

ANNUAL REPORT

# FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2019



FRANKLIN  
TEMPLETON

**Internet Delivery of Shareholder Reports:** Effective January 1, 2021, as permitted by regulations adopted by the SEC, you may not be receiving paper copies of the Fund's annual or semiannual shareholder reports by mail, unless you specifically request them from the insurance company that offers your variable annuity or variable life insurance contract or your financial intermediary. Instead of delivering paper copies of the report, the insurance company may choose to make the reports available on a website, and will notify you by mail each time a shareholder report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company or your financial intermediary electronically by following the instructions provided by the insurance company or by contacting your financial intermediary.

You may elect to receive all future Fund shareholder reports in paper free of charge from the insurance company. You can inform the insurance company or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by the insurance company or by contacting your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract with the insurance company.

This notice is not legally a part of the shareholder report.

# Franklin Templeton Variable Insurance Products Trust Annual Report

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**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.

# Franklin Rising Dividends VIP Fund

This annual report for Franklin Rising Dividends VIP Fund covers the fiscal year ended December 31, 2019.

## Class 2 Performance Summary as of December 31, 2019

Average annual total return of Class 2 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 12/31/19	1-Year	5-Year	10-Year
Average Annual Total Return	+29.23%	+10.58%	+12.81%

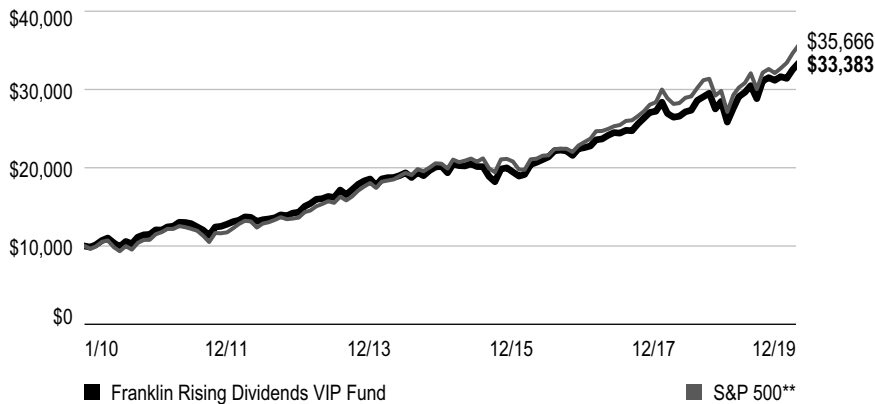
\*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/20. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

Performance reflects the Fund's Class 2 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.

### Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/10–12/31/19)

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 Standard & Poor's® 500 Index (S&P 500®). 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: Morningstar. Please see Index Descriptions following the Fund Summaries.

## Fund Goal and Main Investments

The Fund seeks long-term capital appreciation, with preservation of capital as an important consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of financially sound companies that have paid consistently rising dividends.

## Fund Risks

All investments involve risks, including possible loss of principal. Value securities may not increase in price as anticipated or may decline further in value. For stocks paying dividends, dividends are not guaranteed, and can increase, decrease or be totally eliminated without notice. Securities issued by smaller and midsize companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered relatively more speculative. To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund 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. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks that are heightened in developing countries. 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.

## Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the S&P 500 posted a +31.49% total return for the same period.<sup>1</sup> Please note the Fund employs a bottom-up stock selection process, and the managers invest in securities without regard to benchmark comparisons.

## Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted strong returns during the reporting period, driven by the U.S. Federal Reserve's (Fed's) monetary policy easing, solid domestic economic growth and diminished concerns about

the global economy and trade relations. Stocks gained sharply early in the year and experienced heightened volatility in May and September before reaching record price highs near the end of 2019. The decline in market volatility reflected many market participants' shift from growth concerns to a more optimistic outlook.

The Fed provided a substantial boost to equity markets early in the reporting period as it shifted to a more accommodative monetary policy. In January 2019, the Fed signaled the end of its tightening cycle and cut the federal funds rate three times thereafter, lowering it to a range of 1.50%–1.75%. Stocks responded positively to the interest-rate cuts and gained further in December 2019 after the Fed indicated it would likely leave interest rates unchanged in 2020.

