

Statement of Investments, December 31, 2013

Templeton Developing Markets Securities Fund	Industry	Shares	Value
Closed End Funds 0.4%			
Romania 0.4%			
SIF Moldova	Diversified Financial Services Diversified Financial Services	1,326,345	\$ 599,363
SIF Oltenia	Diversified Financial Services	1,975,791	1,205,032
Total Closed End Funds (Cost \$1,309,811)			1,804,395
Common Stocks 91.0%			
Argentina 0.1%	M	47.011	275 400
^b Grupo Clarin SA, B, GDR, Reg S	Media	47,911	275,488
Australia 0.4%	M . I O M: '	FC 757	1 024 724
BHP Billiton Ltd.	Metals & Mining	56,757	1,924,731
Belgium 2.2%	2	05.200	40 430 505
Anheuser-Busch InBev NV	Beverages	95,309	10,128,595
Brazil 16.6%	_		
Ambev SA	Beverages	6,811,750	49,946,874
M Dias Branco SA	Food Products Tobacco	173,700 2,053,928	7,353,626 20,964,482
Souza Cruz SA	Торассо	2,033,320	
			78,264,982
China 11.2%		000 500	4 240 240
AAC Technologies Holdings Inc.	Communications Equipment	889,600	4,319,310
^a Angang Steel Co. Ltd., H	Metals & Mining Real Estate Management & Development	5,129,000 2,002,900	3,809,867 5,630,803
aChina Shipping Development Co. Ltd., H	Marine	6,062,800	4,691,148
CNOOC Ltd.	Oil, Gas & Consumable Fuels	1,191,400	2,215,529
Great Wall Motor Co. Ltd., H	Automobiles	867,077	4,774,635
Lenovo Group Ltd	Computers & Peripherals	3,904,700	4,748,473
^a Melco Crown Entertainment Ltd., ADR	Hotels, Restaurants & Leisure	448,443	17,587,934
aNetEase Inc., ADR	Internet Software & Services	63,300	4,975,380
			52,753,079
Colombia 0.4%			
Ecopetrol SA, ADR	Oil, Gas & Consumable Fuels	46,835	1,800,806
Egypt 0.0%†			
Egyptian International Pharmaceutical Industries Co	Pharmaceuticals	23,609	147,290
Georgia 0.1%			
Bank of Georgia Holdings PLC	Commercial Banks	11,994	475,171
Hong Kong 11.4%			
Dairy Farm International Holdings Ltd	Food & Staples Retailing	966,133	9,178,264
^a Esprit Holdings Ltd	Specialty Retail	572,600	1,107,636
Giordano International Ltd.	Specialty Retail	4,631,000	4,138,687
I.T Ltd.	Specialty Retail	1,321,100	340,738
Luk Fook Holdings (International) Ltd.	Specialty Retail	2,224,513	8,462,751
CLuk Fook Holdings (International) Ltd., 144A	Specialty Retail Hotels, Restaurants & Leisure	130,000 2,826,100	494,561 12,081,634
SJM Holdings Ltd.	Hotels, Restaurants & Leisure	4,909,930	16,399,464
aSummit Ascent Holdings Ltd.	Trading Companies & Distributors	927,000	1,482,368
	3	, , , , ,	53,686,103
India 5.1%			
Tata Consultancy Services Ltd.	IT Services	495,500	17,394,982
Tata Motors Ltd.	Automobiles	1,063,000	6,470,136
			23,865,118

Statement of Investments, December 31, 2013 (continued)

Templeton Developing Markets Securities Fund Industry		loping Markets Securities Fund Industry Share				
Commercial Banks	3,203,600	\$ 1,908,472				
Kenya 1.5% East African Breweries Ltd. Equity Bank Ltd. Commercial Banks Kenya Commercial Bank Ltd. Commercial Banks		707,358 3,201,884 2,936,909				
Hotels Restaurants & Leisure	1 905 000	6,846,151 15,624,520				
·		1,395,388				
	,	<u></u>				
Commercial Banks Commercial Banks Beverages	2,631,065 36,527,236 3,770,084	265,985 3,722,375 3,957,469				
		7,945,829				
Diversified Financial Services	429,820	5,014,567				
Industrial Conglomerates	255,782	11,863,677				
Independent Power Producers & Energy Traders Oil, Gas & Consumable Fuels	43,925 85,800	151,098 901,783				
		1,052,881				
Metals & Mining Oil, Gas & Consumable Fuels Oil, Gas & Consumable Fuels	3,445,400 29,958 174,418	3,740,600 1,870,877 10,892,404				
		16,503,881				
Real Estate Investment Trusts (REITs)	5,248,511	4,929,058				
Wireless Telecommunication Services Diversified Financial Services	134,100 1,041,324	2,774,297 20,629,929				
		23,404,226				
Hotels, Restaurants & Leisure Semiconductors & Semiconductor Equipment	170,220 10,508	6,513,901 13,655,996				
		20,169,897				
Personal Products	87,856	2,697,336				
Textiles, Apparel & Luxury Goods	143,641	14,298,886				
	Commercial Banks Beverages Commercial Banks Commercial Banks Hotels, Restaurants & Leisure Household Products Commercial Banks Commercial Banks Beverages Diversified Financial Services Industrial Conglomerates Independent Power Producers & Energy Traders Oil, Gas & Consumable Fuels Metals & Mining Oil, Gas & Consumable Fuels Oil, Gas & Consumable Fuels Real Estate Investment Trusts (REITs) Wireless Telecommunication Services Diversified Financial Services Hotels, Restaurants & Leisure Semiconductors & Semiconductor Equipment	Commercial Banks 3,203,600 Beverages 210,500 Commercial Banks 8,986,101 Commercial Banks 5,335,900 Hotels, Restaurants & Leisure 1,905,000 Household Products 489,532 Commercial Banks 2,631,065 Commercial Banks 36,527,236 Beverages 3,770,084 Diversified Financial Services 429,820 Industrial Conglomerates 255,782 Independent Power Producers & Energy Traders 43,925 Oil, Gas & Consumable Fuels 85,800 Metals & Mining 3,445,400 Oil, Gas & Consumable Fuels 29,958 Oil, Gas & Consumable Fuels 174,418 Real Estate Investment Trusts (REITs) 5,248,511 Wireless Telecommunication Services 134,100 Diversified Financial Services 1,041,324 Hotels, Restaurants & Leisure 170,220 Semiconductors & Semiconductor Equipment 10,508				

Statement of Investments, December 31, 2013 (continued)

Templeton Developing Markets Securities Fund	Industry	Shares	Value
Common Stocks (continued) Thailand 1.7%			
Shin Corp. PCL, fgn		1,306,200 12,053,200	\$ 2,774,478 5,158,288
			7,932,766
Turkey 0.1% Yazicilar Holding AS	Industrial Conglomerates	43,862	382,856
Turkmenistan 0.1% Dragon Oil PLC	Oil, Gas & Consumable Fuels	65,784	619,005
United Arab Emirates 4.3%			
Emaar Properties PJSC	Real Estate Management & Development	9,763,577	20,308,665
United Kingdom 5.6%	T !	240 400	42.252.420
British American Tobacco PLC	Tobacco Food Products	249,100 316,084	13,352,129 12,993,492
			26,345,621
United States 1.4% Avon Products Inc.	Personal Products	391,680	6,744,730
Vietnam 0.2%		,	
DHG Pharmaceutical JSC	Pharmaceuticals	95,800	517,715
Dong Phu Rubber JSC	Chemicals	104,160	231,576 749,291
Zimbabwe 0.7%			<u> </u>
Delta Corp. Ltd.	Beverages	2,209,976	3,096,176
Total Common Stocks (Cost \$299,958,882)			427,842,913
eParticipatory Notes 2.8% Saudi Arabia 2.8%			
Deutsche Bank AG/London, Saudi Dairy & Foodstuff Co., 144A, 5/13/14	Food Products	55,781	1,282,809
Al Mouwasat Medical Services, 144A, 4/13/15		19,800 515,329	485,702 11,748,091
Total Participatory Notes (Cost \$10,815,443)			13,516,602
Preferred Stocks 3.0% Chile 1.6%			
Embotelladora Andina SA, pfd., A	Beverages	2,068,717	7,283,521
Russia 1.4% Sberbank of Russia, pfd.	Commercial Banks	2,752,211	6,719,064
Total Preferred Stocks (Cost \$11,239,911)			14,002,585
Total Investments before Short Term Investments			
(Cost \$323,324,047)			457,166,495

Statement of Investments, December 31, 2013 (continued)

Templeton Developing Markets Securities Fund	Shares	Value
Short Term Investments (Cost \$12,277,809) 2.6% Money Market Funds 2.6% United States 2.6% a.f nstitutional Fiduciary Trust Money Market Portfolio	12,277,809	\$ 12,277,809
Total Investments (Cost \$335,601,856) 99.8% Other Assets, less Liabilities 0.2%		469,444,304 821,406
Net Assets 100.0%		\$470,265,710

See Abbreviations on page TD-28.

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

^aNon-income producing.

bSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security 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. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees.

Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At December 31, 2013, the aggregate value of these securities was \$18,653,546, representing 3.97% of net assets.

dAt December 31, 2013, pursuant to the Fund's policies and the requirements of applicable securities law, the Fund may be restricted from trading these securities for a limited or extended period of time due to ownership limits and/or potential possession of material non-public information.

eSee Note 1(c) regarding Participatory Notes.

See Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.

Financial Statements

Statement of Assets and Liabilities December 31, 2013

	Templeton Developing Markets Securities Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$323,324,047 12,277,809
Total cost of investments	\$335,601,856
Value - Unaffiliated issuers	\$457,166,495 12,277,809
Total value of investments	469,444,304
Cash	852
Foreign currency, at value (cost \$47,388)	47,388
Investment securities sold	2,415,950
Capital shares sold	142,999
Dividends	210,342
Foreign tax	25,179
Other assets	12
Total assets	472,287,026
Liabilities:	
Payables:	
Investment securities purchased	458,487
Capital shares redeemed	516,507
Management fees	433,361
Administrative fees	55,772
Distribution fees	137,500 149,186
Custodian fees Reports to shareholders	214,744
Accrued expenses and other liabilities	55,759
·	
Total liabilities	2,021,316
Net assets, at value	\$470,265,710
Net assets consist of: Paid-in capital	\$363,881,784
Distributions in excess of net investment income	(481,395)
Net unrealized appreciation (depreciation)	133,819,737 (26,954,416)
Net assets, at value	\$470,265,710

Financial Statements (continued)

Statement of Assets and Liabilities (continued) **December 31, 2013**

	Templeton Developing Markets Securities Fund
Class 1:	
Net assets, at value	\$145,707,342
Shares outstanding	14,195,852
Net asset value and maximum offering price per share	\$ 10.26
Class 2:	
Net assets, at value	\$274,682,503
Shares outstanding	26,966,823
Net asset value and maximum offering price per share	\$ 10.19
Class 3:	
Net assets, at value	\$ 34,650,803
Shares outstanding	3,422,536
Net asset value and maximum offering price per share ^a	\$ 10.12
Class 4:	
Net assets, at value	\$ 15,225,062
Shares outstanding	1,493,241
Net asset value and maximum offering price per share	\$ 10.20

^aRedemption price is equal to net asset value less redemption fees retained by the Fund.

Financial Statements (continued)

Statement of Operations

for the year ended December 31, 2013

for the year chaca becomber 31, 2013	Templeton Developing Markets Securities Fund
Investment income: Dividends (net of foreign taxes of \$1,022,583)	\$ 13,364,543
Income from securities loaned	14,539
Total investment income	13,379,082
Expenses:	
Management fees (Note 3a)	5,647,955
Administrative fees (Note 3b)	724,451
Class 2	703,863
Class 3	102,353
Class 4	67,695
Unaffiliated transfer agent fees	911
Custodian fees (Note 4) Reports to shareholders	349,498 142,286
Professional fees	58,627
Trustees' fees and expenses	2,160
Other	23,136
Total expenses	7,822,935
Net investment income	5,556,147
Realized and unrealized gains (losses): Net realized gain (loss) from:	
Investments	68,533,153
Foreign currency transactions	(570,528)
Net realized gain (loss)	67,962,625
Net change in unrealized appreciation (depreciation) on:	
Investments	(79,209,837)
Translation of other assets and liabilities denominated in foreign currencies Change in deferred taxes on unrealized appreciation	(468) 21,147
Net change in unrealized appreciation (depreciation)	(79,189,158)
Net realized and unrealized gain (loss)	(11,226,533)
Net increase (decrease) in net assets resulting from operations	\$ (5,670,386)

Financial Statements (continued)

Statements of Changes in Net Assets

	Templeton Developing Markets Securities Fund	
	Year Ended D 2013	December 31, 2012
Increase (decrease) in net assets:	•	
Operations:		
Net investment income Net realized gain (loss) from investments and foreign currency transactions Net change in unrealized appreciation (depreciation) on investments, translation of other assets and	\$ 5,556,147 67,962,625	\$ 10,321,744 37,187,656
liabilities denominated in foreign currencies and deferred taxes	(79, 189, 158)	25,533,270
Net increase (decrease) in net assets resulting from operations	(5,670,386)	73,042,670
Distributions to shareholders from: Net investment income:		
Class 1	(3,816,779)	(3,523,272)
Class 2	(5,449,449)	(4,111,805)
Class 3	(777,644)	(716,639)
Class 4	(373,848)	(295,623)
Total distributions to shareholders	(10,417,720)	(8,647,339)
Capital share transactions: (Note 2)		
Class 1	(52,075,044)	(52,933,691)
Class 2	(8,867,643)	(36,646,633)
Class 3	(12,240,084)	(1,195,085)
Class 4	(7,287,727)	(3,647,744)
Total capital share transactions	(80,470,498)	(94,423,153)
Redemption fees	1,204	1,457
Net increase (decrease) in net assets	(96,557,400)	(30,026,365)
Net assets:		
Beginning of year	566,823,110	596,849,475
End of year	\$470,265,710	\$566,823,110
Undistributed net investment income (distributions in excess of net investment income) included in net assets:		
End of year	\$ (481,395)	\$ 3,581,480

Notes to Financial Statements

Templeton Developing Markets Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of twenty separate funds. The Templeton Developing Markets Securities Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. 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 four classes of shares: Class 1, Class 2, Class 3, and Class 4. Each class of shares differs 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 at the close of the New York Stock Exchange (NYSE), generally at 4p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and exchange traded funds 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 the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close 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 net asset value.

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 VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE 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 the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Financial Instrument Valuation (continued)

markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

Also, when the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, 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 significant 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 on 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. Participatory Notes

The Fund invests in Participatory Notes (P-Notes). P-notes are promissory notes that are designed to offer a return linked to the performance of a particular underlying equity security or market. P-Notes are issued by banks or broker-dealers and allow the fund to gain exposure to common stocks in markets where direct investment is not allowed. Income received from P-Notes is recorded as dividend income in the Statement of Operations. P-Notes may contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract. These securities may be more volatile and less liquid than other investments held by the Fund.

d. Securities Lending

The Fund participates in an agency based securities lending program. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the market value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the market 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

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Securities Lending (continued)

day. The collateral is invested in a non-registered money fund. The Fund receives income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. At December 31, 2013, the Fund had no securities on loan.

e. Income and Deferred Taxes

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of December 31, 2013, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

f. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recognized as soon as the Fund is notified of the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. 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. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including 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.

g. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Redemption Fees

Redemptions and exchanges of interests in an insurance company subaccount that invests in Class 3 shares of the Fund will be subject to a 1.0% short term trading fee if the interest in the subaccount has been held for less than 60 days. Such fees are retained by the Fund and accounted for as an addition to paid-in capital, allocated to each class of shares based upon the relative proportion of net assets of each class.

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.

2. SHARES OF BENEFICIAL INTEREST

At December 31, 2013, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2	013	2	012
Class 1 Shares:	Shares	Amount	Shares	Amount
Shares sold Shares issued in reinvestment of distributions Shares redeemed	1,118,729 392,673 (6,552,381)	\$ 11,636,774 3,816,779 (67,528,597)	1,107,285 385,901 (6,733,412)	\$ 11,165,172 3,523,272 (67,622,135)
Net increase (decrease)	(5,040,979)	\$(52,075,044)	(5,240,226)	\$(52,933,691)
Class 2 Shares: Shares sold Shares issued in reinvestment of distributions Shares redeemed	5,110,513 564,125 (6,483,017)	\$ 51,867,557 5,449,449 (66,184,649)	3,879,555 453,341 (7,891,630)	\$ 38,012,902 4,111,805 (78,771,340)
Net increase (decrease)	(808,379)	\$ (8,867,643)	(3,558,734)	\$(36,646,633)
Class 3 Shares: Shares sold Shares issued in reinvestment of distributions Shares redeemed	410,783 81,005 (1,696,602)	\$ 4,328,836 777,644 (17,346,564)	998,194 79,538 (1,224,195)	\$ 10,036,984 716,639 (11,948,708)
Net increase (decrease)	(1,204,814)	\$(12,240,084)	(146,463)	\$ (1,195,085)
Class 4 Shares: Shares sold Shares issued on reinvestment of distributions Shares redeemed Net increase (decrease)	206,201 38,661 (973,500) (728,638)	\$ 2,099,934 373,848 (9,761,509) \$ (7,287,727)	257,374 32,558 (656,835) (366,903)	\$ 2,544,613 295,623 (6,487,980) \$ (3,647,744)

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

3. TRANSACTIONS WITH AFFILIATES

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

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

a. Management Fees

The Fund pays an investment management fee to TAML based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.100%	Up to and including \$1 billion
1.050%	Over \$1 billion, up to and including \$5 billion
1.000%	Over \$5 billion, up to and including \$10 billion
0.950%	Over \$10 billion, up to and including \$15 billion
0.900%	Over \$15 billion, up to and including \$20 billion
0.850%	In excess of \$20 billion

b. Administrative Fees

The Fund pays an administrative fee to FT Services based on the Fund's average daily net assets as follows:

Annualized Fee Rate	Net Assets
0.150%	Up to and including \$200 million
0.135%	Over \$200 million, up to and including \$700 million
0.100%	Over \$700 million, up to and including \$1.2 billion
0.075%	In excess of \$1.2 billion

c. Distribution Fees

The Board has adopted distribution plans for Class 2, Class 3, 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%, 0.35%, and 0.35% per year of its average daily net assets of Class 2, Class 3, and Class 4, respectively. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 3. 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.

4. EXPENSE OFFSET ARRANGEMENT

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2013, there were no credits earned.

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

5. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

At December 31, 2013, the Fund had capital loss carryforwards of \$21,512,788 expiring in 2017.

During the year ended December 31, 2013, the Fund utilized \$66,613,489 of capital loss carryforwards.

The tax character of distributions paid during the years ended December 31, 2013 and 2012, was as follows:

	2013	2012
Distributions paid from ordinary income	\$10,417,720	\$8,647,339

At December 31, 2013, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	\$348,373,004
Unrealized appreciation	
Net unrealized appreciation (depreciation)	\$121,071,300
Undistributed ordinary income	\$ 6,847,606

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

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2013, aggregated \$224,131,604 and \$314,267,484, respectively.

7. INVESTMENTS IN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Fund invests in the Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an open-end investment company managed by Franklin Advisers, Inc. (an affiliate of the investment manager). Management fees paid by the Fund are reduced on assets invested in the Sweep Money Fund, in an amount not to exceed the management and administrative fees paid by the Sweep Money Fund.

8. CONCENTRATION OF RISK

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

9. CREDIT FACILITY

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$1.5 billion (Global Credit

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

9. CREDIT FACILITY (continued)

Facility) which, after an extension of the original terms, matured on February 14, 2014. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 14, 2014, the Borrowers renewed the Global Credit Facility which matures on February 13, 2015.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses on the Statement of Operations. During the year ended December 31, 2013, the Fund did not use the Global Credit Facility.

10. FAIR VALUE MEASUREMENTS

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

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

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

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

A summary of inputs used as of December 31, 2013, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Closed End Funds	\$ 1,804,395	\$ —	\$ —	\$ 1,804,395
Equity Investments: ^a				
Russia	21,352,068	1,870,877	_	23,222,945
All Other Equity Investments ^b	418,622,553	_	_	418,622,553
Participatory Notes	_	13,516,602	_	13,516,602
Short Term Investments	12,277,809	_	_	12,277,809
Total Investments in Securities	\$454,056,825	\$15,387,479	\$ —	\$469,444,304

^aIncludes common and preferred stocks.

11. NEW ACCOUNTING PRONOUNCEMENTS

In June 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria

bFor detailed categories, see the accompanying Statement of Investments.

Notes to Financial Statements (continued)

Templeton Developing Markets Securities Fund

11. NEW ACCOUNTING PRONOUNCEMENTS (continued)

used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

12. SUBSEQUENT EVENTS

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

ABBREVIATIONS

Selected Portfolio

ADR - American Depositary Receipt **GDR** - Global Depositary Receipt **SDR** - Swedish Depositary Receipt

Franklin Templeton Variable Insurance Products Trust Templeton Developing Markets Securities Fund

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Templeton Developing Markets Securities Fund (the "Fund") at December 31, 2013, 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 then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2013 by correspondence with the custodian, transfer agent and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California February 14, 2014

Tax Information (unaudited)

Templeton Developing Markets Securities Fund

At December 31, 2013, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code (Code). This election will allow shareholders of record as of the 2014 distribution date, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

This annual report for Templeton Foreign Securities Fund covers the fiscal year ended December 31, 2013.