Solid U.S. economic growth also supported equities, as healthy consumer spending and a strong labor market kept the economy afloat. The unemployment rate fell during the year, reaching 3.5% in September, November and December 2019, the lowest recorded unemployment rate in 50 years.<sup>2</sup> Wages also grew, albeit at a moderate pace, and inflation remained persistently low. In addition, deficit spending by the U.S. government boosted current growth at the expense of long-term debt. Despite the strength in the consumer sector, some parts of the economy struggled, particularly heavy industry. Annual industrial production contracted late in the reporting period, manufacturing output stalled and capital spending declined.

International and trade developments also impacted U.S. stocks during the period. Investors were concerned about slowing global growth and the impact it might have on U.S. equities, but some market participants' predictions of a global recession did not materialize as growth proved resilient amid a series of interest-rate cuts by many central banks. The trade war between the U.S. and China was a dominant theme over the period, and stocks fluctuated as many investors responded to the latest developments, both positive and negative. However, by period-end, markets were reassured by a phase one trade agreement between the two countries, which lowered certain tariffs and addressed some of the principal areas of conflict.

1. Source: 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.

2. Source: Bureau of Labor Statistics.

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).

## Investment Strategy

We are a research-driven, fundamental investment adviser, pursuing a disciplined value-oriented strategy. As bottom-up investors concentrating primarily on individual securities, we seek fundamentally sound companies that we believe meet our screening criteria, which include consistent, substantial dividend increases; reinvested earnings; and strong balance sheets. We attempt to acquire such stocks at attractive prices, often when they are out of favor with other investors. In following these criteria, we do not necessarily focus on companies whose securities pay a high dividend but rather on companies that consistently raise their dividends.

## Manager's Discussion

During the fiscal year ended December 31, 2019, some holdings that contributed to absolute performance included Dover, Accenture and Microsoft. Microsoft is listed among the Fund's largest positions in the Top 10 Holdings table on page FRD-4.

Strong earnings supported share price performance of electrical equipment company Dover during the period. Despite a weaker economic environment, Dover posted solid organic revenue growth and robust free cash flow in recent quarters. Order growth also improved, which we believe can bolster Dover's overall growth in 2020.

The stock performance of technology outsourcing firm Accenture supported relative returns in 2019, as investors responded favorably to strong earnings growth, boosting the company's stock price. The company's robust financial results have been driven by strong growth in digital, cloud and security-related services. Late in 2019, Accenture also increased its full-year 2020 revenue growth forecast on strong consulting and outsourcing bookings growth.

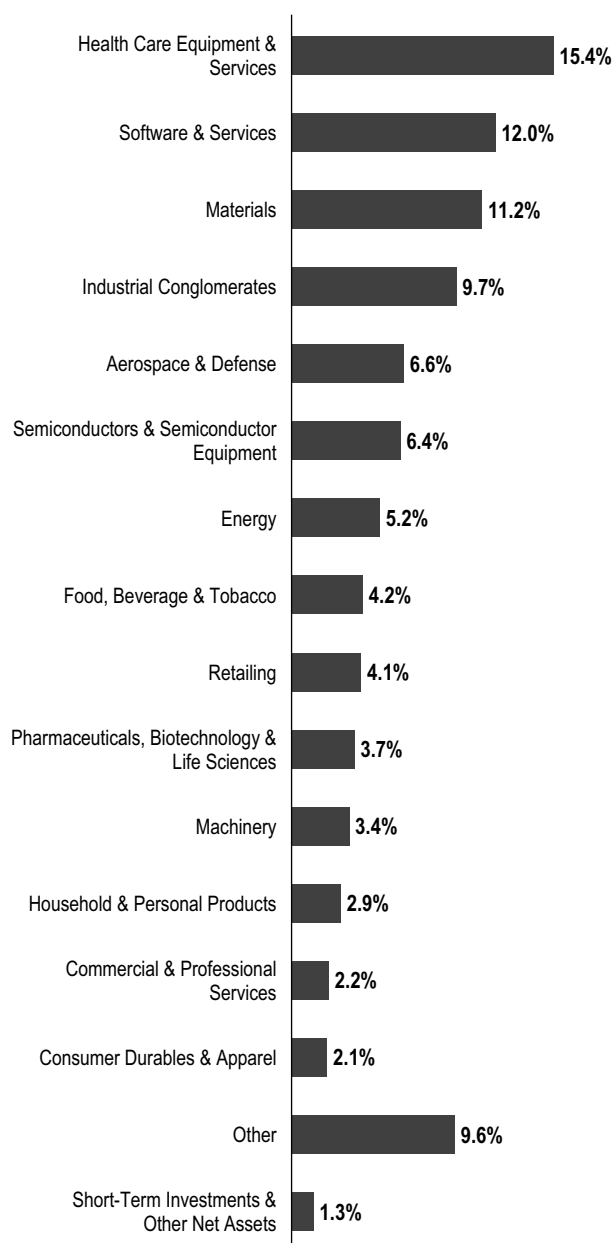
Business software company Microsoft contributed to performance as it posted solid financial results across its businesses during the year. We believe the company can continue to demonstrate solid growth as the transition to cloud computing leads customers to potentially adopt more of its software and services. We also believe that the company can continue to raise its dividend over time as earnings per share continue to grow.