Templeton Foreign Securities Fund – Class 3

Performance Summary as of 12/31/13

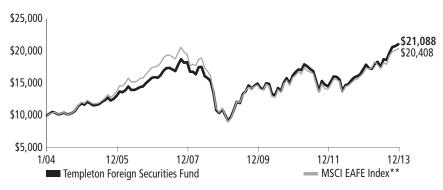
Average annual total return of Class 3 shares* represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

Periods ended 12/31/13			
<u> </u>	1-Year	5-Year	10-Year
Average Annual Total Return	+22.98%	+14.09%	+7.75%

^{*}Since Class 3 shares were not offered until 5/1/04, performance prior to that date represents historical Class 2 performance. Since 5/1/04 (effective date), the average annual total return of Class 3 shares was +7.81%. The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/04–12/31/13)

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance* is compared to the performance of the MSCI Europe, Australasia, Far East (EAFE) Index. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Important Notes to Performance Information preceding the Fund Summaries.



^{**}Source: © 2014 Morningstar. Please see Index Descriptions following the Fund Summaries.

Performance reflects the Fund's Class 3 operating expenses, but does *not* include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.

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

Current performance may differ from figures shown.

Fund Risks: All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Current political uncertainty surrounding the European Union (EU) and its membership may increase market volatility. The financial instability of some countries in the EU, including Greece, Italy and Spain, together with the risk of that impacting other more stable countries, may increase the economic risk of investing in companies in Europe. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Fund Goal and Main Investments: Templeton Foreign Securities Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of issuers located outside the U.S., including those in emerging markets.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Fund's benchmark, the MSCI EAFE Index, produced a +23.29% total return for the same period. Please note, index performance information is provided for reference and we do not attempt to track the index but rather undertake investments on the basis of fundamental research.

Economic and Market Overview

The 12 months under review were characterized by reinvigorated policy support and an economic recovery in developed markets. However, differences in global economic trends corresponded with increasingly divergent monetary policies, and growth in emerging market economies tended to slow. The central banks of key developed markets generally reaffirmed their accommodative monetary stances while some emerging market counterparts tightened policy rates as they sought to control inflation and currency depreciation.

In the U.S., economic growth and employment trends generally exceeded expectations. The U.S. Federal Reserve Board (Fed) expanded its asset purchase program to \$85 billion per month from \$40 billion early in the year. After encouraging economic and employment reports, the Fed announced in December it would reduce its monthly bond purchases by \$10 billion beginning in January 2014; however, the Fed committed to keeping interest rates low. In October, the federal government temporarily shut down after Congress failed to authorize routine federal funding amid a disagreement over a new health care law. However, Congress subsequently agreed to fund the government through early 2014 and later passed a two-year budget deal that could ease automatic spending cuts and lower the risk of another shutdown.

Outside the U.S., the eurozone emerged from its longest recession on record during 2013's second half and Japan's growth moderated. The European Central Bank reduced its policy rate to a record low and pledged to maintain systemic support following political turmoil in

^{1.} Source: © 2014 Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

Greece, Spain, Portugal and Italy. Germany's re-election of Chancellor Angela Merkel was largely perceived as a vote of support for ongoing eurozone reform measures. In Asia, the Bank of Japan set an explicit inflation target and pledged to double bond purchases in an unprecedented wave of policy reform. The U.S. dollar fell versus the euro but rose versus the Japanese yen in 2013.

Growth in many emerging markets moderated based on lower domestic demand, falling exports and weakening commodity prices. Political turmoil in certain emerging markets, the Fed's potential tapering of its asset purchase program and the Chinese central bank's effort to tighten liquidity to curb real estate and credit speculation led to a sell-off in emerging market equities and a sharp depreciation in regional currencies against the U.S. dollar. Central banks in Brazil, India and Indonesia raised interest rates in the second half of 2013 as they sought to curb inflation.

The stock market rally in developed markets accelerated during 2013 amid redoubled central bank commitments, continued corporate earnings strength and increasing signs of economic progress. Emerging market stocks rebounded toward period-end, although Latin American stocks trailed their emerging market peers. Oil prices rallied in the third quarter and rose for the year mainly owing to supply concerns related to geopolitical turmoil, but gold posted its largest annual price decline in more than three decades. Increasingly divergent economic and political circumstances during the period resulted in declining market correlations, which many bottom-up investors perceived as more favorable.

Investment Strategy

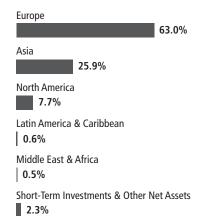
Our investment philosophy is bottom up, value oriented and long term. In choosing investments, we generally focus on the market price of a company's securities relative to our evaluation of the company's potential long-term earnings, asset value and cash flow. Among factors we consider are a company's historical value measures, including price/earnings ratio, profit margins and liquidation value. We do in-depth research to construct a bargain list from which we buy.

Manager's Discussion

During the 12 months under review, all sectors in the MSCI EAFE Index delivered positive returns as the broad market rallied. Our stock selection in the financials sector, especially in insurance, diversified financial services and commercial banks, was a major contributor to

Geographic Breakdown

Templeton Foreign Securities Fund Based on Total Net Assets as of 12/31/13



Top	10	Ho	Idings	,
-----	----	----	---------------	---

Templeton Foreign Securities Fund 12/31/13

Company Sector/Industry, Country	% of Tota Net Assets
BNP Paribas SA Commercial Banks, France	3.2%
ING Groep NV, IDR Diversified Financial Services, Netherlands	3.0%
GlaxoSmithKline PLC Pharmaceuticals, U.K.	2.7%
Sanofi Pharmaceuticals, France	2.6%
Aviva PLC Insurance, U.K.	2.5%
Tesco PLC Food & Staples Retailing, U.	2.4% K.
Credit Suisse Group AG Capital Markets, Switzerland	2.4%
Samsung Electronics Co. Ltd. Semiconductors & Semiconductor Equipment, South Korea	2.2%
Total SA, B Oil, Gas & Consumable Fuels, France	2.2%
AXA SA Insurance, France	2.1%

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

Fund performance relative to its benchmark index.² Among the top sector contributors were insurance providers AXA (France) and Aegon (Netherlands), diversified financial services providers ING Groep (Netherlands) and ING U.S.,3 a new holding, and commercial banks Lloyds Banking Group (U.K.), BNP Paribas (France) and UniCredit (Italy). AXA's shares advanced through the year as the insurer reported moderate revenue growth across all its business segments and continued to focus on higher margin products. The insurer also continued to expand its presence in emerging markets by acquiring domestic insurers in China and Colombia. Our underweighting in the underperforming materials sector, especially in metals and mining, contributed to relative results.4 Stock selection in the health care sector also aided relative performance, with pharmaceutical company Roche Holding (Switzerland) as a notable contributor. 5 The company reported encouraging earnings results through the year, driven by demand for its cancer drugs, especially Avastin. The drug maker also progressed on its product pipeline and launched cancer drugs Perjeta in the U.S. and Kadcyla in the European Union. Underweightings in utilities, a sector we eliminated by periodend, and in consumer staples also aided returns.⁶ Other individual contributors included telecommunication services provider Vodafone Group (U.K.), specialty retailer Kingfisher (U.K.) and Japanese automobile manufacturer Mazda Motor. Vodafone's stock price advanced as the company entered into an agreement to sell a joint venture interest to its partner Verizon Communications and planned to return a large portion of the sale to Vodafone's shareholders.

In contrast, our overweighting and stock selection in the energy sector detracted from Fund performance.⁸ Our positions in energy equipment and services companies Aker Solutions (Norway) and Trican Well Service³ (Canada) as well as Norwegian oil and natural gas producer Statoil suffered from oil price fluctuations stemming from Middle East political tensions. Our stock selection in telecommunication services companies such as wireless telecommunication provider China Mobile³ and diversified telecommunication provider China Telecom³ weighed

^{2.} The financials sector comprises capital markets, commercial banks, diversified financial services, insurance, and real estate management and development in the SOI.

^{3.} Not part of the index.

^{4.} The materials sector comprises chemicals, construction materials, containers and packaging, and metals and mining in the SOI.

^{5.} The health care sector comprises health care equipment and supplies, health care providers and services, life sciences tools and services, and pharmaceuticals in the SOI.

^{6.} The consumer staples sector comprises food and staples retailing in the SOI.

^{7.} Sold by period-end.

^{8.} The energy sector comprises energy equipment and services; and oil, gas and consumable fuels in the SOI.

on results. China Mobile's stock price fell after the company reported lower-than-expected second- and third-quarter earnings because of rising network costs. Stock selection in the information technology sector detracted from relative performance, with an off-benchmark position in South Korean electronic products manufacturer Samsung Electronics as a major detractor. In other sectors, the Fund's off-benchmark positions in POSCO (South Korea) and Potash Corp. of Saskatchewan? (Canada) as well as holdings in food and staples retailer Tesco (U.K.) and Brazilian metals and mining company Vale hindered relative performance.

From a geographic perspective, our stock selection in Europe benefited the Fund's relative performance, as a number of our investments in the U.K., Switzerland, the Netherlands, France and Italy performed well. A lack of exposure to Australia, an off-benchmark allocation to the U.S. and stock selection in Hong Kong also contributed to relative returns. However, elsewhere in Asia, off-benchmark allocations to South Korea and China detracted from relative performance. Our exposure to off-benchmark nation Canada and a few European countries, led by Norway, also hurt performance.

Thank you for your participation in Templeton Foreign Securities Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

^{9.} The telecommunication services sector comprises diversified telecommunication services and wireless telecommunication services in the SOI.

^{10.} The information technology sector comprises communications equipment; computers and peripherals; electronic equipment, instruments and components; semiconductors and semiconductor equipment; and software in the SOI.

Templeton Foreign Securities Fund – Class 3

Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, redemption fees, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract level. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

- 1. Divide your account value by \$1,000. *If an account had an* \$8,600 *value, then* $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."

 If Fund-Level Expenses Incurred During Period were \$7.50, then 8.6 x \$7.50 = \$64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are \$64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 3	Beginning Account Value 7/1/13	Ending Account Value 12/31/13	Fund-Level Expenses Incurred During Period* 7/1/13–12/31/13
Actual	\$1,000	\$1,202.20	\$5.66
Hypothetical (5% return before expenses)	\$1,000	\$1,020.06	\$5.19

^{*}Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 3 shares (1.02%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Financial Highlights

	Year Ended December 31,									
Class 1	2013 2012			2012 2011		2011 2010		2009		
Per share operating performance (for a share outstanding throughout the year) Net asset value, beginning of year	\$	14.63	\$	12.78	\$	14.54	\$	13.68	\$	10.95
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.34 3.00		0.38 1.91		0.42 (1.90)		0.28 0.86		0.25 3.39
Total from investment operations		3.34		2.29		(1.48)		1.14		3.64
Less distributions from: Net investment income Net realized gains		(0.41)		(0.44)		(0.28)		(0.28)		(0.43) (0.48)
Total distributions		(0.41)		(0.44)		(0.28)		(0.28)		(0.91)
Redemption fees ^c		_		_		_		_		_
Net asset value, end of year	\$	17.56	\$	14.63	\$	12.78	\$	14.54	\$	13.68
Total return ^d	2	23.27%	1	8.60%	(1	0.44)%		8.67%	3	7.34%
Ratios to average net assets Expenses Net investment income		0.78% 2.16%		0.79% 2.84%		0.79% ^e 2.92%		0.78% ^e 2.10%		0.78% ^e 2.28%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		98,468 23.61%		65,924 2.53%		254,292 21.09%		21,282 9.16%		18,173 2.50%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

data and the standard of the s

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

Financial Highlights (continued)

	Year Ended December 31,									
Class 2	-	2013		2012		2011	2010			2009
Per share operating performance (for a share outstanding throughout the year) Net asset value, beginning of year	\$	14.37	\$	12.56	\$	14.29	\$	13.45	\$	10.76
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.30 2.94		0.34 1.87		0.37 (1.86)		0.25 0.84		0.22
Total from investment operations		3.24		2.21		(1.49)		1.09		3.56
Less distributions from: Net investment income Net realized gains		(0.37)		(0.40)		(0.24)		(0.25)		(0.39) (0.48)
Total distributions		(0.37)		(0.40)		(0.24)		(0.25)		(0.87)
Redemption feesc		_		_		_		_		
Net asset value, end of year	\$	17.24	\$	14.37	\$	12.56	\$	14.29	\$	13.45
Total return ^d		22.97%		18.23%	(10.63)%		8.41%		37.04%
Ratios to average net assets Expenses		1.03% 1.91%		1.04% 2.59%		1.04% ^e 2.67%		1.03% ^e 1.85%		1.03% ^e 2.03%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate	\$1,	.873,586 23.61%	\$1	,744,231 12.53%	\$1,	,679,412 21.09%	\$2,	090,757 19.16%	\$2,	010,268 22.50%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

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

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

Financial Highlights (continued)

	Year Ended December 31,						
Class 3	2013 2012 2011				2009		
Per share operating performance (for a share outstanding throughout the year) Net asset value, beginning of year	\$ 14.32	\$ 12.51	\$ 14.24	\$ 13.37	\$ 10.70		
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)	0.30	0.34 1.87	0.37 (1.86)	0.25 0.84	0.25 3.30		
Total from investment operations	3.23	2.21	(1.49)	1.09	3.55		
Less distributions from: Net investment income Net realized gains	(0.37)	(0.40)	(0.24)	(0.22)	(0.40) (0.48)		
Total distributions	(0.37)	(0.40)	(0.24)	(0.22)	(0.88)		
Redemption fees ^c		_	_	_			
Net asset value, end of year	\$ 17.18	\$ 14.32	\$ 12.51	\$ 14.24	\$ 13.37		
Total return ^d	22.98%	18.30%	(10.68)%	8.41%	37.20%		
Ratios to average net assets Expenses	1.03% 1.91%	1.04% 2.59%	1.04%° 2.67%	1.03% ^e 1.85%	1.03% ^e 2.03%		
Supplemental data Net assets, end of year (000's) Portfolio turnover rate	\$ 95,405 23.61%	\$ 91,642 12.53%	\$ 88,380 21.09%	\$108,766 19.16%	\$115,364 22.50%		

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

data and the standard of the s

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

Financial Highlights (continued)

	Year Ended December 31,									
Class 4	2013		2012		2 2011		2010			2009
Per share operating performance (for a share outstanding throughout the year) Net asset value, beginning of year	\$	14.48	\$	12.66	\$	14.43	\$	13.59	\$	10.91
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.28 2.97		0.33 1.89		0.36 (1.88)		0.17 0.92		0.21 3.37
Total from investment operations		3.25		2.22		(1.52)		1.09		3.58
Less distributions from: Net investment income Net realized gains		(0.36)		(0.40)		(0.25)		(0.25)		(0.42) (0.48)
Total distributions		(0.36)		(0.40)		(0.25)		(0.25)		(0.90)
Redemption fees ^c		_		_		_		_		_
Net asset value, end of year	\$	17.37	\$	14.48	\$	12.66	\$	14.43	\$	13.59
Total return ^d	2	22.86%	1	8.14%	(1	0.74)%		8.38%	3	6.84%
Ratios to average net assets Expenses Net investment income		1.13% 1.81%		1.14% 2.49%		1.14% ^e 2.57%		1.13% ^e 1.75%		1.13% ^e 1.93%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		13,098 23.61%		16,277 2.53%		353,346 21.09%		05,505 19.16%		48,501 2.50%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

data and the standard of the s

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

Statement of Investments, December 31, 2013

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks 97.1%			
Aerospace & Defense 1.1%			
BAE Systems PLC	United Kingdom	4,201,030	\$ 30,243,321
Airlines 0.8%			
Deutsche Lufthansa AG	Germany	1,080,990	22,928,024
Auto Components 1.8%	,		
Cie Generale des Etablissements Michelin, B	France	222,570	23,649,703
Hyundai Mobis	South Korea	100,634	27,977,057
Tryunda Mobis	Joddi Roica	100,054	
			51,626,760
Automobiles 1.7%			
Nissan Motor Co. Ltd	Japan	1,341,500	11,261,975
Toyota Motor Corp., ADR	Japan	291,181	35,500,788
			46,762,763
Building Products 0.6%			
Compagnie de Saint-Gobain	France	296,890	16,324,678
. 3	Trance	290,090	10,324,070
Capital Markets 2.8%	6 11 1	2 400 200	66.054.726
Credit Suisse Group AG	Switzerland	2,190,208	66,954,736
GAM Holding Ltd.	Switzerland	505,110	9,824,179
			76,778,915
Chemicals 1.6%			
Akzo Nobel NV	Netherlands	594,220	46,049,475
Commercial Banks 14.2%			-
BNP Paribas SA	France	1,124,120	87,593,758
Commerzbank AG	Germany	793,900	12,787,430
DBS Group Holdings Ltd.	Singapore	2,174,520	29,469,244
Hana Financial Group Inc.	South Korea	1,255,380	52,202,214
HSBC Holdings PLC	United Kingdom	4,015,600	43,577,184
KB Financial Group Inc., ADR	South Korea	1,189,645	48,192,519
Lloyds Banking Group PLC	United Kingdom	19,072,470	24,875,644
Societe Generale	France	480,870	27,925,855
UniCredit SpA	Italy	6,991,743	51,740,224
United Overseas Bank Ltd	Singapore	985,000	16,580,599
			394,944,671
Communications Equipment 0.4%			
Ericsson, B, ADR	Sweden	997,972	12,215,177
Computers & Peripherals 0.5%		,	
Compaters & Peripherals 0.5% Compal Electronics Inc	Taiwan	16,699,431	12,791,244
•	Taiwaii	10,033,431	12,731,244
Construction & Engineering 0.7%			
Carillion PLC	United Kingdom	3,750,730	20,520,595
Construction Materials 0.6%			
CRH PLC	Ireland	659,820	16,608,757
Containers & Packaging 0.9%			
Rexam PLC	United Kingdom	2,719,161	23,875,348
Diversified Financial Services 4.4%		, -,	
ING Groep NV, IDR	Netherlands	6,093,334	84,651,943
ING U.S. Inc.	United States	6,093,334 1,076,240	37,829,836
114G 0.3. IIIC.	Offica States	1,070,240	-
			122,481,779

Statement of Investments, December 31, 2013 (continued)

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks (continued) Diversified Telecommunication Services 5.6% China Telecom Corp. Ltd., H	China	47,482,357	\$ 24,003,410
Orange SA Singapore Telecommunications Ltd. bTelefonica SA, ADR Telenor ASA Vivendi SA	France Singapore Spain Norway France	1,396,683 9,394,000 2,270,951 1,103,354 928,427	17,290,236 27,248,407 37,107,339 26,305,418 24,461,917
Electrical Equipment 0.9%			156,416,727
Alstom SA	France China	438,720 23,792,000	15,976,586 8,590,997 24,567,583
Electronic Equipment, Instruments & Components 1.8%	61	2 205 070	
^a Flextronics International Ltd. Kingboard Chemical Holdings Ltd.	Singapore Hong Kong	2,385,970 11,646,000	18,538,987 30,337,707
Energy Equipment & Services 3.7%			48,876,694
Aker Solutions ASA Ensign Energy Services Inc. Fugro NV, IDR Trican Well Service Ltd.	Norway Canada Netherlands Canada	1,617,940 1,965,300 253,200 2,373,000	28,917,033 30,955,580 15,085,600 28,999,237
			103,957,450
Food & Staples Retailing 3.2% Metro AG	Germany	437,967	21,205,310
Tesco PLC	United Kingdom	12,226,930	67,709,603 88,914,913
Health Care Equipment & Supplies 1.1%			
Getinge AB, B	Sweden Switzerland	417,870 974,135	14,290,929 15,179,055 29,469,984
Health Care Providers & Services 0.5%			
Shanghai Pharmaceuticals Holding Co. Ltd., H	China	5,268,500	12,881,900
Hutchison Whampoa Ltd	Hong Kong Germany	2,500,239 285,414	34,016,418 38,979,957
Insurance 10.1%			72,996,375
ACE Ltd. Aegon NV AlA Group Ltd. Aviva PLC AXA SA Muenchener Rueckversicherungs-Gesellschaft AG Swiss Re AG	United States Netherlands Hong Kong United Kingdom France Germany Switzerland	307,649 5,507,530 7,789,600 9,258,670 2,056,508 68,060 174,680	31,850,901 51,983,816 39,076,833 68,937,783 57,168,564 14,992,686 16,066,918
			280,077,501

Statement of Investments, December 31, 2013 (continued)

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks (continued)			
Leisure Equipment & Products 1.0%			
Namco Bandai Holdings Inc.	Japan	977,800	\$ 21,673,174
Nikon Corp.	Japan	386,100	7,366,333
'	'		29,039,507
			29,039,307
Life Sciences Tools & Services 0.6%		475 440	45.500.000
Lonza Group AG	Switzerland	175,440	16,638,332
Metals & Mining 2.6%			
HudBay Minerals Inc	Canada	2,891,000	23,788,862
Mining and Metallurgical Co. Norilsk Nickel OJSC, ADR	Russia	317,022	5,264,151
POSCO	South Korea	136,907	42,340,700
		,	71,393,713
I-III II			71,353,713
Multiline Retail 1.0%	11.26 1122 1	4.066.000	20 446 205
Marks & Spencer Group PLC	United Kingdom	4,066,900	29,146,395
Oil, Gas & Consumable Fuels 11.4%			
BP PLC	United Kingdom	5,946,135	48,064,250
China Shenhua Energy Co. Ltd., H	China	8,462,000	26,626,706
Eni SpA	Italy	1,159,640	27,898,032
LUKOIL Holdings, ADR	Russia	109,772	6,855,261
Royal Dutch Shell PLC, A	United Kingdom	16,803	601,696
Royal Dutch Shell PLC, B	United Kingdom	1,094,263	41,308,844
Statoil ASA	Norway		44,017,109
	,	1,816,110	
Suncor Energy Inc.	Canada	901,700	31,614,469
Talisman Energy Inc.	Canada	2,554,600	29,703,253
Total SA, B	France	979,926	60,021,459
			316,711,079
Pharmaceuticals 8.4%			
GlaxoSmithKline PLC	United Kingdom	2,772,585	73,997,433
Novartis AG	Switzerland	328,730	26,237,964
Roche Holding AG	Switzerland	179,480	50,138,912
Sanofi	France	670,755	71,152,721
Teva Pharmaceutical Industries Ltd., ADR	Israel	333,815	13,379,305
Tera manuaceatea maasines Eta., Noti	131 461	333,013	
			234,906,335
Real Estate Management & Development 0.0%†			
Cheung Kong (Holdings) Ltd	Hong Kong	922	14,565
Semiconductors & Semiconductor Equipment 3.1%			
Infineon Technologies AG	Germany	1,103,225	11,775,691
Samsung Electronics Co. Ltd.	South Korea	46,744	60,747,607
Taiwan Semiconductor Manufacturing Co. Ltd	Taiwan	4,151,526	14,681,997
- and some conductor managed and control of the con		.,.5.,525	-
			87,205,295
Software 1.7%			
Capcom Co. Ltd.	Japan	1,211,400	21,708,564
Trend Micro Inc.	Japan	713,300	24,928,243
			46,636,807
Specialty Retail 1.2%			
Kingfisher PLC	United Kingdom	5,160,616	32,865,855
3	omica Kiliyaoiii	3,100,010	32,003,033
Trading Companies & Distributors 1.7%			
ITOCHU Corp.	Japan	3,753,600	46,305,094

Statement of Investments, December 31, 2013 (continued)

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks (continued) Wireless Telecommunication Services 2.8%			
China Mobile Ltd. Vodafone Group PLC, ADR	China United Kingdom	2,340,000 1,340,319	\$ 24,216,730 52,687,940
			76,904,670
Total Common Stocks (Cost \$2,052,849,016)			2,700,078,281
Preferred Stocks 0.6% Metals & Mining 0.3%	Drozil	664 922	0.214.207
Vale SA, ADR, pfd., A Oil, Gas & Consumable Fuels 0.3%	Brazil	664,832	9,314,297
Petroleo Brasileiro SA, ADR, pfd.	Brazil	517,880	7,607,657
Total Preferred Stocks (Cost \$12,298,385)			16,921,954
Total Investments before Short Term Investments (Cost \$2,065,147,401)			2,717,000,235
Short Term Investments 2.7% Money Market Funds (Cost \$69,592,541) 2.5% aclinstitutional Fiduciary Trust Money Market Portfolio	United States	69,592,541	69,592,541
dInvestments from Cash Collateral Received for Loaned Securities (Cost \$6,432,000) 0.2% Money Market Funds 0.2% BNY Mellon Overnight Government Fund, 0.017%	United States	6,432,000	6,432,000
Total Investments (Cost \$2,141,171,942) 100.4%		., .=,	2,793,024,776
Other Assets, less Liabilities (0.4)%			(12,466,730)
Net Assets 100.0%			\$2,780,558,046

See Abbreviations on page TF-27.