Conversely, some holdings that detracted from absolute performance included Albemarle, Occidental Petroleum and Gap.

Shares of Albemarle, a specialty chemicals producer, declined in price amid concerns about lithium oversupply and pricing implications. In response, Albemarle announced

## Portfolio Composition

Based on Total Net Assets as of 12/31/19



steps to curtail capital expenditures to moderate supply growth over the next few years. While lithium pricing may soften over the coming year, we believe the company's leading resource base provides solid growth prospects as demand continues to accelerate.

The performance of Occidental Petroleum stock also detracted from performance. The company acquired oil and gas exploration and production firm Anadarko Petroleum (not a Fund holding) during the period. While the transaction gives Occidental Petroleum a greater presence in the U.S.

**Top 10 Holdings**

12/31/19

<b>Company Sector/Industry</b>	<b>% of Total Net Assets</b>
Microsoft Corp. Software & Services	7.2%
Roper Technologies Inc. Industrial Conglomerates	5.5%
Stryker Corp. Health Care Equipment & Services	3.8%
Accenture PLC Software & Services	3.8%
Linde PLC (United Kingdom) Materials	3.7%
Honeywell International Inc. Industrial Conglomerates	3.6%
Becton, Dickinson and Co. Health Care Equipment & Services	3.5%
Air Products and Chemicals Inc. Materials	3.4%
Texas Instruments Inc. Semiconductors & Semiconductor Equipment	3.2%
Analog Devices Inc. Semiconductors & Semiconductor Equipment	3.2%

shale-producing Permian Basin and allows the company to reduce costs, concerns about the financing needed to complete the transaction weighed on Occidental's stock price.

Shares of apparel retailer Gap weighed on relative performance amid a more challenging environment for retail stocks in general. Gap has also missed earnings guidance in recent quarters due to weaker same-store sales comparisons and pressure from higher tariff and labor costs. Gap's decision to spin off its Old Navy brand has also created greater uncertainty around the stock.

Thank you for your participation in Franklin Rising Dividends VIP Fund. We look forward to continuing to serve your investment needs.

*The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2019, 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.*



## Class 2 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: (1) transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes; and (2) 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 table below shows Fund-level ongoing expenses and can help you understand these costs 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 table below provides information about the actual account values and actual expenses in the columns under the heading “Actual.” In these columns the Fund’s actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the “Ending Account Value.” You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number under the headings “Actual” and “Fund-Level Expenses Paid During Period” (*if Fund-Level Expenses Paid During Period were \$ 7.50, then  $8.6 \times \$ 7.50 = \$64.50$* ). In this illustration, the estimated expenses paid this period at the Fund level are \$64.50.

### Hypothetical Example for Comparison with Other Mutual Funds

Under the heading “Hypothetical” in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other mutual funds offered through the Contract. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds offered through the Contract.

*Please note that expenses shown in the table are meant to highlight ongoing costs at the Fund level only and do not reflect any ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. In addition, 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.*

Share Class	Beginning Account Value 7/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 12/31/19	Fund-Level Expenses Paid During Period 7/1/19–12/31/19 <sup>1, 2</sup>	Ending Account Value 12/31/19	Fund-Level Expenses Paid During Period 7/1/19–12/31/19 <sup>1, 2</sup>	
Class 2	\$1,000	\$1,074.00	\$4.60	\$1,020.77	\$4.48	0.88%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