 $[\]dagger$ Rounds to less than 0.1% of net assets.

aNon-income producing.
bA portion or all of the security is on loan at December 31, 2013. See Note 1(c).
cSee Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.
dSee Note 1(c) regarding securities on loan.
eThe rate shown is the annualized seven-day yield at period end.

Financial Statements

Statement of Assets and Liabilities December 31, 2013

	Templeton Foreign Securities Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers Cost - Sweep Money Fund (Note 7)	\$2,071,579,401 69,592,541
	
Total cost of investments	\$2,141,171,942
Value - Unaffiliated issuers	\$2,723,432,235 69,592,541
Total value of investments (includes securities loaned in the amount \$6,274,560)	2,793,024,776
Investment securities sold Capital shares sold Dividends Other assets	515,083 982,086 4,477,585 60
Total assets	2,798,999,590
Liabilities:	
Payables:	
Investment securities purchased	495,501
Capital shares redeemed	7,960,888
Management fees	1,477,136
Administrative fees	222,190
Distribution fees	1,104,444
Payable upon return of securities loaned	6,432,000
Accrued expenses and other liabilities	749,385
Total liabilities	18,441,544
Net assets, at value	\$2,780,558,046
Net assets consist of:	
Paid-in capital	\$2,147,551,858
Undistributed net investment income	49,005,172
Net unrealized appreciation (depreciation)	651,936,806
Accumulated net realized gain (loss)	(67,935,790)
Net assets, at value	\$2,780,558,046

Financial Statements (continued)

Statement of Assets and Liabilities (continued) **December 31, 2013**

	Templeton Foreign Securities Fund
Class 1:	
Net assets, at value	\$ 298,468,465
Shares outstanding	16,995,615
Net asset value and maximum offering price per share	\$ 17.56
Class 2:	
Net assets, at value	\$1,873,586,040
Shares outstanding	108,656,664
Net asset value and maximum offering price per share	\$ 17.24
Class 3:	
Net assets, at value	\$ 95,405,319
Shares outstanding	5,553,970
Net asset value and maximum offering price per share ^a	\$ 17.18
Class 4:	
Net assets, at value	\$ 513,098,222
Shares outstanding	29,544,388
Net asset value and maximum offering price per share	\$ 17.37

^aRedemption price is equal to net asset value less redemption fees retained by the Fund.

Financial Statements (continued)

Statement of Operations for the year ended December 31, 2013

	Templeton Foreign Securities Fund
Investment income: Dividends (net of foreign taxes of \$6,946,517) Income from securities loaned	\$ 75,267,252 1,510,201
Total investment income	76,777,453
Expenses:	
Management fees (Note 3a)	16,712,881 2,535,512
Class 2	4,453,331
Class 3	230,038
Class 4	1,623,277
Unaffiliated transfer agent fees	1,774 377,540
Reports to shareholders	436,387
Registration and filing fees	1,094
Professional fees	138,372
Trustees' fees and expenses	10,256
Other	56,693
Total expenses	26,577,155
Net investment income	50,200,298
Realized and unrealized gains (losses): Net realized gain (loss) from:	
Investments Foreign currency transactions	40,989,015 (465,033)
Net realized gain (loss)	40,523,982
Net change in unrealized appreciation (depreciation) on:	
Investments	454,907,975
Translation of other assets and liabilities denominated in foreign currencies	77,388
Net change in unrealized appreciation (depreciation)	454,985,363
Net realized and unrealized gain (loss)	495,509,345
Net increase (decrease) in net assets resulting from operations	\$545,709,643

Financial Statements (continued)

Statements of Changes in Net Assets

	Templeton Foreign Securities Fund			
		Year Ended D 2013	ecei	mber 31, 2012
Increase (decrease) in net assets: Operations:				
Net investment income Net realized gain (loss) from investments and foreign currency transactions Net change in unrealized appreciation (depreciation) on investments and translation of other	\$	50,200,298 40,523,982	\$	63,456,029 19,998,467
assets and liabilities denominated in foreign currencies		454,985,363		333,368,769
Net increase (decrease) in net assets resulting from operations	!	545,709,643		416,823,265
Distributions to shareholders from: Net investment income:				
Class 1		(7,042,374)		(8,240,958)
Class 2		(42,339,120)		(51,055,731)
Class 3		(2,189,476)		(2,656,996)
Class 4		(10,745,373)		(11,448,483)
Total distributions to shareholders		(62,316,343)		(73,402,168)
Capital share transactions: (Note 2)				
Class 1		(18,682,478)		(24,104,168)
Class 2	(199,579,456)	((174,931,568)
Class 3		(13,135,502)		(9,153,115)
Class 4		10,467,967		7,407,804
Total capital share transactions	()	220,929,469)	((200,781,047)
Redemption fees		19,703		4,388
Net increase (decrease) in net assets		262,483,534		142,644,438
Net assets:				
Beginning of year	2,	518,074,512	2,	375,430,074
End of year	\$2,	780,558,046	\$2,	518,074,512
Undistributed net investment income included in net assets:				
End of year	\$	49,005,172	\$	61,586,250

Notes to Financial Statements

Templeton Foreign Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of twenty separate funds. The Templeton Foreign Securities Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. 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 four classes of shares: Class 1, Class 2, Class 3, and Class 4. Each class of shares differs 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 at the close of the New York Stock Exchange (NYSE), generally at 4p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

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 the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close 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 and non-registered money market funds are valued at the closing net asset value.

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 VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE 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 the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Financial Instrument Valuation (continued)

and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

Also, when the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, 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 significant 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 on 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. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the market value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the market value of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The collateral is invested in a non-registered money fund. The Fund receives income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

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.

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Income and Deferred Taxes (continued)

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of December 31, 2013, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

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 that certain dividends from foreign securities are recognized as soon as the Fund is notified of the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. 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. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Redemption Fees

Redemptions and exchanges of interests in an insurance company subaccount that invests in Class 3 shares of the Fund will be subject to a 1.0% short term trading fee if the interest in the subaccount has been held for less than 60 days. Such fees are retained by the Fund and accounted for as an addition to paid-in capital, allocated to each class of shares based upon the relative proportion of net assets of each class.

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Guarantees and Indemnifications

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

2. SHARES OF BENEFICIAL INTEREST

At December 31, 2013, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2	2013		012
Class 1 Shares:	Shares	Amount	Shares	Amount
Shares sold Shares issued in reinvestment of distributions Shares redeemed	496,052 468,554 (2,142,399)	\$ 7,884,222 7,042,374 (33,609,074)	437,702 676,598 (2,835,243)	\$ 5,851,468 8,240,958 (38,196,594)
Net increase (decrease)	(1,177,793)	\$ (18,682,478)	(1,720,943)	\$ (24,104,168)
Class 2 Shares: Shares sold Shares issued in reinvestment of distributions Shares redeemed	9,932,214 2,864,622 (25,480,434)	\$ 152,564,880 42,339,120 (394,483,456)	12,784,843 4,261,747 (29,457,075)	\$ 164,850,484 51,055,731 (390,837,783)
Net increase (decrease)	(12,683,598)	\$(199,579,456)	(12,410,485)	\$(174,931,568)
Class 3 Shares: Shares sold Shares issued in reinvestment of distributions Shares redeemed	558,566 148,742 (1,552,340)	\$ 8,455,794 2,189,476 (23,780,772)	414,387 222,529 (1,302,161)	\$ 5,363,853 2,656,996 (17,173,964)
Net increase (decrease)	(845,032)	\$ (13,135,502)	(665,245)	\$ (9,153,115)
Class 4 Shares: Shares sold Shares issued on reinvestment of distributions Shares redeemed Net increase (decrease)	5,690,758 721,650 (5,613,738) 798,670	\$ 88,119,947 10,745,373 (88,397,353) \$ 10,467,967	6,234,278 947,722 (6,356,073) 825,927	\$ 81,740,548 11,448,483 (85,781,227) \$ 7,407,804
Net illiclease (declease)	/98,0/0	↓ 10,407,967	823,927	\$ 7,4U7,8U4

3. TRANSACTIONS WITH AFFILIATES

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

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

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

3. TRANSACTIONS WITH AFFILIATES (continued)

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$200 million
0.675%	Over \$200 million, up to and including \$1.3 billion
0.600%	Over \$1.3 billion, up to and including \$10 billion
0.580%	Over \$10 billion, up to and including \$15 billion
0.560%	Over \$15 billion, up to and including \$20 billion
0.540%	In excess of \$20 billion

b. Administrative Fees

The Fund pays an administrative fee to FT Services based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.150%	Up to and including \$200 million
0.135%	Over \$200 million, up to and including \$700 million
0.100%	Over \$700 million, up to and including \$1.2 billion
0.075%	In excess of \$1.2 billion

c. Distribution Fees

The Board has adopted distribution plans for Class 2, Class 3, 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%, 0.35%, and 0.35% per year of its average daily net assets of Class 2, Class 3, and Class 4, respectively. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 3. 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.

4. EXPENSE OFFSET ARRANGEMENT

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2013, there were no credits earned.

5. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

5. INCOME TAXES (continued)

At December 31, 2013, the Fund had capital loss carryforwards of \$59,815,020 expiring in 2017. During the year ended December 31, 2013, the Fund utilized \$40,989,015 of capital loss carryforwards.

The tax character of distributions paid during the years ended December 31, 2013 and 2012, was as follows:

	2013	2012
Distributions paid from ordinary income	\$62,316,343	\$73,402,168

At December 31, 2013, the cost of investments, net unrealized appreciation (depreciation), and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	\$2	2,149,983,787
Unrealized appreciation		707,876,713 (64,835,724)
Net unrealized appreciation (depreciation)	\$	643,040,989
Distributable earnings – undistributed ordinary income	\$	49,729,731

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

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2013, aggregated \$592,406,211 and \$841,981,365, respectively.

7. INVESTMENTS IN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Fund invests in the Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an open-end investment company managed by Franklin Advisers, Inc. (an affiliate of the investment manager). Management fees paid by the Fund are reduced on assets invested in the Sweep Money Fund, in an amount not to exceed the management and administrative fees paid by the Sweep Money Fund.

8. CONCENTRATION OF RISK

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

9. CREDIT FACILITY

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$1.5 billion (Global Credit Facility) which, after an extension of the original terms, matured on February 14, 2014. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 14, 2014, the Borrowers renewed the Global Credit Facility which matures on February 13, 2015.

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

9. CREDIT FACILITY (continued)

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses on the Statement of Operations. During the year ended December 31, 2013, the Fund did not use the Global Credit Facility.

10. FAIR VALUE MEASUREMENTS

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

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

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

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

A summary of inputs used as of December 31, 2013, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments ^{a,b}	\$2,717,000,235	\$ —	\$ —	\$2,717,000,235
Short Term Investments	69,592,541	6,432,000	_	76,024,541
Total Investments in Securities	\$2,786,592,776	\$6,432,000	\$ —	\$2,793,024,776

^aIncludes common and preferred stocks.

11. NEW ACCOUNTING PRONOUNCEMENTS

In June 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

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

Notes to Financial Statements (continued)

Templeton Foreign Securities Fund

12. SUBSEQUENT EVENTS

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

ABBREVIATIONS

Selected Portfolio

ADR - American Depositary Receipt **IDR** - International Depositary Receipt

Franklin Templeton Variable Insurance Products Trust Templeton Foreign Securities Fund

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Templeton Foreign Securities Fund (the "Fund") at December 31, 2013, 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 then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2013 by correspondence with the custodian, transfer agent and brokers, provide a reasonable basis for our opinion.

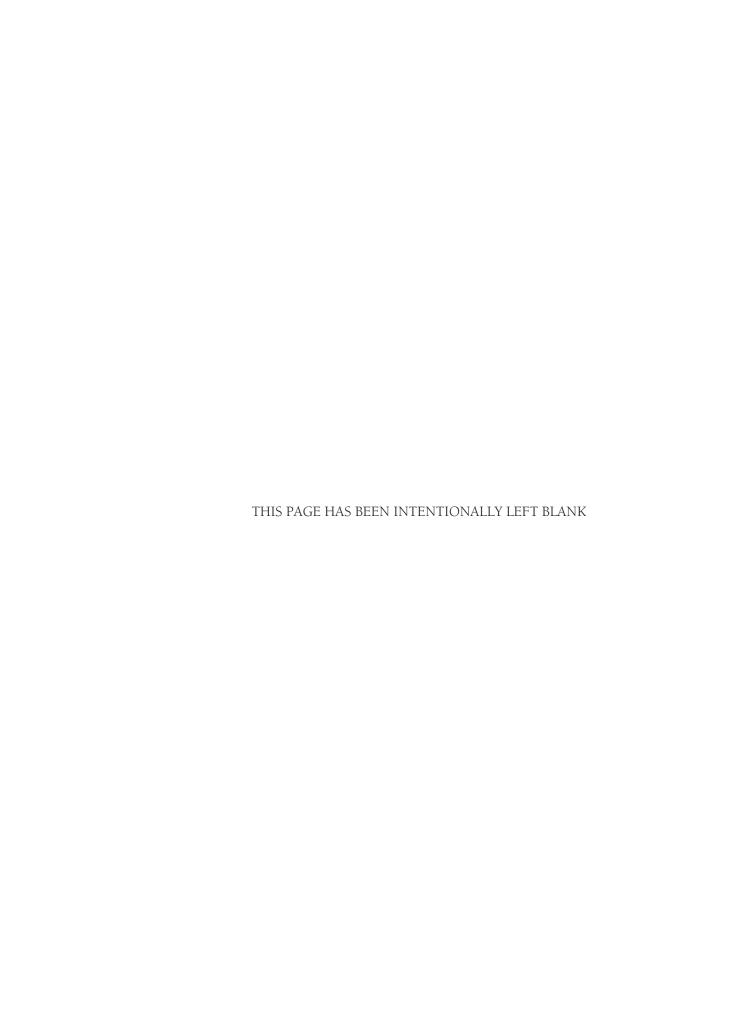
PricewaterhouseCoopers LLP

San Francisco, California February 14, 2014

Tax Information (unaudited)

Templeton Foreign Securities Fund

At December 31, 2013, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code (Code). This election will allow shareholders of record as of the 2014 distribution date, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.



We are pleased to bring you Templeton Global Bond Securities Fund's annual report for the fiscal year ended December 31, 2013.

Templeton Global Bond Securities Fund – Class 3

Performance Summary as of 12/31/13

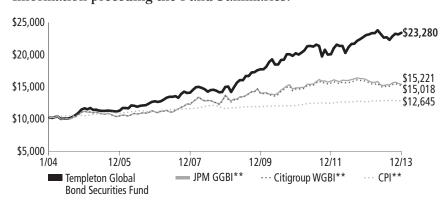
Average annual total return of Class 3 shares* represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

Periods ended 12/31/13	1-Year	5-Year	10-Year
Average Annual Total Return	+1.64%	+9.50%	+8.82%

^{*}Class 3 performance prior to 4/1/05 reflects historical Class 2 performance. Since 4/1/05 (effective date), the average annual total return of Class 3 shares was +8.72%.

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/04–12/31/13)

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



^{**}Source: © 2014 Morningstar. Please see Index Descriptions following the Fund Summaries.

Performance reflects the Fund's Class 3 operating expenses, but does *not* include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.

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

Current performance may differ from figures shown.

Fund Risks: All investments involve risks, including possible loss of principal. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio that may result in significant volatility and cause the Fund to participate in losses (as well as enable gains) on an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits and may realize losses when a counterparty fails to perform as promised. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Investments in emerging markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size and lesser liquidity. Investments in lower rated bonds include higher risk of default and loss of principal. Changes in interest rates will affect the value of the Fund's portfolio and its share price and yield. Bond prices generally move in the opposite direction of interest rates. As prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. The Fund is also nondiversified, which involves the risk of greater price fluctuation than a more diversified portfolio. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

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

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. For comparison, the Fund's benchmarks, the JPM GGBI and the Citigroup WGBI, had -4.50% and -4.00% total returns for the same period.¹

Economic and Market Overview

The global economic recovery was mixed during the year under review. The recovery in emerging markets moderated after many economies had previously returned to and exceeded pre-crisis activity levels. Although some developed economies, such as those of Australia and some Scandinavian countries, have enjoyed relatively strong recoveries in the aftermath of the global financial crisis, growth in the eurozone and Japan continued to be slow by the standards of previous recoveries. Improving sentiment, relatively strong fundamentals and continued provision of global liquidity supported assets perceived as risky and equity markets performed well.

Fears of possible reductions in stimulative government policies contributed to periods of risk aversion, when credit spreads widened and assets perceived as risky sold off, alternating with periods of heightened risk appetite, when spreads narrowed and investors again favored risk assets. Against this backdrop, extensive liquidity creation continued, in particular from the Bank of Japan's commitment to raise its inflation target, as well as from the European Central Bank's interest rate cuts.

During the period, the U.S. Federal Reserve Board (Fed) announced it might reduce the size of its quantitative easing program at subsequent meetings. The announcement led risk assets, particularly those in emerging markets, to sell off as market participants' expectations of global liquidity conditions began to change. The Fed later confirmed it would begin tapering its asset purchases from \$85 billion per month to \$75 billion per month beginning in January 2014.

^{1.} Source: © 2014 Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

Global financial market volatility increased toward the end of the period as the U.S. federal government partially shut down and the U.S. Treasury approached its debt ceiling. As the government shutdown ended and the debt ceiling was raised, market volatility quickly subsided.

Investment Strategy

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

Manager's Discussion

The Fund's total return was influenced by various factors, including interest rate developments, currency movements and exposure to sovereign debt markets. During the year under review, each of these sources of return benefited absolute and relative performance.

Interest Rate Strategy

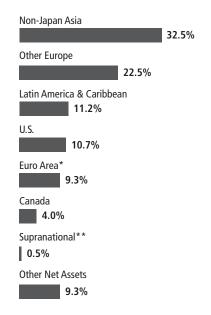
As part of the Fund's interest rate strategy we use interest rate swaps to manage duration. We maintained a defensive posture with respect to interest rate risk in developed and emerging markets. At period-end, the Fund had a shorter duration position than the JPM GGBI given our assessment that there was limited scope for further global interest rate reductions from historically low levels and improving economic conditions. However, we maintained some duration exposure in countries where we believed long-term bond yields could benefit from declining risk premiums, and select duration exposures in Europe and Latin America contributed to performance relative to the JPM GGBI.

Currency Strategy

As part of the Fund's investment strategy, we used currency forward contracts seeking to hedge or gain exposure to various currencies. Overall, our diversified currency exposure contributed to absolute performance and performance relative to the JPM GGBI. As the Japanese yen depreciated against the U.S. dollar during the year, the Fund's net negative position in the currency, achieved via the use of currency forward contracts, contributed meaningfully in terms of absolute and relative performance. Our net negative position in the yen reflected our pessimistic view on the relative prospects for the Japanese economy and

Geographic Breakdown

Templeton Global Bond Securities Fund Based on Total Net Assets as of 12/31/13



- *The Fund's euro area investments were in Ireland and Slovenia.
- **The Fund's supranational investment was denominated in the Mexican peso.

What is duration?

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

What is an interest rate swap?

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

What is a currency forward contract?

A currency forward contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

Currency Breakdown

Templeton Global Bond Securities Fund 12/31/13

	% of Total Net Assets
Americas	82.1%
U.S. Dollar	58.2%
Mexican Peso	11.7%
Brazilian Real	4.4%
Canadian Dollar	4.0%
Chilean Peso	3.7%
Peruvian Nuevo Sol	0.1%
Asia Pacific	24.6%
South Korean Won	16.4%
Malaysian Ringgit	12.7%
Singapore Dollar	8.5%
Indonesian Rupiah	2.4%
Indian Rupee	2.3%
Philippine Peso	1.4%
Sri Lankan Rupee	1.2%
Japanese Yen*	-20.3%
Europe*	-6.7%
Polish Zloty	10.6%
Swedish Krona	8.1%
Hungarian Forint	2.3%
Euro*	-27.7%

^{*}A negative figure reflects net "short" exposure, designed to benefit if the value of the associated currency decreases. Conversely, the Fund's value would potentially decline if the value of the associated currency increases.

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

was meant as an implicit hedge against potentially rising yields in the U.S., given the yen's historically strong correlation to long-term U.S. Treasury yields. However, as the euro appreciated against the U.S. dollar during the year, our net negative position in the monetary union's currency detracted from performance.

Global Sovereign Debt Strategy

The Fund purchased investment-grade and subinvestment-grade hard currency-denominated sovereign debt that has historically typically compensated for greater credit risk by offering higher yields relative to U.S. Treasury and European benchmark bonds. Overall, the Fund's sovereign credit exposures contributed to performance. These exposures were concentrated in non-eurozone Europe.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, redemption fees, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract level. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration:*

- 1. Divide your account value by \$1,000. *If an account had an* \$8,600 *value, then* $$8,600 \div $1,000 = 8.6$.
- 2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."

 If Fund-Level Expenses Incurred During Period were \$7.50, then 8.6 x \$7.50 = \$64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are \$64.50.

Templeton Global Bond Securities Fund – Class 3

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio for each class and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 3	Beginning Account Value 7/1/13	Ending Account Value 12/31/13	Expenses Incurred During Period* 7/1/13–12/31/13				
Actual	\$1,000	\$1,033.90	\$3.79				
before expenses)	\$1,000	\$1,021.48	\$3.77				

^{*}Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 3 shares (0.74%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Financial Highlights

Templeton Global Bond Securities Fund

	Year Ended December 31,										
Class 1		2013		2012		2011		2010		2009	
Per share operating performance (for a share outstanding throughout the year)											
Net asset value, beginning of year	\$	20.01	\$	18.61	\$	19.94	\$	17.72	\$	17.42	
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.64 (0.30)		0.72 1.99		0.87 (0.92)		1.00 1.58		0.99 2.01	
Total from investment operations		0.34		2.71		(0.05)		2.58		3.00	
Less distributions from: Net investment income and net foreign currency gains		(0.96) (0.24)		(1.28) (0.03)		(1.15) (0.13)		(0.31) (0.05)		(2.70)	
Total distributions		(1.20)		(1.31)		(1.28)		(0.36)		(2.70)	
Redemption fees ^c		_		_		_		_			
Net asset value, end of year	\$	19.15	\$	20.01	\$	18.61	\$	19.94	\$	17.72	
Total return ^d		1.89%	1	15.31%	(0.61)%	1	4.71%	1	8.98%	
Ratios to average net assets Expensese Net investment income		0.51% 3.26%		0.55% 3.71%		0.56% 4.40%		0.55% 5.27%		0.54% 5.73%	
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		280,963 34.39%		07,142 13.26%		69,819 84.18%		72,232 8.77%		95,662 20.84%	

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

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

Financial Highlights (continued)

Templeton Global Bond Securities Fund

	Year Ended December 31,									
Class 2		2013		2012		2011	2010			2009
Per share operating performance (for a share outstanding throughout the year)										
Net asset value, beginning of year	\$	19.47	\$	18.15	\$	19.49	\$	17.34	\$	17.10
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.57 (0.27)		0.65 1.94		0.79 (0.89)		0.93 1.54		0.93 1.98
Total from investment operations		0.30		2.59		(0.10)		2.47		2.91
Less distributions from: Net investment income and net foreign currency gains Net realized gains		(0.93) (0.24)		(1.24) (0.03)		(1.11) (0.13)		(0.27) (0.05)		(2.67)
Total distributions		(1.17)		(1.27)		(1.24)		(0.32)		(2.67)
Redemption fees ^c		_		_		_		_		_
Net asset value, end of year	\$	18.60	\$	19.47	\$	18.15	\$	19.49	\$	17.34
Total return ^d		1.63%		15.07%		(0.87)%		14.45%		18.68%
Ratios to average net assets Expensese Net investment income		0.76% 3.01%		0.80% 3.46%		0.81% 4.15%		0.80% 5.02%		0.79% 5.48%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		826,039 34.39%	\$2	,418,229 43.26%	\$1	,812,814 34.18%	\$1	,490,794 8.77%		262,783 20.84%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

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

eBenefit of expense reduction rounds to less than 0.01%.

Financial Highlights (continued)

	Year Ended December 31,									
Class 3	2013 2012 2011 2010			0 200						
Per share operating performance (for a share outstanding throughout the year)										
Net asset value, beginning of year	\$	19.48	\$	18.15	\$	19.48	\$	17.33	\$	17.08
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.57 (0.27)		0.65 1.94		0.80 (0.90)		0.93 1.54		0.93 1.98
Total from investment operations		0.30		2.59		(0.10)		2.47		2.91
Less distributions from: Net investment income and net foreign currency gains Net realized gains Total distributions		(0.92) (0.24) (1.16)		(1.23) (0.03) (1.26)		(1.10) (0.13) (1.23)		(0.27) (0.05) (0.32)		(2.66)
Redemption fees ^c	-									
Net asset value, end of year	\$	18.62	\$	19.48	\$	18.15	\$	19.48	\$	17.33
Total return ^d		1.64%		15.06%	(0.83)%	1	14.38%		18.69%
Ratios to average net assets Expensese Net investment income		0.76% 3.01%		0.80% 3.46%		0.81% 4.15%		0.80% 5.02%		0.79% 5.48%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		194,122 34.39%		98,077 43.26%		85,811 84.18%		83,380 8.77%		43,264 20.84%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

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

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

Financial Highlights (continued)

	Year Ended December 31,									
Class 4	2013 2012 2011			2010			2009			
Per share operating performance (for a share outstanding throughout the year)										
Net asset value, beginning of year	\$	19.82	\$	18.44	\$	19.78	\$	17.61	\$	17.37
Income from investment operations ^a : Net investment income ^b Net realized and unrealized gains (losses)		0.56 (0.28)		0.64 1.98		0.79 (0.91)		0.93 1.56		0.93 2.00
Total from investment operations		0.28		2.62		(0.12)		2.49		2.93
Less distributions from: Net investment income and net foreign currency gains		(0.89) (0.24)		(1.21) (0.03)		(1.09) (0.13)		(0.27) (0.05)		(2.69)
Total distributions		(1.13)		(1.24)		(1.22)		(0.32)		(2.69)
Redemption fees ^c		_		_		_		_		_
Net asset value, end of year	\$	18.97	\$	19.82	\$	18.44	\$	19.78	\$	17.61
Total return ^d		1.54%	1	4.97%	(0.96)%	1	14.28%	1	18.58%
Ratios to average net assets Expensese Net investment income		0.86% 2.91%		0.90% 3.36%		0.91% 4.05%		0.90% 4.92%		0.89% 5.38%
Supplemental data Net assets, end of year (000's) Portfolio turnover rate		18,145 34.39%		63,241 13.26%		51,695 34.18%	\$1	50,891 8.77%		08,910 20.84%

^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 shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

bBased on average daily shares outstanding.

cAmount rounds to less than \$0.01 per share.

data and the standard of the s

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

Statement of Investments, December 31, 2013

Templeton Global Bond Securities Fund	Principal Amount*	Value
Foreign Government and Agency Securities 65.7%		
Brazil 4.1%		
Letra Tesouro Nacional, Strip,	2.074. DDI	¢ 4.547.05
1/01/15	3,971ª BRL	
1/01/16	26,160° BRL	8,866,99
1/01/17	46,660ª BRL	13,913,52
Nota Do Tesouro Nacional, 10.00%, 1/01/14	7,100° BRL	3,005,71
10.00%, 1/01/17	22,490ª BRL	9,010,01
10.00%, 1/01/21	9,240ª BRL	3,398,79
10.00%, 1/01/23	26,700° BRL	9,526,92
blndex Linked, 6.00%, 5/15/15	30,226ª BRL	30,796,12
blndex Linked, 6.00%, 8/15/16	14,388ª BRL	14,526,39
bIndex Linked, 6.00%, 5/15/17	202ª BRL	202,88
^b Index Linked, 6.00%, 8/15/18	12,725ª BRL	12,679,62
blndex Linked, 6.00%, 8/15/22	14,400a BRL	14,056,509
^b Index Linked, 6.00%, 5/15/45	10,825a BRL	10,079,34
senior note, 10.00%, 1/01/19	21,390ª BRL	8,192,76
		139,773,560
Canada 2.7%		
Government of Canada,		
2.25%, 8/01/14	10,628,000 CAD	10,079,96
1.00%, 11/01/14	20,887,000 CAD	19,667,584
2.00%, 12/01/14	17,861,000 CAD	16,971,27
1.00%, 2/01/15	48,972,000 CAD	46,108,32
Hungary 4.2%		92,827,146
Government of Hungary,		
5.50%, 2/12/14	653,440,000 HUF	3,030,17!
7.75%, 8/24/15	672,690,000 HUF	3,331,05
5.50%, 2/12/16	436,800,000 HUF	2,095,70
5.50%, 12/22/16	236,640,000 HUF	1,139,44
4.125%, 2/19/18	14,310,000	14,462,04
6.50%, 6/24/19	389,700,000 HUF	1,949,58
7.50%, 11/12/20	317,540,000 HUF	1,659,850
5.375%, 2/21/23	26,430,000	26,206,666
A, 8.00%, 2/12/15	280,000,000 HUF	1,364,84
A, 6.75%, 11/24/17	2,049,040,000 HUF	10,280,14
A, 5.50%, 12/20/18	446,060,000 HUF	2,136,98
A, 7.00%, 6/24/22	512,570,000 HUF	2,585,32
A, 6.00%, 11/24/23	173,290,000 HUF	822,130
B, 6.75%, 2/24/17	394,700,000 HUF	1,961,66
D, 6.75%, 8/22/14	1,856,440,000 HUF	8,782,95
senior note, 6.25%, 1/29/20	6,420,000	6,945,638
senior note, 6.375%, 3/29/21	14,820,000 1,055,000 EUR	16,033,38° 1,500,16
senior note, Reg S, 3.30%, 7/18/10	7,480,000 EUR	10,771,024
senior note, Reg S, 5.75%, 7/04/1/	14,475,000 EUR	21,677,40
senior note, Reg S, 3.875%, 2/24/20	3,120,000 EUR	4,302,289
55.110. 110.101.110.1101.1101.1101.1101.	5,125,000 LON	-
1.1.100%		143,038,484
Iceland 0.2%	7 660 000	7 070 (5)
^d Government of Iceland, 144A, 5.875%, 5/11/22	7,660,000	7,870,650

Templeton Global Bond Securities Fund	Principal Amount*	Value
Foreign Government and Agency Securities (continued)		_
Indonesia 2.4% Government of Indonesia, FR31, 11.00%, 11/15/20 FR34, 12.80%, 6/15/21 FR35, 12.90%, 6/15/22 FR36, 11.50%, 9/15/19 FR39, 11.75%, 8/15/23	170,808,000,000 IDR 208,649,000,000 IDR 67,421,000,000 IDR 31,754,000,000 IDR 5,491,000,000 IDR	\$ 15,972,581 21,304,064 6,974,170 2,994,348 541,430
FR40, 11.00%, 9/15/25 FR43, 10.25%, 7/15/22 FR44, 10.00%, 9/15/24 FR46, 9.50%, 7/15/23 FR48, 9.00%, 9/15/18 senior bond, FR53, 8.25%, 7/15/21 Indonesia Retail Bond, senior note, 8.50%, 10/15/16	46,856,000,000 IDR 69,179,000,000 IDR 4,454,000,000 IDR 226,780,000,000 IDR 16,920,000,000 IDR 11,270,000,000 IDR 3,358,000,000 IDR	4,464,505 6,264,366 397,343 19,656,723 1,442,232 919,895 276,243
Ireland 8.9%		81,207,900
Government of Ireland, 5.50%, 10/18/17 5.90%, 10/18/19 4.50%, 4/18/20 5.00%, 10/18/20 senior bond, 4.50%, 10/18/18 senior bond, 4.40%, 6/18/19 senior bond, 5.40%, 3/13/25	27,708,700 EUR 20,597,000 EUR 19,512,000 EUR 58,588,000 EUR 8,090,000 EUR 20,943,000 EUR 40,422,910 EUR	43,369,903 33,280,628 29,375,017 90,671,337 12,354,689 31,673,977 63,308,941 304,034,492
Lithuania 1.2% dGovernment of Lithuania, 144A, 6.75%, 1/15/15 7.375%, 2/11/20 6.125%, 3/09/21	19,480,000 12,690,000 3,240,000	20,600,587 15,267,656 3,676,315
	3,210,000	39,544,558
Malaysia 3.8% Government of Malaysia, 3.434%, 8/15/14	59,260,000 MYR	18,129,565
3.741%, 6/12/115 3.835%, 8/12/15 4.72%, 9/30/15 3.197%, 10/15/15 senior bond, 5.094%, 4/30/14 senior bond, 3.814%, 2/15/17 senior bond, 4.24%, 2/07/18	61,480,000 MYR 36,620,000 MYR 230,000 MYR 14,220,000 MYR 187,985,000 MYR 18,885,000 MYR 44,360,000 MYR	18,893,122 11,287,025 71,971 4,337,783 57,734,359 5,820,163 13,820,132 130,094,120
Mexico 3.7% Government of Mexico, 7.00%, 6/19/14 9.50%, 12/18/14 6.00%, 6/18/15 8.00%, 12/17/15 6.25%, 6/16/16 7.25%, 12/15/16	286,280° MXN 1,774,400° MXN 732,200° MXN 4,996,150° MXN 733,810° MXN 250,000° MXN	2,232,692 14,371,673 5,805,212 41,408,288 5,918,589 2,067,835

Templeton Global Bond Securities Fund	Principal Amount*	Value
Foreign Government and Agency Securities (continued)		
Mexico (continued)		
7.75%, 12/14/17	4,473,000° MXN \$	37,709,388
Mexican Udibonos, Index Linked,	222 100g MVN	1 702 562
4.50%, 12/18/14	222,1909 MXN 569,2089 MXN	1,783,563 4,827,172
3.50%, 12/14/17	570,675 ^g MXN	4,734,753
4.00%, 6/13/19	391,698 ⁹ MXN	3,328,978
2.50%, 12/10/20	308,4819 MXN	2,405,497
	_	126,593,640
Peru 0.1%		
Government of Peru, senior bond, 7.84%, 8/12/20	11,090,000 PEN	4,535,287
Philippines 0.2%		
Government of the Philippines,		
senior bond, 7.00%, 1/27/16	53,190,000 PHP	1,292,639
senior bond, 9.125%, 9/04/16	31,840,000 PHP	821,907 806,832
senior note, 6.25%, 1/27/14senior note, 1.625%, 4/25/16	35,720,000 PHP 236,480,000 PHP	5,278,929
Schiol flote, 1.023 /0, 4/23/10	230,400,000 1111	
	_	8,200,307
Poland 9.1%		
Government of Poland,	226 000 000 DLN	112 776 274
5.75%, 4/25/14	336,990,000 PLN 31,408,000 PLN	112,776,374 10,771,993
6.25%, 10/24/15	75,580,000 PLN	26,531,088
5.00%, 4/25/16	45,810,000 PLN	15,820,591
5.75%, 9/23/22	48,750,000 PLN	17,824,390
hFRN, 2.71%, 1/25/17	59,279,000 PLN	19,571,709
^h FRN, 2.71%, 1/25/21	60,135,000 PLN	19,455,558
Strip, 1/25/14	49,315,000 PLN	16,308,506
Strip, 7/25/14	35,420,000 PLN	11,578,650
Strip, 7/25/15	23,822,000 PLN 169,757,000 PLN	7,562,053 52,892,364
sulp, 1/23/10	109,737,000 FEN _	
	_	311,093,276
Russia 1.7%	50.640.455	E0 400 043
Russia Foreign Bond, senior bond, 144A, 7.50%, 3/31/30	50,648,455	59,108,013
Serbia 0.7%		
Government of Serbia, senior note, 144A,	4 500 000	4 627 204
5.25%, 11/21/17 4.875%, 2/25/20	4,590,000 8,800,000	4,627,294 8,371,000
7.25%. 9/28/21	9,670,000	10,232,987
7.25 (6) 57.26 (2)		
	_	23,231,281
Singapore 0.8%		
Government of Singapore, senior note, 3.625%, 7/01/14	21,650,000 SGD	17,442,766
1.125%, 4/01/16	11,000,000 SGD	8,876,166
	- 1,000,000	
	_	26,318,932
Slovenia 0.4%		
Government of Slovenia, senior note, 144A,	8,140,000	8,166,455
5.50%, 10/26/22	0,140,000	0,100,433

Templeton Global Bond Securities Fund	Principal Amount*		Value
Foreign Government and Agency Securities (continued) Slovenia (continued)			
5.85%, 5/10/23	5,030,000	\$	5,143,276
		_	13,309,731
South Voyage 14 00/		_	,
South Korea 14.0% The Export-Import Bank of Korea, senior note,			
4.625%, 2/20/17	230,000 EUR		346,546
d144A, 1.45%, 5/19/14	40,580,000 SEK		6,318,181
Korea Monetary Stabilization Bond,	40,300,000 3ER		0,510,101
senior bond, 3.47%, 2/02/14	20,416,550,000 KRW		19,352,968
senior bond, 3.59%, 4/02/14	20,432,530,000 KRW		19,402,992
senior bond, 2.47%, 4/02/15	22,461,930,000 KRW		21,217,011
senior bond, 2.80%, 8/02/15	68,737,030,000 KRW		65,181,566
senior bond, 2.81%, 10/02/15	2,932,000,000 KRW		2,780,860
senior note, 3.28%, 6/02/14	24,224,170,000 KRW		23,008,056
senior note, 2.57%, 6/09/14	14,607,000,000 KRW		13,834,163
senior note, 2.82%, 8/02/14	31,785,420,000 KRW		30,141,691
senior note, 2.78%, 10/02/14	13,357,000,000 KRW		12,663,495
senior note, 2.84%, 12/02/14	22,065,270,000 KRW		20,936,073
senior note, 2.74%, 2/02/15	47,745,950,000 KRW		45,249,715
senior note, 2.76%, 6/02/15	51,516,200,000 KRW		48,822,799
senior note, 2.90%, 12/02/15	54,164,800,000 KRW		51,439,336
Korea Treasury Bond,			
senior bond, 4.00%, 3/10/16	1,283,100,000 KRW		1,245,888
senior bond, 5.00%, 9/10/16	2,806,000,000 KRW		2,802,925
senior note, 3.25%, 12/10/14	13,830,700,000 KRW		13,173,046
senior note, 4.50%, 3/10/15	641,500,000 KRW		620,482
senior note, 3.25%, 6/10/15	4,668,800,000 KRW		4,454,846
senior note, 4.00%, 9/10/15	3,390,100,000 KRW		3,275,674
senior note, 2.75%, 12/10/15	32,942,000,000 KRW 26,530,400,000 KRW		31,190,316 25,247,236
Korea Treasury Note, senior note, 2.75%, 6/10/16	18,308,100,000 KRW		
Korea freasury Note, Seriior flote, 2.75%, 6/10/16	10,300,100,000 KNW	_	17,318,320
			480,024,185
Sri Lanka 1.2%			
Government of Sri Lanka, A, 7.00%, 3/01/14	43,380,000 LKR		331,025
A, 7.00 %, 3/01/14 A, 11.25%, 7/15/14	773,000,000 LKR		6,001,358
A, 11.75%, 3/15/15	8,520,000 LKR		67,440
A, 6.50%, 7/15/15	239,920,000 LKR		1,778,049
A, 11.00%, 8/01/15	1,349,700,000 LKR		10,670,111
A, 6.40%, 8/01/16	109,200,000 LKR		782,571
A, 5.80%, 1/15/17	112,300,000 LKR		781,236
A, 8.00%, 11/15/18	512,300,000 LKR		3,639,778
A, 9.00%, 5/01/21	861,720,000 LKR		6,155,846
B, 11.75%, 4/01/14	68,370,000 LKR		526,938
B, 6.60%, 6/01/14	65,500,000 LKR		497,602
B, 6.40%, 10/01/16	119,100,000 LKR		849,589
B, 8.50%, 7/15/18	146,350,000 LKR		1,059,835
C, 8.50%, 4/01/18	241,930,000 LKR		1,765,710
D, 8.50%, 6/01/18	633,000,000 LKR		4,621,916
		_	39,529,004
		_	33,323,004

Templeton Global Bond Securities Fund	Principal Amount*	Value
Foreign Government and Agency Securities (continued) Supranational 0.5%		
Inter-American Development Bank, senior note, 7.50%, 12/05/24	200,000,000 MXN	\$ 16,379,549
Sweden 2.4% Government of Sweden, 6.75%, 5/05/14 Kommuninvest I Sverige AB, 2.25%, 5/05/14	391,220,000 SEK 123,520,000 SEK	62,045,971 19,294,378 81,340,349
Ukraine 3.0%		
dFinancing of Infrastructure Projects State Enterprise, 144A, 8.375%, 11/03/17 7.40%, 4/20/18	1,100,000 840,000	1,017,357 754,202
dGovernment of Ukraine, 144A, 9.25%, 7/24/17 144A, 7.75%, 9/23/20 senior bond, 144A, 6.58%, 11/21/16 senior bond, 144A, 7.80%, 11/28/22 senior note, 144A, 4.95%, 10/13/15 senior note, 144A, 6.25%, 6/17/16 senior note, 144A, 7.95%, 2/23/21 senior note, 144A, 7.50%, 4/17/23	25,550,000 17,227,000 12,541,000 10,110,000 290,000 EUR 8,760,000 24,098,000 8,160,000	25,454,188 15,999,576 11,796,692 9,174,825 381,826 8,250,825 22,365,956 7,395,000
Vietnam 0.4% dGovernment of Vietnam, 144A, 6.75%, 1/29/20 Total Foreign Government and Agency Securities (Cost \$2,141,644,799)	13,110,000	14,240,738
		2,244,885,649
Municipal Bonds (Cost \$1,293,641) 0.0%† United States 0.0%† Bexar County Revenue, Venue Project, Refunding, Series A, BHAC Insured, 5.25%, 8/15/47	1,450,000	1,510,654
Total Investments before Short Term Investments (Cost \$2,142,938,440)		2,246,396,303
Short Term Investments 25.0% Foreign Government and Agency Securities 14.4% Brazil 0.2% Letra Tesouro Nacional, Strip, 4/01/14	18,450ª BRL	7,628,846
Canada 1.3% Government of Canada, 1.00%, 2/01/14 2.00%, 3/01/14 0.75%, 5/01/14	33,882,000 CAD 7,354,000 CAD 6,298,000 CAD	31,899,130 6,935,463 5,926,569
Hungary 0.1%		44,761,162
JHungary Treasury Bills, 1/08/14 - 6/25/14	356,460,000 HUF	1,637,274
JBank of Negara Monetary Notes, 1/09/14 - 11/18/14	496,745,000 MYR 1,140,000 MYR	149,780,015 343,547
		150,123,562

Statement of Investments, December 31, 2013 (continued)

Templeton Global Bond Securities Fund	Principal Amount*	Value
Short Term Investments (continued) Foreign Government and Agency Securities (continued) Mexico 3.0%		
iMexico Treasury Bills, 1/09/14 - 4/30/14 10/16/14 12/11/14	31,812,220 ^k MXN 46,859,000 ^k MXN 59,641,100 ^k MXN	\$ 24,223,335 34,960,785 44,250,070
		103,434,190
Philippines 0.9% Philippine Treasury Bills, 1/08/14 - 10/08/14	1,289,295,000 PHP	28,952,151
Singapore 3.8% Government of Singapore, senior bond, 0.25%, 2/01/14 JMonetary Authority of Singapore Treasury Bills, 1/03/14 - 2/14/14 Singapore Treasury Bills, 1/10/14 - 5/30/14	21,600,000 SGD 46,732,000 SGD 96,960,000 SGD	17,116,947 37,030,791 76,800,680 130,948,418
South Korea 0.7% Korea Monetary Stabilization Bond, senior bond, 2.55%, 5/09/14 2.72%, 9/09/14	10,064,000,000 KRW 14,437,000,000 KRW	9,531,413 13,682,266 23,213,679
Total Foreign Government and Agency Securities (Cost \$503,106,917)		490,699,282
Total Investments before Repurchase Agreements (Cost \$2,646,045,357)		2,737,095,585
Repurchase Agreements (Cost \$362,770,388) 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States 10.6% United States Securities Inc. (Maturity Value \$27,683,020) Credit Suisse Securities (USA) LLC (Maturity Value \$83,049,060) Deutsche Bank Securities Inc. (Maturity Value \$48,564,092) HSBC Securities (USA) Inc. (Maturity Value \$16,271,586) Merrill Lynch, Pierce, Fenner & Smith Inc. (Maturity Value \$53,983,884) Morgan Stanley & Co. LLC (Maturity Value \$33,218,898) Collateralized by U.S. Government Agency Securities, 0.00% - 4.125%, 1/15/14 - 3/07/18; U.S. Government Agency Discount Notes, 8/19/14; U.S. Treasury Bills, 9/18/14; U.S. Treasury Bonds, 8.875% - 9.125%, 5/15/17 - 5/15/18; U.S. Treasury Notes, 0.25% - 4.75%, 1/15/15 - 12/31/18; and U.S. Treasury Notes, Index Linked, 1.375% - 1.625%, 1/15/18 - 7/15/18 (valued at \$370,038,148)	362,770,388	362,770,388
Total Investments (Cost \$3,008,815,745) 90.7%		3,099,865,973
Other Assets, less Liabilities 9.3% Net Assets 100.0%		319,403,073 \$3,419,269,046
1161 F336W 10010 /0		¥3,413,203,040

See Abbreviations on page TGB-41.

Statement of Investments, December 31, 2013 (continued)

Templeton Global Bond Securities Fund

†Rounds to less than 0.1% of net assets.

Security was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security 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. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At December 31, 2013, the aggregate value of these securities was \$38,250,884, representing 1.12% of net assets.

descurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At December 31, 2013, the aggregate value of these securities was \$266,213,599, representing 7.79% of net assets.

*Principal amount is stated in 100 Mexican Peso Units.

fPrincipal amount of security is adjusted for inflation. See Note 1(g).

⁹Principal amount is stated in Unidad de Inversion Units.

hThe coupon rate shown represents the rate at period end.

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

The security is traded on a discount basis with no stated coupon rate.

kPrincipal amount is stated in 10 Mexican Peso Units.

See Note 1(c) regarding joint repurchase agreement.

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

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

bRedemption price at maturity is adjusted for inflation. See Note 1(g).

Statement of Investments, December 31, 2013 (continued)

Templeton Global Bond Securities Fund

At December 31, 2013, the Fund had the following forward exchange contracts outstanding. See Note 1(d).

Forward Exchange Contracts

Currency	Counterparty ^a	Туре	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Indian Rupee	CITI	Buy	34,491,000	533,446	1/06/14	\$ 23,633	\$ —
Indian Rupee	HSBC	Buy	251,448,000	3,923,021	1/06/14	138,225	_
Indian Rupee	CITI	Sell	34,491,000	555,769	1/06/14	_	(1,311)
Indian Rupee	HSBC	Sell	251,448,000	4,045,825	1/06/14	_	(15,422)
Indian Rupee	DBAB	Buy	217,594,000	3,426,958	1/07/14	86,798	_
Japanese Yen	DBAB	Sell	770,370,000	8,897,885	1/07/14	1,581,670	_
Indian Rupee	DBAB	Sell	217,594,000	3,498,296	1/07/14	_	(15,460)
Euro	DBAB	Sell	2,285,618	3,003,759	1/07/14	_	(140,098)
Indian Rupee	DBAB	Buy	40,529,000	644,084	1/08/14	10,257	_
Malaysian Ringgit	DBAB	Buy	8,862,500	2,865,063	1/08/14	_	(162,856
Swedish Krona	DBAB	Buy	136,332,733	15,821,369 EUR	1/09/14	_	(572,377
Mexican Peso	CITI	Buy	109,357,558	8,363,867	1/10/14	24,207	
Japanese Yen	CITI	Sell	138,680,000	1,589,474	1/10/14	272,408	_
Euro	CITI	Sell	5,040,000	6,611,220	1/10/14	· —	(321,266)
Chilean Peso	MSCO	Buy	2,254,600,000	4,581,124	1/13/14	_	(296,950)
uro	UBSW	Sell	15,572,000	20,393,838	1/13/14	_	(1,025,311)
Euro	DBAB	Sell	9,460,000	12,533,554	1/14/14	_	(478,587)
Euro	JPHQ	Sell	937,000	1,226,767	1/14/14	_	(62,067)
Japanese Yen	UBSW	Sell	415,980,000	4,756,980	1/14/14	806,271	
Indian Rupee	DBAB	Buy	239,338,000	3,824,390	1/15/14	34,344	_
Japanese Yen	HSBC	Sell	536,380,000	6,109,112	1/15/14	1,014,895	_
Malaysian Ringgit	JPHQ	Buy	1,856,000	604,856	1/16/14		(39, 167)
lapanese Yen	DBAB	Sell	139,110,000	1,567,896	1/16/14	246,706	
lapanese Yen	UBSW	Sell	707,660,000	7,973,544	1/16/14	1,252,578	_
ndian Rupee	DBAB	Buy	383,041,000	6,111,193	1/17/14	61,943	_
lapanese Yen	DBAB	Sell	719,030,000	8,111,032	1/17/14	1,282,045	_
Euro	DBAB	Sell	4,856,000	6,497,328	1/17/14		(182,044)
lapanese Yen	JPHQ	Sell	1,305,790,000	14,747,457	1/17/14	2,345,718	(102,011)
ndian Rupee	JPHQ	Buy	226,092,000	3,581,207	1/21/14	59,624	_
Euro	BZWS	Sell	2,638,000	3,467,255	1/21/14		(161,276)
Chilean Peso	DBAB	Buy	2,227,910,000	4,528,272	1/22/14	_	(299,335)
ndian Rupee	DBAB	Buy	79,271,000	1,265,178	1/22/14	11,095	(233,333)
Indian Rupee	JPHQ	Buy	152,363,000	2,432,127	1/22/14	20,936	_
Euro	JPHQ	Sell	300,000	403,658	1/22/14	20,550	(8,988)
Chilean Peso	DBAB	Buy	3,160,140,000	6,428,929	1/24/14	_	(431,889)
Singapore Dollar	JPHQ	Buy	5,740,000	4,629,032	1/24/14	_	(79,990)
Japanese Yen	UBSW	Sell	944,420,000	10,705,282	1/27/14	1,735,197	(75,550)
Chilean Peso	DBAB	Buy	1,967,720,000	4,001,871	1/28/14	1,755,157	(269,473)
Euro	CITI	Sell	4,998,400	6,690,208	1/28/14	_	(184,997)
Japanese Yen	DBAB	Sell	897,860,782	10,026,363	1/28/14	1,498,453	(104,337)
Japanese Yen	HSBC	Sell	1,162,462,488	12,988,408	1/28/14	1,947,302	_
'	DBAB			1,295,608	1/29/14	1,347,302	(90.066
Chilean Peso		Buy	635,690,000			116 120	(89,966)
Indian Rupee Chilean Peso	HSBC JPHQ	Buy	531,272,000	8,425,533	1/29/14 1/30/14	116,138	(01.056)
	·	Buy	675,370,000	1,372,703		_	(91,956)
Malaysian Ringgit	JPHQ	Buy	11,703,000	3,767,869	1/30/14	_	(203,250)
Chilean Peso	DBAB	Buy	1,271,380,000	2,582,793	1/31/14	_	(172,050)
Euro Chilogo Doso	DBAB	Sell	65,773,000	88,728,713	1/31/14	_	(1,740,768)
Chilean Peso	DBAB	Buy	1,186,400,000	2,402,106	2/03/14	_	(153,212)
Euro	UBSW	Sell	5,540,000	7,513,071	2/03/14	_	(107,102)

Statement of Investments, December 31, 2013 (continued)

Forward Exchange	Contracts (contin	ued)		Contract	Cattlamant	Unrealized	Unrealized
Currency	Counterparty	Туре	Quantity	Amount*	Settlement Date	Appreciation	Depreciation
Malaysian Ringgit	JPHQ	Buy	9,715,000	3,085,596	2/04/14	\$ —	\$ (127,164)
Indian Rupee	JPHQ	Buy	21,500,000	339,360	2/06/14	5,746	_
Malaysian Ringgit	HSBC	Buy	19,888,085	6,268,900	2/06/14	_	(213,078)
Singapore Dollar	DBAB	Buy	6,207,000	4,875,348	2/07/14	43,827	
Singapore Dollar	HSBC	Buy	6,206,000	5,016,571	2/07/14	_	(98, 189)
Indian Rupee	DBAB	Buy	39,609,000	624,182	2/10/14	11,075	_
South Korean Won	HSBC	Buy	21,363,430,000	18,962,746	2/10/14	1,217,420	_
Japanese Yen	CITI	Seĺl	366,860,000	3,724,013	2/10/14	239,348	_
Euro	CITI	Sell	6,572,000	8,899,605	2/10/14	_	(140,097)
Euro	HSBC	Sell	1,800,000	2,434,230	2/10/14	_	(41,647)
Euro	UBSW	Sell	4,929,000	6,673,472	2/10/14	_	(106,305)
Chilean Peso	BZWS	Buy	1,142,900,000	2,317,315	2/11/14	_	(152,712)
Polish Zloty	BZWS	Buy	17,528,000	4,066,538 EUR	2/11/14	195,525	`
Polish Zloty	DBAB	Buy	17,528,000	4,075,237 EUR	2/11/14	183,560	_
Euro	BZWS	Sell	1,412,000	1,907,753	2/11/14	· —	(34,436)
Euro	DBAB	Sell	1,738,000	2,332,274	2/11/14	_	(58,324)
Chilean Peso	DBAB	Buy	1,145,000,000	2,318,283	2/12/14	_	(149,931)
Indian Rupee	HSBC	Buy	42,784,000	664,952	2/12/14	20,944	_
Singapore Dollar	BZWS	Buy	1,717,028	1,353,269	2/12/14	7,516	_
Japanese Yen	GSCO	Sell	394,373,000	4,248,793	2/12/14	502,757	_
Japanese Yen	HSBC	Sell	1,035,240,000	11,130,177	2/12/14	1,296,727	_
Japanese Yen	JPHQ	Sell	1,034,700,000	11,130,223	2/12/14	1,301,902	_
Indian Rupee	HSBC	Buy	108,000,000	1,660,632	2/13/14	70,424	_
Japanese Yen	CITI	Sell	1,371,360,000	14,840,354	2/13/14	1,814,134	_
Japanese Yen	JPHQ	Sell	686,710,000	7,420,122	2/13/14	897,228	_
Euro	UBSW	Sell	657,000	881,234	2/13/14	_	(22,462)
Chilean Peso	DBAB	Buy	964,250,000	1,956,001	2/14/14	_	(130,332)
Chilean Peso	MSCO	Buy	2,590,220,000	5,239,648	2/14/14	_	(335,438)
Malaysian Ringgit	DBAB	Buy	97,443,480	30,906,965	2/14/14	_	(1,246,514)
Polish Zloty	DBAB	Buy	17,528,000	4,068,048 EUR	2/14/14	192,440	
Chilean Peso	DBAB	Buy	2,188,820,000	4,439,527	2/18/14	_	(297,062)
Indian Rupee	DBAB	Buy	108,614,000	1,656,850	2/18/14	82,258	—
Indian Rupee	JPHQ	Buy	127,745,000	1,949,576	2/18/14	95,855	_
Singapore Dollar	HSBC	Buy	3,667,000	2,901,108	2/18/14	5,090	_
Japanese Yen	GSCO	Sell	123,057,280	1,322,059	2/18/14	153,140	_
Japanese Yen	JPHQ	Sell	831,970,000	8,977,211	2/18/14	1,074,340	_
Malaysian Ringgit	HSBC	Buy	4,899,000	1,551,593	2/19/14		(60,738)
Japanese Yen	CITI	Sell	684,870,000	7,420,164	2/19/14	914,563	(00), 50) —
Japanese Yen	GSCO	Sell	687,820,000	7,420,129	2/19/14	886,506	_
Euro	JPHQ	Sell	3,942,000	5,268,404	2/19/14		(153,790)
Chilean Peso	CITI	Buy	2,285,090,000	4,646,381	2/20/14	_	(322,633)
Indian Rupee	DBAB	Buy	98,937,000	1,537,124	2/20/14	46,387	(522/555) —
Euro	BZWS	Sell	6,280,000	8,382,795	2/20/14		(255,307)
Chilean Peso	JPHQ	Buy	1,055,800,000	2,145,935	2/21/14	_	(148,407)
Euro	GSCO	Sell	2,038,000	2,728,067	2/21/14	_	(75,191)
Chilean Peso	JPHQ	Buy	1,792,000,000	3,635,257	2/24/14	_	(245,945)
Chilean Peso	MSCO	Buy	1,273,240,000	2,575,584	2/24/14	_	(167,432)
Japanese Yen	HSBC	Sell	385,460,000	4,124,773	2/24/14	463,189	,
Chilean Peso	DBAB	Buy	1,455,470,000	2,942,721	2/25/14		(190,198)
Japanese Yen	BZWS	Sell	343,460,000	3,710,113	2/25/14	447,483	(.50,150)
Japanese Yen	JPHQ	Sell	385,700,000	4,160,621	2/25/14	496,741	_

Statement of Investments, December 31, 2013 (continued)

Forward Exchange	Forward Exchange Contracts (continued)									
Currency	Counterparty ^a	Туре	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation			
Chilean Peso	DBAB	Buy	1,435,490,000	2,899,980	2/26/14	\$ —	\$ (185,529)			
Chilean Peso	MSCO	Buy	1,559,200,000	3,152,128	2/26/14	_	(203,746)			
Indian Rupee	DBAB	Buy	130,201,000	2,031,439	2/26/14	49,896	_			
Euro	BZWS	Seĺl	9,771,593	13,027,122	2/26/14	· —	(413,684)			
Japanese Yen	UBSW	Sell	937,086,000	9,517,428	2/26/14	615,724	` _			
Euro	UBSW	Sell	13,581,483	18,149,614	2/26/14	_	(531,687)			
Chilean Peso	DBAB	Buy	2,094,920,000	4,235,584	2/27/14	_	(274,597)			
Indian Rupee	DBAB	Buy	700,705,481	10,929,226	2/27/14	269,638				
Indian Rupee	HSBC	Buy	148,257,000	2,311,207	2/27/14	58,276	_			
Malaysian Ringgit	HSBC	Buy	2,087,700	622,265	2/27/14	12,833	_			
Singapore Dollar	DBAB	Buy	7,749,500	6,059,978	2/27/14	81,757	_			
Japanese Yen	BZWS	Sell	1,576,550,000	16,929,882	2/27/14	1,953,617	_			
Euro	BZWS	Sell	3,902,180	5,212,328	2/27/14		(155,115)			
Japanese Yen	DBAB	Sell	229,660,000	2,508,999	2/27/14	327,369	(155,115)			
Euro	DBAB	Sell	1,530,900	2,024,646	2/27/14	327,303 —	(81,105)			
Chilean Peso	DBAB	Buy	790,050,000	1,595,158	2/28/14	_	(101,522)			
Chilean Peso	JPHQ	Buy	593,800,000	1,200,445	2/28/14	_				
	•						(77,831)			
Indian Rupee	DBAB	Buy	211,714,000	3,313,364	2/28/14	69,613	_			
Indian Rupee	JPHQ	Buy	181,822,000	2,841,685	2/28/14	63,647	_			
Singapore Dollar	BZWS	Buy	21,427,761	16,716,930	2/28/14	265,293	(45.044)			
Singapore Dollar	DBAB	Buy	5,960,000	4,731,641	2/28/14	37,801	(45,941)			
Euro	UBSW	Sell	2,694,506	3,608,644	2/28/14	_	(97,647)			
Chilean Peso	DBAB	Buy	1,253,970,000	2,533,529	3/03/14	_	(163,605)			
Indian Rupee	CITI	Buy	34,827,000	538,035	3/03/14	18,073	_			
Indian Rupee	HSBC	Buy	240,033,500	3,705,936	3/03/14	126,852				
Euro	DBAB	Sell	2,579,651	3,394,176	3/03/14	_	(154,129)			
Japanese Yen	JPHQ	Sell	401,100,000	4,410,794	3/03/14	600,508	_			
Japanese Yen	HSBC	Sell	400,800,000	4,401,977	3/04/14	594,519	_			
Japanese Yen	UBSW	Sell	447,200,000	4,864,571	3/04/14	616,329	_			
Chilean Peso	BZWS	Buy	3,010,700,000	6,079,152	3/05/14	_	(390,393)			
Chilean Peso	DBAB	Buy	1,253,970,000	2,526,637	3/05/14	_	(157,243)			
Euro	DBAB	Sell	1,536,000	2,000,640	3/05/14	_	(112,122)			
Chilean Peso	DBAB	Buy	1,328,230,000	2,673,840	3/06/14	_	(164,412)			
Chilean Peso	DBAB	Buy	1,320,220,000	2,665,765	3/07/14	_	(171,748)			
Japanese Yen	BZWS	Sell	1,712,605,900	17,274,115	3/07/14	1,004,686	_			
Euro	BZWS	Sell	3,441,044	4,502,400	3/07/14	_	(230,735)			
Chilean Peso	MSCO	Buy	662,100,000	1,337,576	3/10/14	_	(87,228)			
Mexican Peso	HSBC	Buy	135,500,950	10,314,452	3/10/14	30,526	_			
Euro	BZWS	Sell	3,785,232	4,931,173	3/10/14	_	(275,379)			
Euro	CITI	Sell	31,404,613	41,028,557	3/10/14	_	(2,168,203)			
Euro	GSCO	Sell	21,480,000	28,010,350	3/10/14	_	(1,535,195)			
Euro	HSBC	Sell	1,844,000	2,406,420	3/10/14	_	(129,985)			
Euro	MSCO	Sell	5,225,000	6,827,769	3/10/14	_	(359,171)			
Singapore Dollar	CITI	Buy	21,075,381	16,932,505	3/11/14	_	(229,476)			
Chilean Peso	DBAB	Buy	1,284,460,000	2,596,967	3/13/14	_	(172,131)			
Euro	JPHQ	Sell	541,000	713,081	3/13/14	_	(31,058)			
Mexican Peso	CITI	Buy	25,894,900	1,967,204	3/14/14	9,139	(51,050)			
Singapore Dollar	HSBC	Buy	10,521,600	8,436,177	3/14/14	J, 133	(97,405)			
Euro	BZWS	Sell	1,161,439	1,511,346	3/17/14	_	(86,195)			
Japanese Yen	CITI	Sell			3/17/14	— 270,417	(00,193)			
			286,112,008	2,988,583		•	(265.054)			
Chilean Peso	DBAB	Buy	2,600,220,000	5,271,072	3/18/14	_	(365,051)			

Statement of Investments, December 31, 2013 (continued)

	Contracts (continu	-		Contract	Settlement	Unrealized	Unrealized
Currency	Counterparty ^a	Type	Quantity	Amount*	Date	Appreciation	Depreciation
Indian Rupee	JPHQ	Buy	230,330,000	3,633,401	3/18/14	\$ 30,696	\$ —
Euro	CITI	Sell	861,168	1,117,955	3/18/14	_	(66,566)
Hungarian Forint	DBAB	Buy	2,348,675,000	7,437,753 EUR	3/19/14	584,620	_
Hungarian Forint	JPHQ	Buy	703,907,450	2,231,326 EUR	3/19/14	172,185	_
Singapore Dollar	DBAB	Buy	7,978,100	6,255,175	3/19/14	67,789	_
Singapore Dollar	HSBC	Buy	9,120,000	7,310,328	3/19/14	_	(82,364)
Singapore Dollar	JPHQ	Buy	5,686,000	4,437,888	3/19/14	68,494	_
Japanese Yen	CITI	Sell	1,866,452,000	19,634,407	3/19/14	1,902,246	_
Japanese Yen	MSCO	Sell	575,230,000	6,012,962	3/19/14	548,010	_
Hungarian Forint	JPHQ	Buy	1,177,657,000	3,718,878 EUR	3/20/14	307,298	_
Chilean Peso	JPHQ	Buy	1,065,000,000	2,153,691	3/21/14	_	(144,951)
Hungarian Forint	JPHQ	Buy	1,171,335,000	3,718,878 EUR	3/21/14	277,893	
Euro	BZWS	Sell	744,197	966,414	3/21/14	_	(57,214)
Mexican Peso	CITI	Buy	75,637,200	5,547,527	3/24/14	220,620	
Japanese Yen	BZWS	Sell	740,940,000	7,832,595	3/24/14	793,119	_
Japanese Yen	DBAB	Sell	725,287,000	7,682,067	3/24/14	791,306	_
Japanese Yen	BZWS	Sell	242,774,840	2,559,566	3/25/14	253,013	_
Indian Rupee	DBAB	Buy	130,201,000	2,046,864	3/26/14	20,256	_
Malaysian Ringgit	DBAB	Buy	8,012,500	2,524,576	3/26/14		(90,645)
Malaysian Ringgit	HSBC	Buy	7,634,000	2,404,107	3/26/14	_	(85,152)
Euro	CITI	Sell	1,532,964	1,993,926	3/26/14	_	(114,627)
Euro	DBAB	Sell	2,736,000	3,554,748	3/26/14	_	(208,551)
Euro	BZWS	Sell	6,085,000	8,216,880	3/27/14	_	(152,879)
Indian Rupee	DBAB	Buy	24,950,000	393,968	3/27/14	 1,951	(132,073)
Indian Rupee	JPHQ	Buy	79,054,000	1,244,357	3/28/14	10,110	_
Chilean Peso	DBAB	Buy	1,330,940,000	2,695,302	4/04/14	10,110	(188,789)
Euro	DBAB	Sell	6,200,000	7,980,330	4/04/14	_	(547,627)
	CITI	Buy			4/04/14	847	(347,027)
Indian Rupee	DBAB	,	34,491,000	545,226	4/07/14	9,690	_
Indian Rupee		Buy	217,594,000	3,435,333			_
Indian Rupee	HSBC	Buy Sell	251,448,000	3,969,814	4/07/14	11,198	/E06 42E)
Euro	HSBC		8,692,000	11,359,314	4/10/14	_	(596,425)
Euro	DBAB	Sell	7,243,000	9,479,276	4/11/14	_	(483,394)
Euro	UBSW	Sell	4,346,000	5,690,001	4/11/14	_	(287,877)
Chilean Peso	MSCO	Buy	2,645,530,000	5,408,423	4/14/14	_	(431,293)
Euro	JPHQ	Sell	3,907,000	5,120,878	4/14/14	_	(253,181)
Malaysian Ringgit	DBAB	Buy	16,369,588	5,106,241	4/16/14	_	(139,221)
Euro	HSBC	Sell	6,919,000	9,056,487	4/16/14	_	(460,587)
Chilean Peso	MSCO	Buy	2,370,410,000	4,812,527	4/21/14	_	(356,185)
Malaysian Ringgit	JPHQ	Buy	15,728,213	5,098,286	4/21/14		(327,125)
Japanese Yen	BZWS	Sell	700,840,000	7,204,618	4/21/14	544,890	_
Japanese Yen	JPHQ	Sell	421,090,000	4,322,751	4/21/14	321,346	_
Japanese Yen	CITI	Sell	261,800,000	2,675,387	4/22/14	187,617	_
Japanese Yen	JPHQ	Sell	496,560,000	5,072,581	4/22/14	353,990	_
Euro	DBAB	Sell	4,545,000	5,957,132	4/23/14	_	(294,566)
Euro	BZWS	Sell	4,954,399	6,471,436	4/25/14	_	(343,412)
Chilean Peso	JPHQ	Buy	1,501,938,000	3,023,529	4/28/14	_	(201,925)
Swedish Krona	BZWS	Buy	122,773,200	14,205,258 EUR	4/30/14	_	(493,221)
Euro	BZWS	Sell	6,575,679	8,576,001	4/30/14	_	(469,000)
Euro	DBAB	Sell	11,263,000	14,952,984	4/30/14	_	(539,536)
Euro	BZWS	Sell	7,026,829	9,313,640	5/05/14	_	(351,990)
Euro	BZWS	Sell	1,259,000	1,652,249	5/07/14	_	(79,551)

Statement of Investments, December 31, 2013 (continued)

Forward Exchange	Contracts (continu	neq)		Contract	Settlement	Unrealized	Unrealized
Currency	Counterparty	Type	Quantity	Amount*	Date	Appreciation	Depreciation
Euro	GSCO	Sell	2,990,000	3,933,644	5/07/14	\$ —	\$ (179,208)
Euro	GSCO	Sell	2,045,000	2,678,152	5/08/14	_	(134,822)
Chilean Peso	MSCO	Buy	1,150,200,000	2,333,063	5/12/14	_	(175,339)
Japanese Yen	CITI	Sell	366,861,000	3,718,550	5/12/14	231,951	_
Euro	GSCO	Sell	1,259,000	1,663,328	5/12/14	_	(68,483)
Euro	UBSW	Sell	629,000	830,516	5/12/14	_	(34,702)
Euro	CITI	Sell	5,658,426	7,468,274	5/13/14	_	(315,155)
Japanese Yen	GSCO	Sell	490,555,000	4,954,250	5/13/14	292,047	
Euro	GSCO	Sell	4,115,000	5,502,990	5/13/14	_	(157,385)
Japanese Yen	UBSW	Sell	366,681,000	3,702,540	5/13/14	217,627	_
Japanese Yen	CITI	Sell	366,680,000	3,644,713	5/14/14	159,786	_
Euro	BZWS	Sell	8,551,980	11,291,103	5/16/14		(472,589)
Singapore Dollar	DBAB	Buy	3,667,000	2,891,728	5/19/14	14,856	(z/303/
Euro	GSCO	Sell	4,454,000	5,771,271	5/20/14	,,,,,,	(355,470)
Euro	BZWS	Sell	11,375,532	14,643,154	5/21/14	_	(1,004,583)
Chilean Peso	MSCO	Buy	420,740,000	836,794	5/22/14	_	(48,310)
Malaysian Ringgit	HSBC	Buy	298,500	96,950	5/22/14	_	(6,547)
Euro	JPHQ	Sell	4,730,771	6,116,461	5/23/14	_	(391,019)
Malaysian Ringgit	HSBC	Buy	1,229,300	397,484	5/28/14	_	(25,295)
, 55	BZWS	Sell	2,836,669	3,664,976	5/30/14	_	
Euro						_	(237,080)
Euro	GSCO	Sell	463,000	596,969	5/30/14	_	(39,923)
Euro	BZWS	Sell	7,895,591	10,294,504	6/05/14		(566,574)
Mexican Peso	CITI	Buy	78,317,430	5,917,359	6/09/14	19,203	_
Japanese Yen	CITI	Sell	1,370,500,000	13,819,704	6/09/14	792,137	(4.30, 03.0)
Euro	GSCO	Sell	2,033,100	2,667,793	6/09/14		(128,929)
Japanese Yen	HSBC	Sell	2,052,400,000	20,729,219	6/09/14	1,219,714	_
Japanese Yen	JPHQ	Sell	1,375,900,000	13,819,113	6/09/14	740,216	_
Mexican Peso	CITI	Buy	78,230,000	5,901,657	6/10/14	27,814	
Swedish Krona	DBAB	Buy	41,300,000	4,737,325 EUR		_	(113,951)
Japanese Yen	BZWS	Sell	1,689,110,000	17,356,925	6/10/14	1,300,636	_
Japanese Yen	HSBC	Sell	1,798,900,000	18,596,742	6/10/14	1,496,814	_
Japanese Yen	JPHQ	Sell	1,219,900,000	12,397,806	6/10/14	801,719	_
Polish Zloty	CITI	Buy	5,990,000	1,365,927 EUR	6/11/14	84,980	_
Swedish Krona	MSCO	Buy	13,064,000	1,488,181 EUR	6/11/14	_	(21,875)
Japanese Yen	DBAB	Sell	595,700,000	6,199,009	6/11/14	536,384	_
Euro	GSCO	Sell	8,105,300	10,738,712	6/11/14	_	(410,925)
Japanese Yen	JPHQ	Sell	1,666,680,000	17,356,983	6/11/14	1,513,799	_
Mexican Peso	CITI	Buy	159,085,880	12,019,635	6/12/14	36,453	_
Polish Zloty	DBAB	Buy	30,704,000	7,052,392 EUR	6/12/14	365,071	_
Swedish Krona	MSCO	Buy	42,305,800	4,810,926 EUR	6/12/14	_	(59,504)
Mexican Peso	CITI	Buy	99,058,800	7,396,698	6/13/14	109,740	
Swedish Krona	BZWS	Buy	24,372,000	2,756,016 EUR		_	(13,004)
Swedish Krona	MSCO	Buy	28,654,000	3,185,687 EUR	6/13/14	65,080	(5,339)
Euro	DBAB	Sell	8,383,000	11,130,528	6/13/14	_	(401,143)
Swedish Krona	MSCO	Buy	21,328,100	2,430,774 EUR		_	(37,648)
Japanese Yen	CITI	Sell	310,702,000	3,270,547	6/16/14	316,964	(57,040)
Japanese Yen	JPHQ	Sell	702,800,000	7,438,218	6/17/14	757,241	_
Malaysian Ringgit	HSBC	Buy	36,880,000	11,242,874	6/20/14	737,241	(90,267)
Mexican Peso							(90,207)
	CITI	Buy	61,535,000	4,622,938	6/20/14	37,490	(10.017)
Singapore Dollar	HSBC	Buy	6,864,000	5,451,946	6/20/14	_	(10,917)
Euro	BZWS	Sell	1,124,367	1,509,688	6/20/14	_	(37,008)

Statement of Investments, December 31, 2013 (continued)

Currency	Counterparty	Туре	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Japanese Yen	DBAB	Sell	1,455,820,000	14,169,116	6/20/14	\$ 329,474	\$ —
Singapore Dollar	DBAB	Buy	8,589,700	6,844,928	6/23/14	_	(35,905)
Philippine Peso	JPHQ	Buy	392,700,000	8,866,561	6/25/14	_	(8,445)
South Korean Won	DBAB	Buy	21,440,000,000	18,351,451	6/27/14	1,761,549	
Swedish Krona	UBSW	Buy	302,991,000	34,200,332 EUR	6/30/14	· · · —	(90,475)
Mexican Peso	CITI	Buy	105,786,172	7,970,207	7/10/14	29,333	
Malaysian Ringgit	DBAB	Buy	18,006,622	5,550,404	7/14/14	_	(111,679)
Malaysian Ringgit	DBAB	Buy	13,610,000	4,232,360	7/15/14	_	(121,792)
Euro	BZWS	Sell	2,243,000	2,932,498	7/16/14	_	(153,176)
Euro	MSCO	Sell	9,679,000	12,627,320	7/16/14	_	(687,991)
Euro	UBSW	Sell	17,930,000	23,415,056	7/16/14	_	(1,251,081)
Malaysian Ringgit	DBAB	Buy	2,637,000	815,651	7/18/14	_	(19,326)
Malaysian Ringgit	DBAB	Buy	11,455,000	2,704,841 EUR	7/18/14	_	(261,846)
Euro	BZWS	Sell	3,518,000	4,627,050	7/18/14	_	(212,656)
Malaysian Ringgit	DBAB	Buy	4,160,000	1,280,867	7/22/14	_	(24,868)
Malaysian Ringgit	DBAB	Buy	12,933,000	3,029,870 EUR	7/22/14	_	(263,462)
Euro	DBAB	Sell	1,935,000	2,538,372	7/22/14	_	(123,631)
Euro	MSCO	Sell	12,182,000	15,957,689	7/22/14	_	(801,236)
Euro	DBAB	Sell	1,759,000	2,311,361	7/23/14	_	(108,523)
Japanese Yen	CITI	Sell	913,412,000	9,181,286	7/24/14	495,395	(100,323)
Japanese Yen	JPHQ	Sell	1,407,000,000	14,122,252	7/24/14	742,695	_
Malaysian Ringgit	DBAB	Buy	5,058,000	1,570,466	7/25/14		(43,564)
Malaysian Ringgit	DBAB	Buy	16,628,000	3,903,470 EUR	7/25/14	_	(350,453)
Euro	DBAB	Sell	4,715,000	6,236,219	7/25/14	_	(250,314)
Euro	GSCO	Sell	4,711,000	6,236,704	7/25/14	_	(244,326)
Japanese Yen	JPHQ	Sell	490,100,000	4,944,262	7/25/14	283,720	(211,320)
Euro	CITI	Sell	1,935,410	2,563,112	7/28/14	203,720	(99,496)
Japanese Yen	BZWS	Sell	1,079,470,000	10,875,395	7/29/14	609,923	(55,450)
Malaysian Ringgit	JPHQ	Buy	5,318,000	1,632,139	7/30/14	—	(27,139)
Malaysian Ringgit	JPHQ	Buy	16,628,000	3,857,826 EUR	7/30/14	_	(288,949)
Chilean Peso	MSCO	Buy	1,963,430,000	3,690,311	7/31/14	_	(36,916)
Malaysian Ringgit	HSBC	Buy	3,005,000	916,354	7/31/14	_	(9,473)
Euro	JPHQ	Sell	11,263,000	14,973,201	7/31/14	_	(521,804)
Euro	GSCO	Sell	11,263,000	14,951,745	8/01/14	_	(543,300)
Euro	BZWS	Sell	282,898	375,646	8/04/14	_	(13,553)
Euro	HSBC	Sell	11,263,000	14,928,318	8/04/14	_	(566,847)
Euro	BZWS	Sell	7,003,000	9,287,659	8/05/14	_	(346,801)
Malaysian Ringgit	JPHQ	Buy	1,100,000	331,655	8/06/14	218	(510,001)
Euro	JPHQ	Sell	5,724,900	7,572,342	8/06/14	_	(303,777)
Euro	CITI	Sell	1,210,637	1,611,721	8/08/14	_	(53,840)
Euro	CITI	Sell	351,512	468,384	8/11/14	_	(15,220)
Euro	DBAB	Sell	4,845,000	6,460,081	8/11/14	_	(205,588)
Euro	JPHQ	Sell	6,343,900	8,447,664	8/11/14	_	(280,166)
Malaysian Ringgit	HSBC	Buy	6,100,000	1,853,146	8/12/14	_	(13,296)
Singapore Dollar	DBAB	Buy	12,363,000	9,768,489	8/12/14	32,888	(13,230)
South Korean Won	HSBC	Buy	11,980,000,000	1,018,568,902 JPY	8/12/14	1,532,531	_
Euro	GSCO	Sell	30,376,000	40,668,604	8/12/14	.,552,551	(1,122,292)
Euro	MSCO	Sell	1,962,500	2,604,218	8/15/14	_	(95,784)
Singapore Dollar	BZWS	Buy	4,886,000	3,847,244	8/18/14	26,435	(33,764)
	DBAB	Buy	59,155,000	13,693,287 EUR	8/19/14	474,018	_
Polish Zloty							

Statement of Investments, December 31, 2013 (continued)

Forward Exchange	Forward Exchange Contracts (continued)						
Currency	Counterparty ^a	Туре	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Singapore Dollar	HSBC	Buy	3,667,000	2,892,868	8/19/14	\$ 14,380	\$ —
Euro	BZWS	Sell	7,066,000	9,363,510	8/19/14	_	(357,974)
Japanese Yen	DBAB	Sell	838,612,000	8,543,578	8/19/14	567,004	
Chilean Peso	MSCO	Buy	981,300,000	1,843,960	8/20/14	_	(21,745)
Euro	DBAB	Sell	3,964,000	5,294,081	8/20/14	_	(159,650)
Japanese Yen	HSBC	Sell	1,621,372,000	16,715,175	8/20/14	1,293,124	_
Japanese Yen	JPHQ	Sell	1,135,828,000	11,683,964	8/20/14	880,276	_
Euro	JPHQ	Sell	7,851,000	10,489,250	8/20/14	_	(312,274)
Japanese Yen	BZWS	Sell	376,247,000	3,880,435	8/22/14	301,607	_
Euro	BZWS	Sell	2,680,925	3,594,021	8/25/14	_	(94,483)
Japanese Yen	CITI	Sell	751,731,000	7,738,515	8/25/14	587,913	_
Japanese Yen	DBAB	Sell	371,821,000	3,825,870	8/25/14	289,041	_
Japanese Yen	HSBC	Sell	746,218,000	7,662,084	8/25/14	563,922	_
Malaysian Ringgit	HSBC	Buy	1,223,000	363,124	8/26/14	5,500	_
Swedish Krona	UBSW	Buy	30,000,000	3,417,246 EUR	8/26/14	_	(56,907)
Japanese Yen	BZWS	Seĺl	1,085,075,000	11,038,403	8/26/14	716,873	_
Japanese Yen	JPHQ	Sell	750,133,000	7,630,942	8/26/14	495,471	_
Malaysian Ringgit	JPHQ	Buy	8,340,000	2,483,399	8/27/14	30,235	_
Singapore Dollar	DBAB	Buy	7,749,500	6,062,348	8/27/14	81,693	_
Euro	CITI	Sell	6,136,805	8,203,374	8/27/14	_	(239,887)
Japanese Yen	DBAB	Sell	685,950,000	6,949,848	8/27/14	424,842	_
Japanese Yen	HSBC	Sell	1,247,125,000	12,637,176	8/27/14	774,069	_
Euro	HSBC	Sell	18,537,726	24,780,677	8/27/14	· —	(724,268)
Japanese Yen	JPHQ	Sell	751,903,000	7,628,692	8/27/14	476,317	` _
Euro	JPHQ	Sell	14,996,625	20,054,025	8/27/14	· —	(578,930)
Euro	DBAB	Sell	1,058,312	1,413,270	8/29/14	_	(42,806)
Japanese Yen	JPHQ	Sell	372,662,000	3,835,372	8/29/14	290,408	_
Euro	DBAB	Sell	1,732,000	2,293,688	9/03/14	· —	(89,310)
Euro	DBAB	Sell	8,105,300	10,696,483	9/05/14	_	(455,371)
Japanese Yen	BZWS	Sell	285,057,504	2,895,749	9/18/14	183,609	_
Euro	BZWS	Sell	678,250	906,142	9/19/14	_	(27,077)
Hungarian Forint	JPHQ	Buy	1,156,013,000	3,813,337 EUR	9/23/14	27,163	_
Euro	DBAB	Sell	8,070,000	10,949,537	9/23/14		(154,264)
Euro	BZWS	Sell	1,647,381	2,230,159	9/24/14	_	(36,538)
Hungarian Forint	JPHQ	Buy	925,405,000	3,021,829 EUR	9/25/14	63,697	
Malaysian Ringgit	DBAB	Buy	11,080,500	3,390,087	9/26/14	_	(55,338)
Malaysian Ringgit	HSBC	Buy	11,490,000	3,513,224	9/26/14	_	(55,234)
South Korean Won	HSBC	Buy	9,530,000,000	8,719,122	9/26/14	192,355	(33/23 .)
Euro	DBAB	Sell	3,753,000	5,064,392	9/26/14		(99,535)
Euro	BZWS	Sell	6,085,000	8,220,531	9/29/14	_	(152,182)
Japanese Yen	JPHQ	Sell	285,510,329	2,905,810	9/29/14	189,062	(132)132)
Chilean Peso	DBAB	Buy	1,252,750,000	2,393,028	9/30/14		(76,402)
Euro	DBAB	Sell	14,880,000	20,093,506	9/30/14	_	(380,838)
Euro	GSCO	Sell	4,020,000	5,424,226	9/30/14	_	(107,149)
Euro	HSBC	Sell	5,430,000	7,340,763	9/30/14	_	(130,722)
Japanese Yen	JPHQ	Sell	172,207,000	1,746,477	9/30/14	107,837	(.50,, <u>L</u> 2)
Swedish Krona	DBAB	Buy	445,104,500	69,296,379	10/03/14		(431,145)
Mexican Peso	HSBC	Buy	377,048,070	27,679,754	10/07/14	638,852	(451,145)
Euro	JPHQ	Sell	6,370,000	8,687,183	10/07/14	—	(77,915)
Euro	DBAB	Sell	12,680,000	17,224,258	10/07/14	_	(223,497)
Mexican Peso	DBAB	Buy	259,112,000	19,136,780	10/03/14	312,605	(223,437)
Chilean Peso	CITI	Buy	921,291,798	1,770,693	10/14/14	J 12,00J	(70,470)
Cilicali i C30	CIII	buy	JL 1, LJ 1, 1 JO	1,110,033	10/20/14	_	(10,410)

Statement of Investments, December 31, 2013 (continued)

Templeton Global Bond Securities Fund

Forward Exchange	Contracts (continu	ıed)		_			
Currency	Counterparty	Туре	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
Malaysian Ringgit	JPHQ	Buy	8,104,000	2,505,023	10/20/14	\$ —	\$ (70,029)
Euro	HSBC	Sell	12,569,000	17,069,079	10/20/14	_	(226,585)
Japanese Yen	JPHQ	Sell	1,233,160,000	12,562,755	10/20/14	825,740	_
Malaysian Ringgit	HSBC	Buy	14,613,000	4,556,311	10/22/14	_	(166,169)
Japanese Yen	BZWS	Sell	735,200,000	7,538,966	10/22/14	541,283	_
Chilean Peso	CITI	Buy	2,420,966,000	4,646,768	10/24/14	_	(180,741)
Malaysian Ringgit	DBAB	Buy	10,811,000	3,356,932	10/24/14	_	(109,459)
Malaysian Ringgit	HSBC	Buy	7,209,825	2,226,629	10/24/14	_	(60,899)
Chilean Peso	BZWS	Buy	199,342,000	381,370	10/27/14	_	(13,750)
Euro	BZWS	Sell	649,907	894,805	10/27/14	474	_
Chilean Peso	DBAB	Buy	398,486,000	758,732	10/29/14	_	(24,006)
Malaysian Ringgit	JPHQ	Buy	7,468,000	2,335,210	10/31/14	_	(93,001)
Euro	DBAB	Sell	3,319,244	4,583,909	10/31/14	16,269	_
Euro	DBAB	Sell	224,556	309,000	11/03/14	_	(16)
Euro	BZWS	Sell	1,581,109	2,138,292	11/05/14	_	(37,523)
Japanese Yen	CITI	Sell	341,992,119	3,478,711	11/10/14	222,856	_
Japanese Yen	HSBC	Sell	413,563,000	4,194,351	11/12/14	257,026	_
Euro	JPHQ	Sell	8,969,211	11,959,905	11/12/14	_	(383,206)
Japanese Yen	JPHQ	Sell	335,950,000	3,397,209	11/13/14	198,760	_
Japanese Yen	MSCO	Sell	300,000,000	3,019,202	11/14/14	162,984	_
Japanese Yen	CITI	Sell	429,663,000	4,339,154	11/17/14	248,301	_
Euro	DBAB	Sell	10,778,730	14,488,984	11/17/14	_	(344,573)
Euro	MSCO	Sell	1,962,500	2,641,103	11/17/14	_	(59,666)
Japanese Yen	SCNY	Sell	340,600,700	3,436,315	11/17/14	193,431	_
Malaysian Ringgit	DBAB	Buy	7,197,960	2,208,844	11/19/14	_	(50,517)
Japanese Yen	CITI	Sell	986,239,000	9,872,460	11/19/14	482,177	_
Japanese Yen	DBAB	Sell	796,770,000	7,970,888	11/19/14	384,598	_
Euro	DBAB	Sell	3,953,398	5,324,831	11/19/14	_	(115,824)
Malaysian Ringgit	HSBC	Buy	4,326,000	1,328,624	11/20/14	_	(31,550)
Japanese Yen	CITI	Sell	1,107,834,000	11,116,135	11/20/14	567,981	_
Euro	DBAB	Sell	3,887,000	5,260,471	11/20/14	_	(88,825)
Japanese Yen	HSBC	Sell	207,909,000	2,085,116	11/20/14	105,527	_
Japanese Yen	JPHQ	Sell	715,709,000	7,176,440	11/20/14	361,873	_
Euro	JPHQ	Sell	15,309,581	20,722,858	11/20/14	_	(346,216)
Euro	DBAB	Sell	837,570	1,134,907	11/28/14	_	(17,789)
Euro	DBAB	Sell	5,440,000	7,369,350	12/04/14	_	(117,543)
Euro	HSBC	Sell	2,155,292	2,941,973	12/09/14	_	(24,334)
Euro	SCNY	Sell	2,400,751	3,279,738	12/09/14	_	(24,393)
Euro	JPHQ	Sell	5,095,000	7,027,712	12/15/14	15,369	_
Mexican Peso	CITI	Buy	95,083,400	7,164,750	12/16/14	_	(65,397)
Malaysian Ringgit	JPHQ	Buy	13,361,013	4,058,384	12/17/14	_	(59,696)
Mexican Peso	CITI	Buy	45,585,080	3,424,103	12/18/14	_	(21,087)
Malaysian Ringgit	JPHQ	Buy	14,772,000	4,472,704	12/19/14	_	(52,338)
Japanese Yen	DBAB	Sell	1,453,310,000	14,169,165	12/22/14	326,205	_
Japanese Yen	HSBC	Sell	1,455,540,000	14,169,149	12/22/14	304,948	_
Japanese Yen	BZWS	Sell	696,650,000	6,718,260	12/26/14	82,259	_
Japanese Yen	CITI	Sell	1,086,780,000	10,480,503	12/26/14	128,284	
Unrealized appreciation	on (depreciation)					74,197,203	(52,426,649)

^aMay be comprised of multiple contracts using the same currency and settlement date.

Net unrealized appreciation (depreciation)

\$21,770,554

^{*}In Ú.S. dollars unless otherwise indicated.

Statement of Investments, December 31, 2013 (continued)

Templeton Global Bond Securities Fund

At December 31, 2013, the Fund had the following interest rate swap contracts outstanding. See Note 1(d).

Description	Counterparty/ Exchange	Expiration Date	Notional Amount	Unrealized Appreciation	Unrealized Depreciation
Centrally Cleared Swaps					
Receive Floating rate 3-month USD BBA LIBOR	DBAB	10/4/23	\$13,090,000	\$ 227,372	\$ —
Pay Fixed rate 2.775%					
Receive Floating rate 3-month USD BBA LIBOR	DBAB	10/4/23	13,090,000	203,607	_
Pay Fixed rate 2.795%					
Receive Floating rate 3-month USD BBA LIBOR	HSBC	10/7/23	13,090,000	245,363	_
Pay Fixed rate 2.765%	5545	40/4/42	6 270 000	244.444	
Receive Floating rate 3-month USD BBA LIBOR	DBAB	10/4/43	6,370,000	241,141	_
Pay Fixed rate 3.668%	DDAD	10/4/42	C 270 000	210 722	
Receive Floating rate 3-month USD BBA LIBOR Pay Fixed rate 3.687%	DBAB	10/4/43	6,370,000	218,732	_
Receive Floating rate 3-month USD BBA LIBOR	HSBC	10/7/43	6,370,000	234,539	
Pay Fixed rate 3.675%	HODE	10/7/43	0,370,000	234,333	_
,	/ L			4.000.000	
Centrally Cleared Swaps unrealized appreciation	(depreciation)			1,370,754	
OTC Swaps					
Receive Floating rate 3-month USD BBA LIBOR	JPHQ	3/4/21	\$ 3,240,000	\$ —	\$ (266,148)
Pay Fixed rate 3.558%					
Receive Floating rate 3-month USD BBA LIBOR	DBAB	3/28/21	14,630,000	_	(1,124,007)
Pay Fixed rate 3.523%					
Receive Floating rate 3-month USD BBA LIBOR	CITI	2/25/41	7,460,000	_	(713,354)
Pay Fixed rate 4.347%	In. In.	0.05.44	7 450 000		(745.050)
Receive Floating rate 3-month USD BBA LIBOR	JPHQ	2/25/41	7,460,000	_	(716,953)
Pay Fixed rate 4.349%	IDLIO	2/20/44	F (00 000		(516,140)
Receive Floating rate 3-month USD BBA LIBOR	JPHQ	2/28/41	5,600,000	_	(516,449)
Pay Fixed rate 4.320% Receive Floating rate 3-month USD BBA LIBOR	JPHQ	3/1/41	1,870,000		(161,314)
Pay Fixed rate 4.299%	Jrnų	3/1/41	1,670,000	_	(101,314)
•					
OTC Swaps unrealized appreciation (depreciation	1)				(3,498,225)
Total Interest Rate Swaps unrealized apprecia	tion (depreciation)			1,370,754	(3,498,225)
Net unrealized appreciation (depreciation)					\$(2,127,471)
am canzea approciation (acpreciation)					4(=1:=:,11:1)

Financial Statements

Statement of Assets and Liabilities December 31, 2013

	Templeton Global Bond Securities Fund
Assets:	
Investments in securities:	¢2.646.045.257
Cost - Unaffiliated issuers Cost - Repurchase agreements	\$2,646,045,357 362,770,388
Total cost of investments	\$3,008,815,745
Value - Unaffiliated issuers	\$2,737,095,585 362,770,388
Total value of investments	3,099,865,973
Cash	200,014,736
Restricted Cash (Note 1e)	1,130,000
Foreign currency, at value (cost \$55,664,573)	55,784,724
Capital shares sold	2,159,575
Interest	35,402,500
Due from brokers	15,102,968
Variation margin	235,528
Unrealized appreciation on forward exchange contracts	74,197,203 72
Total assets	3,483,893,279
Liabilities:	3,403,033,273
Payables:	
Capital shares redeemed	2,184,639
hanagement fees	1,316,004
Distribution fees	1,314,835
Due to brokers	1,130,000
Unrealized depreciation on forward exchange contracts	52,426,649
Unrealized depreciation on OTC swap contracts Deferred tax	3,498,225 1,660,320
Accrued expenses and other liabilities	1,093,561
Total liabilities	64,624,233
Net assets, at value	\$3,419,269,046
	\$3,419,209,040
Net assets consist of: Paid-in capital	\$3,209,576,714
Undistributed net investment income	104,975,944
Net unrealized appreciation (depreciation)	109,051,786
Accumulated net realized gain (loss)	(4,335,398)
Net assets, at value	\$3,419,269,046

Financial Statements (continued)

Statement of Assets and Liabilities (continued) **December 31, 2013**

	Templeton Global Bond Securities Fund
Class 1:	
Net assets, at value	\$ 280,962,552
Shares outstanding	14,668,077
Net asset value and maximum offering price per share	\$ 19.15
Class 2:	
Net assets, at value	\$2,826,039,424
Shares outstanding	151,940,953
Net asset value and maximum offering price per share	\$ 18.60
Class 3:	
Net assets, at value	\$ 194,121,714
Shares outstanding	10,427,807
Net asset value and maximum offering price per share ^a	\$ 18.62
Class 4:	
Net assets, at value	\$ 118,145,356
Shares outstanding	6,229,133
Net asset value and maximum offering price per share	\$ 18.97

^aRedemption price is equal to net asset value less redemption fees retained by the Fund.

Financial Statements (continued)

Statement of Operations

for the year ended December 31, 2013

	Templeton Global Bond Securities Fund
Investment income:	¢125 450 122
Interest (net of foreign taxes of \$3,046,677)	\$125,459,123
Expenses: Management fees (Note 3a) Distribution fees: (Note 3c)	15,206,841
Class 2	6,709,408
Class 3	494,110
Class 4	512,425
Unaffiliated transfer agent fees	1,833
Custodian fees (Note 4)	1,262,335 460,112
Professional fees	104,376
Trustees' fees and expenses	13,018
Other	49,965
Total expenses	24,814,423 (3,497)
Net expenses	24,810,926
Net investment income	100,648,197
Realized and unrealized gains (losses): Net realized gain (loss) from:	100,010,137
Investments	(4,233,228)
Foreign currency transactions	52,343,687
Swap contracts	(996,665)
Net realized gain (loss)	47,113,794
Net change in unrealized appreciation (depreciation) on:	
Investments	(91,405,625)
Translation of other assets and liabilities denominated in foreign currencies	(10,160,429)
Change in deferred taxes on unrealized appreciation	3,057,943
Net change in unrealized appreciation (depreciation)	(98,508,111)
Net realized and unrealized gain (loss)	(51,394,317)
Net increase (decrease) in net assets resulting from operations	\$ 49,253,880

Financial Statements (continued)

Statements of Changes in Net Assets

	Templeton Global Bond Securities Fund		
	Year Ended D 2013	December 31, 2012	
Increase (decrease) in net assets:			
Operations:			
Net investment income	\$ 100,648,197	\$ 95,705,827	
Net realized gain (loss) from investments, foreign currency transactions and swap contracts	47,113,794	113,860,368	
Net change in unrealized appreciation (depreciation) on investments, translation of other assets and liabilities denominated in foreign currencies and deferred taxes	(98,508,111)	173,490,240	
Net increase (decrease) in net assets resulting from operations	49,253,880	383,056,435	
•	49,233,000	303,030,433	
Distributions to shareholders from:			
Net investment income and net foreign currency gains: Class 1	(14,463,879)	(18,014,760)	
Class 2	(128,696,606)	(133,749,946)	
Class 3	(9,351,774)	(12,114,860)	
Class 4	(7,129,387)	(9,763,141)	
Net realized gains:			
Class 1	(3,587,066)	(438,387)	
Class 2	(33,227,731)	(3,357,784)	
Class 3	(2,438,218)	(306,543)	
Class 4	(1,906,223)	(251,144)	
Total distributions to shareholders	(200,800,884)	(177,996,565)	
Capital share transactions: (Note 2)			
Class 1	(13,273,114)	15,415,298	
Class 2	529,969,403	448,524,053	
Class 3	4,794,164 (37,369,362)	(2,060,465) (394,730)	
Class 4	-		
Total capital share transactions	484,121,091	461,484,156	
Redemption fees	7,288	6,086	
Net increase (decrease) in net assets	332,581,375	666,550,112	
Net assets:			
Beginning of year	3,086,687,671	2,420,137,559	
End of year	\$3,419,269,046	\$3,086,687,671	
Undistributed net investment income included in net assets:			
End of year	\$ 104,975,944	\$ 114,278,705	

Notes to Financial Statements

Templeton Global Bond Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of twenty separate funds. The Templeton Global Bond Securities Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. 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 four classes of shares: Class 1, Class 2, Class 3, and Class 4. Each class of shares differs 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 at the close of the New York Stock Exchange (NYSE), generally at 4p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Debt securities generally trade in the Over-the-counter (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the date that the values of the foreign debt securities are determined. Repurchase agreements are valued at cost, which approximates market value.

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

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

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Foreign Currency Translation

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

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

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The market value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at year end, as indicated in the Statement of Investments, had been entered into on December 31, 2013.

d. Derivative Financial Instruments

The Fund invested in derivatives 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 on 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.

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Derivative Financial Instruments (continued)

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

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

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

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

See Note 9 regarding other derivative information.

e. Restricted Cash

At December 31, 2013, the Fund received restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's counterparty broker and is reflected in the Statement of Assets and Liabilities.

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of December 31, 2013, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

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 and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. 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. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as interest income on the Statement of Operations.

h. Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Redemption Fees

Redemptions and exchanges of interests in an insurance company subaccount that invests in Class 3 shares of the Fund will be subject to a 1.0% short term trading fee if the interest in the subaccount has been held for less than 60 days. Such fees are retained by the Fund and accounted for as an addition to paid-in capital, allocated to each class of shares based upon the relative proportion of net assets of each class.

j. 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 December 31, 2013, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2	013	2012	
Class 1 Shares:	Shares	Amount	Shares	Amount
Shares sold Shares issued in reinvestment of distributions Shares redeemed	1,918,229 962,717 (3,563,965)	\$ 37,822,305 18,050,945 (69,146,364)	2,650,014 1,028,604 (2,823,320)	\$ 51,366,352 18,453,147 (54,404,201)
Net increase (decrease)	(683,019)	\$ (13,273,114)	855,298	\$ 15,415,298
Class 2 Shares: Shares sold Shares issued in reinvestment of distributions Shares redeemed	34,876,621 8,877,431 (16,008,448)	\$ 667,964,958 161,924,337 (299,919,892)	28,727,828 7,843,692 (12,232,820)	\$ 540,675,595 137,107,730 (229,259,272)
Net increase (decrease)	27,745,604	\$ 529,969,403	24,338,700	\$ 448,524,053
Class 3 Shares: Shares sold Shares issued in reinvestment of distributions Shares redeemed	1,022,231 646,027 (1,409,425)	\$ 19,570,327 11,789,991 (26,566,154)	835,292 710,200 (1,613,494)	\$ 15,856,382 12,421,403 (30,338,250)
Net increase (decrease)	258,833	\$ 4,794,164	(68,002)	\$ (2,060,465)
Class 4 Shares: Shares sold Shares issued on reinvestment of distributions Shares redeemed Net increase (decrease)	892,452 485,524 (3,385,215) (2,007,239)	\$ 17,199,730 9,035,611 (63,604,703) \$ (37,369,362)	871,336 562,284 (1,421,448)	\$ 16,701,133 10,014,286 (27,110,149) \$ (394,730)
ivet ilitiease (uetrease)	(2,007,239)	\$ (57,505,50Z)	12,172	a (594,730)

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

3. TRANSACTIONS WITH AFFILIATES

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

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

a. Management Fees

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

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

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, Class 3, 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%, 0.35%, and 0.35% per year of its average daily net assets of Class 2, Class 3, and Class 4, respectively. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 3. 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.

4. EXPENSE OFFSET ARRANGEMENT

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2013, the custodian fees were reduced as noted in the Statement of Operations.

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

5. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. At December 31, 2013, the Fund had long-term capital loss carryforwards of \$4,268,308.

The tax character of distributions paid during the years ended December 31, 2013 and 2012, was as follows:

	2013	2012
Distributions paid from:		
Ordinary income	\$159,641,646	\$173,642,707
Long term capital gain	41,159,238	4,353,858
	\$200,800,884	\$177,996,565

At December 31, 2013, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	\$3	3,028,483,990
Unrealized appreciation		143,431,341 (72,049,358)
Net unrealized appreciation (depreciation)	\$	71,381,983
Distributable earnings - undistributed ordinary income	\$	177,849,072

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, bond discounts and premiums, tax straddles.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2013, aggregated \$1,063,004,404 and \$826,160,004, respectively.

7. CREDIT RISK

At December 31, 2013, the Fund had 10.46% of its portfolio invested in high yield or other securities rated below investment grade. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. CONCENTRATION OF RISK

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

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

9. OTHER DERIVATIVE INFORMATION

At December 31, 2013, the Fund's investments in derivative contracts are reflected on the Statement of Assets and Liabilities as follows:

Asset Derivatives		Liability Derivatives		
Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Assets and Liabilities Location	Fair Value Amount	Statement of Assets and Liabilities Location	Fair Value Amount
Interest rate contracts	Variation margin / Net assets consist of — net unrealized appreciation ^a	\$ 1,370,754	Unrealized depreciation on swap contracts / Net assets consist of – net unrealized depreciation	\$ 3,498,225
Foreign exchange contracts	Unrealized appreciation on forward exchange contracts / Net assets consist of — net unrealized appreciation	74,197,203	Unrealized depreciation on forward exchange contracts / Net assets consist of – net unrealized depreciation	52,426,649

alncludes cumulative appreciation (depreciation) of centrally cleared swaps as reported in the Statement of Investments. Only current day's variation margin is separately reported within the Statement of Assets and Liabilities.

For the year ended December 31, 2013, the effect of derivative contracts on the Fund's Statement of Operations was as follows:

Change in

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Locations	Realized Gain (Loss) for the Year	Unrealized Appreciation (Depreciation) for the Year	
Interest rate contracts	Net realized gain (loss) from swap contracts / Net change in unrealized appreciation (depreciation) on investments	\$ (996,665)	\$ 8,336,928	
Foreign exchange contracts	Net realized gain (loss) from foreign currency transactions / Net change in unrealized appreciation (depreciation) on translation of other assets and liabilities denominated in foreign currencies	55,154,098	(9,671,096)	

Gross and Net Amounts of Assets and Liabilities Presented

At December 31, 2013, the Fund's OTC derivative assets and liabilities, are as follows:

 Perivatives
 \$74,197,203
 \$52,426,649

 Swap Contracts
 —
 3,498,225

 Total
 \$74,197,203
 \$55,924,874

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

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

9. OTHER DERIVATIVE INFORMATION (continued)

At December 31, 2013, the Fund's OTC derivative assets which may be offset against the Fund's OTC derivative liabilities and collateral received from the counterparty, is as follows:

		Amounts Not Asse			
	Gross and Net Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Received ^a	Cash Collateral Received	Net Amount (Not less than zero)
Counterparty					
BZWS	\$ 9,228,241	\$ (7,879,050)	\$ —	\$(1,130,000)	\$ 219,191
CITI	10,476,010	(5,323,823)	(4,651,652)	_	500,535
DBAB	13,615,878	(13,615,878)	_	_	_
GSCO	1,834,450	(1,834,450)	_	_	_
HSBC	15,523,320	(4,023,395)	(10,901,026)	_	598,899
JPHQ	17,306,073	(7,652,563)	(9,142,201)	_	511,309
MSCO	776,074	(776,074)	_	_	_
SCNY	193,431	(24,393)	_	_	169,038
UBSW	5,243,726	(3,611,556)	(989,024)	_	643,146
Total	\$74,197,203	\$(44,741,182)	\$(25,683,903)	\$(1,130,000)	\$2,642,118

^aAt December 31, 2013, the Fund received United Kingdom Treasury Bonds and United States Treasury Notes as collateral for derivatives.

At December 31, 2013, the Fund's OTC derivative liabilities which may be offset against the Fund's OTC derivative assets and collateral pledged to the counterparty, is as follows:

	Amounts Not Offset in the Statement of Assets and Liabilities				
	Gross and Net Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged ^a	Net Amount (Not less than zero)
Counterparty					
BZWS	\$ 7,879,050	\$ (7,879,050)	\$ —	\$ —	\$ —
CITI	5,323,823	(5,323,823)	_	_	_
DBAB	18,018,700	(13,615,878)	_	(4,402,822)	_
GSCO	5,102,598	(1,834,450)	_	(3,080,000)	188,148
HSBC	4,023,395	(4,023,395)	_	_	_
JPHQ	7,652,563	(7,652,563)	_	_	_
MSCO	4,288,796	(776,074)	_	(3,512,722)	_
SCNY	24,393	(24,393)	_	_	_
UBSW	3,611,556	(3,611,556)	_	_	
Total	\$55,924,874	\$(44,741,182)	\$ —	\$(10,995,544)	\$188,148

Amounts Not Offest in the Statement of

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

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

9. OTHER DERIVATIVE INFORMATION (continued)

For the year ended December 31, 2013, the average month end fair value of derivatives represented 3.58% of average month end net assets. The average month end number of open derivative contracts for the year was 454.

See Note 1(d) regarding derivative financial instruments.

10. CREDIT FACILITY

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$1.5 billion (Global Credit Facility) which, after an extension of the original terms, matured on February 14, 2014. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 14, 2014, the Borrowers renewed the Global Credit Facility which matures on February 13, 2015.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses on the Statement of Operations. During the year ended December 31, 2013, the Fund did not use the Global Credit Facility.

11. FAIR VALUE MEASUREMENTS

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

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

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

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

Notes to Financial Statements (continued)

Templeton Global Bond Securities Fund

11. FAIR VALUE MEASUREMENTS (continued)

A summary of inputs used as of December 31, 2013, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Foreign Government and Agency Securities	\$ —	\$2,244,885,649	\$ —	\$2,244,885,649
Municipal Bonds	_	1,510,654	_	1,510,654
Short Term Investments		853,469,670	_	853,469,670
Total Investments in Securities	\$ —	\$3,099,865,973	\$ —	\$3,099,865,973
Forward Exchange Contracts	_	74,197,203	_	74,197,203
Swaps	_	1,370,754	_	1,370,754
Liabilities:				
Forward Exchange Contracts	_	52,426,649	_	52,426,649
Swaps	_	3,498,225	_	3,498,225

12. NEW ACCOUNTING PRONOUNCEMENTS

In June 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. Management has reviewed the requirements and believe the adoption of this ASU will not have a material impact on the financial statements.

13. SUBSEQUENT EVENTS

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

ABBREVIATIONS

Counterparty Parela

BZWS - Barclays Bank PLC CITI - Citigroup, Inc. DBAB - Deutsche Bank AG GSCO - Goldman Sachs Bank HSBC - HSBC Bank USA, N.A. JPHQ - JPMorgan Chase & Co. MSCO - Morgan Stanley SCNY - Standard Chartered Bank UBSW - UBS AG

Currency

BRL - Brazilian Real
CAD - Canadian Dollar
EUR - Euro
HUF - Hungarian Forint
IDR - Indonesian Rupiah
KRW - South Korean Won
LKR - Sri Lankan Rupee
MXN - Mexican Peso
MYR - Malaysian Ringgit
PEN - Peruvian Nuevo Sol
PHP - Philippine Peso

PLN - Polish Zloty **SEK** - Swedish Krona **SGD** - Singapore Dollar

Selected Portfolio

BHAC - Berkshire Hathaway Assurance Corp. **FRN** - Floating Rate Note

Franklin Templeton Variable Insurance Products Trust Templeton Global Bond Securities Fund

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Templeton Global Bond Securities Fund (the "Fund") at December 31, 2013, 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 then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2013 by correspondence with the custodian, transfer agent and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

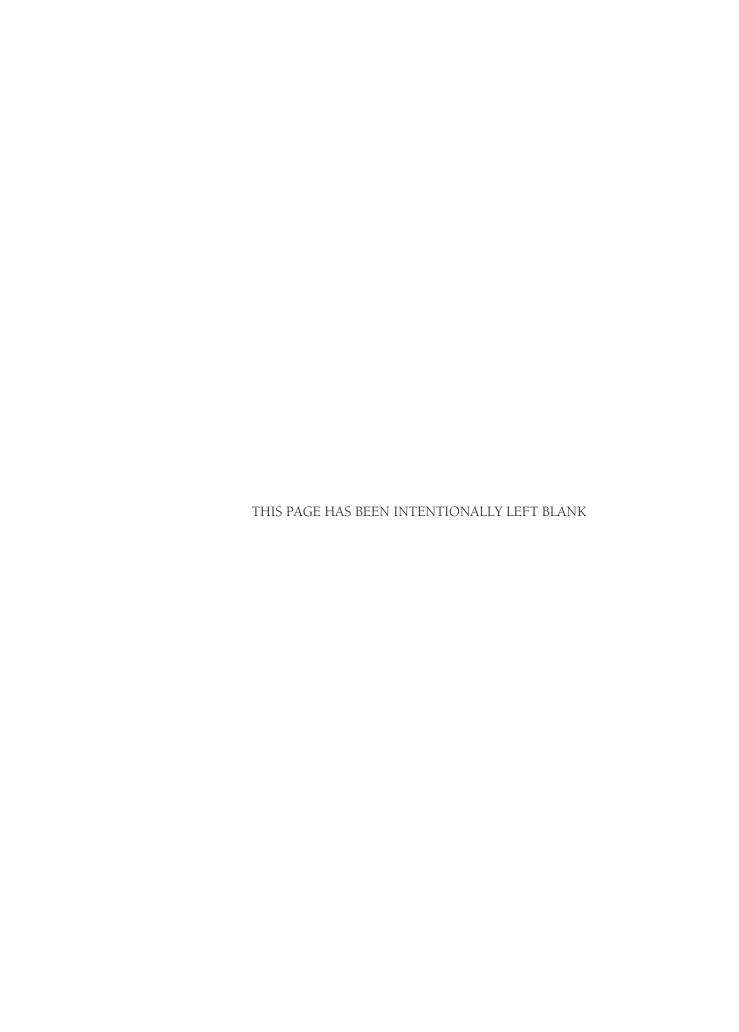
San Francisco, California February 14, 2014

Tax Information (unaudited)

Templeton Global Bond Securities Fund

Under Section 852(b)(3)(C) of the Internal Revenue Code (Code), the Fund hereby reports the maximum amount allowable but no less than \$41,159,238 as a long term capital gain dividend for the fiscal year ended December 31, 2013.

At December 31, 2013, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Code. This election will allow shareholders of record as of the 2014 distribution date, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.



The indexes are unmanaged and include reinvested distributions.

For indexes sourced by Morningstar: © 2014 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Russell® is a trademark and Russell™ is a servicemark of the Frank Russell Company.

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

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

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

Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Credit Suisse (CS) High Yield Index is designed to mirror the investable universe of the U.S. dollar-denominated high yield debt market.

Dow Jones Industrial Average is a price-weighted average of blue-chip stocks that are generally the leaders in their industry.

Dow Jones-UBS Commodity Index is a broadly diversified index designed to allow investors to track commodity futures through a single, simple measure. The index reflects the return on fully collateralized positions in the underlying futures contracts on physical commodities, which are reweighted and rebalanced annually on a price-percentage basis. The Dow Jones-UBS Commodity IndicesSM are a joint product of DJI Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC, and UBS Securities LLC ("UBS") and have been licensed for use to S&P Opco, LLC and Franklin Templeton Companies, LLC. S&P® is a registered trademark of Standard & Poor's Financial Services LLC, Dow Jones® and DJ are registered trademarks of Dow Jones Trademark Holdings LLC, and "UBS" is a registered trademark of UBS AG. All content of the Dow Jones-UBS Commodity IndicesSM © S&P Dow Jones Indices LLC and UBS and their respective affiliates 2014. Reproduction of Dow Jones-UBS Commodity IndicesSM in any form is prohibited except with the prior written permission of S&P. S&P does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions, regardless of the cause or for the results obtained from the use of such information. S&P DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P be liable for any direct, indirect, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with subscriber's or others' use of Dow Jones-UBS Commodity IndicesSM.

FTSE EPRA/NAREIT Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets. FTSE® is a trademark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under license.

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

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the 12-month period ended 12/31/13, there were 226 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity

Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the 12-month period ended 12/31/13, there were 66 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the 12-month period ended 12/31/13, there were 50 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP High Yield Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper High Yield Funds Classification in the Lipper VIP underlying funds universe. Lipper High Yield Funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues. For the 12-month period ended 12/31/13, there were 110 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

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

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

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets excluding the U.S. and Canada.

MSCI Europe, Australasia, Far East (EAFE) Index Net Return (Local Currency) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of global developed markets excluding the U.S. and Canada. The index is calculated in local currency and includes reinvested daily net dividends.

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

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

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

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

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

Russell 2500™ Value Index is market capitalization weighted and measures performance of those Russell 2500™ Index companies with lower price-to-book ratios and lower forecasted growth values.

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

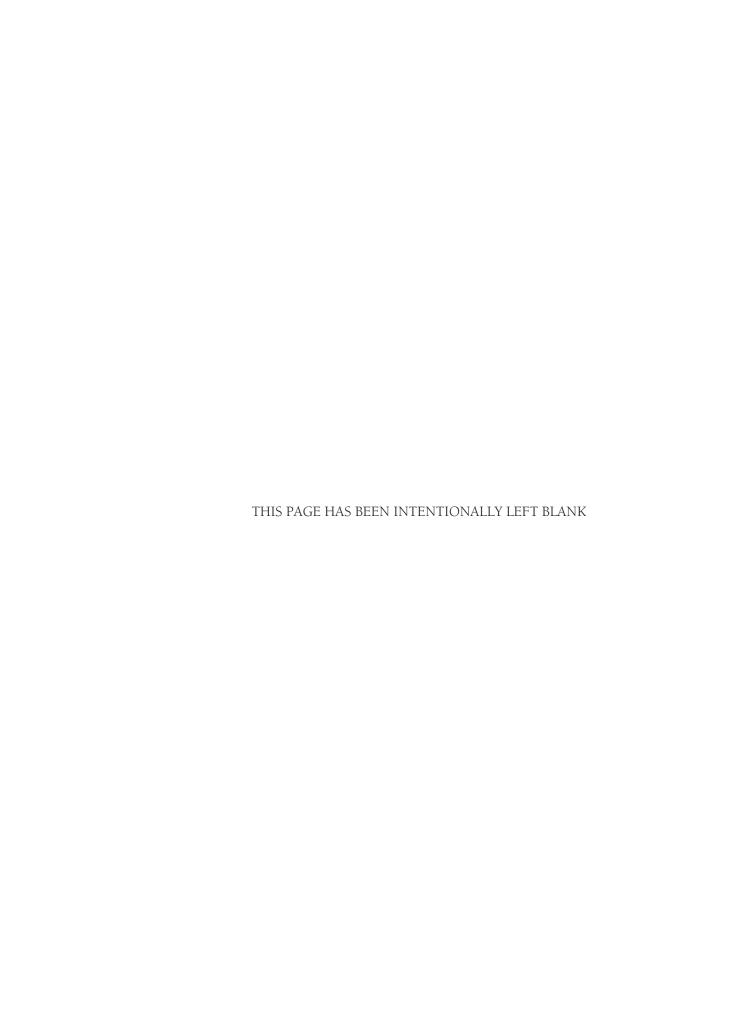
Russell 3000 ® Index is market capitalization weighted and measures performance of the largest U.S. companies based on total market capitalization and represents the majority of the investable U.S. equity market.

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

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

Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance. STANDARD & POOR'S®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC.

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



Board Members and Officers

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

Independent Board Members

e Past 5 Yo Director, R tion (nurser stee Sin	RBC Holdings, Ir ry and craft cen nce 2007	141 nc. (bank holding company ters) (until 1998). 114	Bar-S Foods (meat packing company) (1981-2010). y) (until 2002); and President, Chief Executive Officer and ICO Global Communications (Holdings) Limited (satellite company) (2006-2010), Chevron Corporation (global energy company) (1989-2009), Hewlett-Packard Company (technology company) (1996-2002), Safeway, Inc. (grocery
Director, R Ition (nurser stee Sin	RBC Holdings, Ir ry and craft cen nce 2007	ters) (until 1998).	ICO Global Communications (Holdings) Limited (satellite company) (2006-2010), Chevron Corporation (global energy company) (1989-2009), Hewlett-Packard Company
e Past 5 Yo		114	company) (2006-2010), Chevron Corporation (global energy company) (1989-2009), Hewlett-Packard Company
			retailer) (1991-1998) and TransAmerica Corporation (insurance company) (1989-1999).
pany) (1999	hority (FirstNet) 9-2000); Chairr	(interoperable wireless br man of the Board and Chie ding company) (1988-199	roadband network) (2012); and formerly, Chairman of the ef Executive Officer, AirTouch Communications (cellular 4).
stee Sii	nce 2005	141	Hess Corporation (exploration and refining of oil and gas), H.J. Heinz Company (processed foods and allied products)(1994-2013), RTI International Metals, Inc. (manufacture and distribution of titanium), Canadian National Railway (railroad) and White Mountains Insurance Group, Ltd. (holding company).
trusts; and f / Departmer	formerly, Assi nt (1989-1990)		he United States and Secretary of the Cabinet (1990-1993); cretary and Assistant Secretary for Public Affairs and Public
stee Sii	nce 2009	141	Boeing Capital Corporation (aircraft financing) (2006-2013)
d member o	of Executive Cou	uncil, The Boeing Compan	y (aerospace company); and formerly, Federal Appeals Court
stee Sir	nce 2005	141	Hess Corporation (exploration and refining of oil and gas) (1998-2013).
) (trusts; and y Departme (1988-1989 stee Si	y Department (1989-1990) (1988-1989). stee Since 2009 e Past 5 Years: d member of Executive Coulircuit (1991-2006). stee Since 2005	trusts; and formerly , Assistant to the President of the Department (1989-1990); and Counselor to the Sec (1988-1989). Stee Since 2009 141 e Past 5 Years: d member of Executive Council, The Boeing Companyircuit (1991-2006).

Chairman Emeritus, The Hertz Corporation (car rental) (since 2000) (Chairman of the Board (1980-2000) and Chief Executive Officer (1977-1999)); and

formerly, Chairman of the Board, President and Chief Executive Officer, UAL Corporation (airlines) (until 1987).

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	141	Cbeyond, Inc. (business communications provider) (2010-2012), The Southern Company (energy company) (2010-2012) and The Washington Post Company (education and media organization).

Principal Occupation During at Least the Past 5 Years:

Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (July 2012); and **formerly**, John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2011-2012); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

John B. Wilson (1959)	Lead	Trustee since 2007	114	None
One Franklin Parkway	Independent	and Lead Independent		
San Mateo, CA 94403-1906	Trustee	Trustee since 2008		

Principal Occupation During at Least the Past 5 Years:

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

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961)	Trustee	Since June 2013	152	None
One Franklin Parkway				
San Mateo, CA 94403-1906				

Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member – Office of the Chairman, Director, President and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments; and Chairman, Investment Company Institute.

**Rupert H. Johnson, Jr. (1940)	Chairman of	Chairman of the	141	None
One Franklin Parkway San Mateo, CA 94403-1906	the Board and Trustee	Board since June 2013 and Trustee since 1988		

Principal Occupation During at Least the Past 5 Years:

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

Alison E. Baur (1964)	Vice	Since 2012	Not	Not Applicable
One Franklin Parkway	President		Applicable	
San Mateo, CA 94403-1906				

Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Laura F. Fergerson (1962) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer — Finance and Administration	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Lea Senior Vice President, Franklin Templeto		ficer of 46 of the inves	stment companies in Franklin 1	Templeton Investments.
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Lea Director, Fund Accounting, Franklin Tem			nvestment companies in Frank	klin Templeton Investments.
Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Lea Senior Associate General Counsel, Frank Litigation Associate, Steefel, Levitt & We	din Templeton Investm		ne investment companies in Fr	anklin Templeton Investments; and formerly ,
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Lea Senior Associate General Counsel, Frank companies in Franklin Templeton Investi	din Templeton Investm		ranklin Templeton Distributors	, Inc.; and officer of 46 of the investment
Selena L. Holmes (1965) 100 Fountain Parkway St. Petersburg, FL 33716-1205	Vice President – AML Compliance	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Lea Director, Global Compliance Monitoring			ies in Franklin Templeton Inve	stments.
Edward B. Jamieson (1948) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer — Investment Management	Since 2010	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Vice President

Kimberly H. Novotny (1972)

Fort Lauderdale, FL 33301-1923

300 S.E. 2nd Street

Principal Occupation During at Least the Past 5 Years:

Associate General Counsel, Franklin Templeton Investments; Vice President and Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.

President, Chief Investment Officer and Director, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer and/or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 10 of the investment companies in Franklin Templeton Investments.

Not

Applicable

Not Applicable

Since March 2013

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years	
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since March 2013	Not Applicable	Not Applicable	

Principal Occupation During at Least the Past 5 Years:

Director, Global Compliance, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly**, Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).

Karen L. Skidmore (1952)	Vice President Since 2006	Not	Not Applicable
One Franklin Parkway	and Secretary	Applicable	
San Mateo, CA 94403-1906			

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; and officer of 46 of the investment companies in Franklin Templeton Investments.

Craig S. Tyle (1960)	Vice President	Since 2005	Not	Not Applicable	
One Franklin Parkway			Applicable		
San Mateo, CA 94403-1906					

Principal Occupation During at Least the Past 5 Years:

General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.

Lori A. Weber (1964)	Vice President	Since 2011	Not	Not Applicable
300 S.E. 2nd Street			Applicable	
Fort Laudordalo El 33301-1023				

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; Vice President, Fiduciary Trust International of the South; and officer of 46 of the investment companies in Franklin Templeton Investments.

- *We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.
- **Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as officer and director and major shareholder of Resources.

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

- Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.
- Note 3: Effective June 13, 2013, Charles B. Johnson ceased to be a trustee of the Fund.

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

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) 321-8563 or their insurance companies to request the SAI.

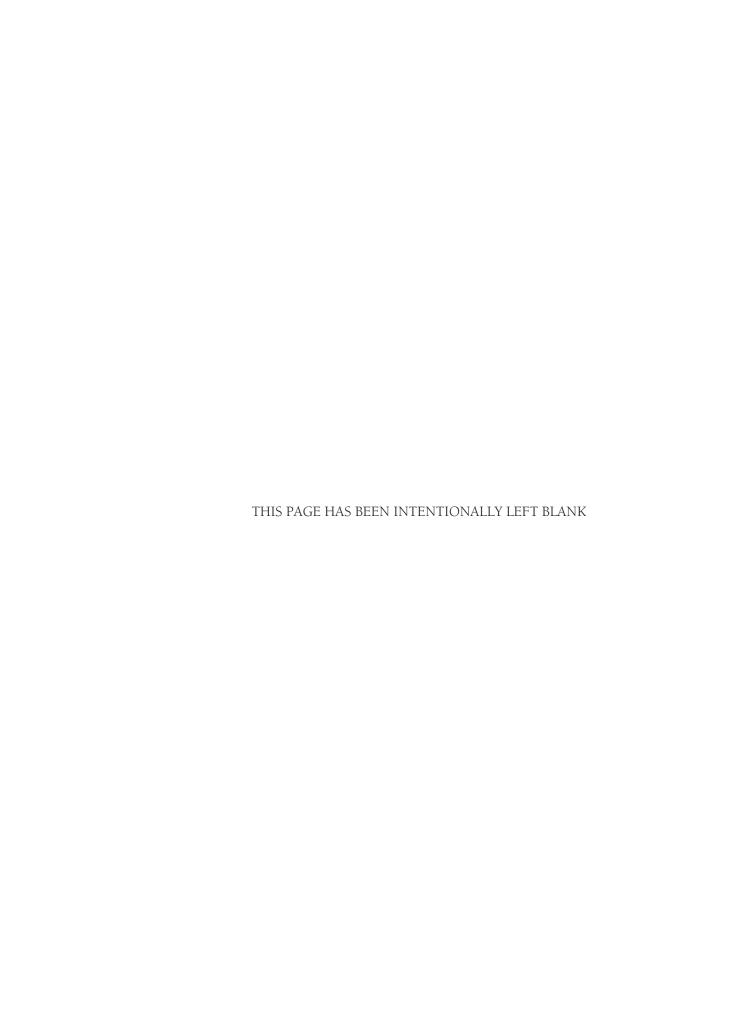
Franklin Templeton Variable Insurance Products Trust Shareholder Information

Proxy Voting Policies and Procedures

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

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.



VALUE BLEND GROWTH SECTOR GLOBAL INTERNATIONAL HYBRID ASSET ALLOCATION FIXED INCOME



< GAIN FROM OUR PERSPECTIVE® >

Annual Report

Franklin Templeton Variable Insurance Products Trust

Investment Managers

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

Fund Administrator

Franklin Templeton Services, LLC

Distributor

Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.