## Financial Highlights

### Franklin Rising Dividends VIP Fund

	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Class 1</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$25.75	\$29.21	\$25.51	\$25.26	\$29.63
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.37	0.39	0.40	0.42	0.45
Net realized and unrealized gains (losses) . . . . .	6.77	(1.65)	4.76	3.45	(1.33)
Total from investment operations . . . . .	7.14	(1.26)	5.16	3.87	(0.88)
Less distributions from:					
Net investment income . . . . .	(0.45)	(0.44)	(0.48)	(0.44)	(0.48)
Net realized gains . . . . .	(4.54)	(1.76)	(0.98)	(3.18)	(3.01)
Total distributions . . . . .	(4.99)	(2.20)	(1.46)	(3.62)	(3.49)
Net asset value, end of year . . . . .	\$27.90	\$25.75	\$29.21	\$25.51	\$25.26
Total return <sup>c</sup> . . . . .	29.58%	(4.84)%	20.85%	16.33%	(3.42)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.63%	0.62%	0.62%	0.63%	0.63%
Expenses net of waiver and payments by affiliates . . . . .	0.63% <sup>d,e</sup>	0.62% <sup>d,e</sup>	0.62% <sup>d,e</sup>	0.62% <sup>d</sup>	0.63% <sup>e</sup>
Net investment income . . . . .	1.34%	1.38%	1.49%	1.67%	1.65%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$150,864	\$157,838	\$216,015	\$181,072	\$143,376
Portfolio turnover rate . . . . .	7.26% <sup>f</sup>	3.09% <sup>f</sup>	3.36%	6.66%	4.74%

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

<sup>b</sup>Based on average daily shares outstanding.

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

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>f</sup>Excludes the value of portfolio securities delivered as a result of redemptions in-kind. See Note 8.

**Franklin Rising Dividends VIP Fund** (continued)

	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Class 2</b>					
<b>Per share operating performance</b> (for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$25.04	\$28.46	\$24.89	\$24.72	\$29.06
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.29	0.31	0.33	0.35	0.37
Net realized and unrealized gains (losses) . . . . .	6.57	(1.61)	4.63	3.37	(1.29)
Total from investment operations . . . . .	6.86	(1.30)	4.96	3.72	(0.92)
Less distributions from:					
Net investment income . . . . .	(0.37)	(0.36)	(0.41)	(0.37)	(0.41)
Net realized gains . . . . .	(4.54)	(1.76)	(0.98)	(3.18)	(3.01)
Total distributions . . . . .	(4.91)	(2.12)	(1.39)	(3.55)	(3.42)
Net asset value, end of year . . . . .	\$26.99	\$25.04	\$28.46	\$24.89	\$24.72
Total return <sup>c</sup> . . . . .	29.23%	(5.07)%	20.56%	16.04%	(3.65)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.88%	0.87%	0.87%	0.88%	0.88%
Expenses net of waiver and payments by affiliates . . . . .	0.88% <sup>d,e</sup>	0.87% <sup>d,e</sup>	0.87% <sup>d,e</sup>	0.87% <sup>d</sup>	0.88% <sup>e</sup>
Net investment income . . . . .	1.09%	1.13%	1.24%	1.42%	1.40%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$1,387,688	\$1,106,334	\$1,640,883	\$1,530,374	\$1,310,783
Portfolio turnover rate . . . . .	7.26% <sup>f</sup>	3.09% <sup>f</sup>	3.36%	6.66%	4.74%

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

<sup>b</sup>Based on average daily shares outstanding.

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

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>f</sup>Excludes the value of portfolio securities delivered as a result of redemptions in-kind. See Note 8.

**Franklin Rising Dividends VIP Fund** (continued)

	Year Ended December 31,				
	2019	2018	2017	2016	2015
<b>Class 4</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$25.11	\$28.54	\$24.98	\$24.81	\$29.19
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.26	0.29	0.30	0.32	0.35
Net realized and unrealized gains (losses) . . . . .	6.60	(1.62)	4.65	3.39	(1.31)
Total from investment operations . . . . .	6.86	(1.33)	4.95	3.71	(0.96)
Less distributions from:					
Net investment income . . . . .	(0.35)	(0.34)	(0.41)	(0.36)	(0.41)
Net realized gains . . . . .	(4.54)	(1.76)	(0.98)	(3.18)	(3.01)
Total distributions . . . . .	(4.89)	(2.10)	(1.39)	(3.54)	(3.42)
Net asset value, end of year . . . . .	\$27.08	\$25.11	\$28.54	\$24.98	\$24.81
Total return <sup>c</sup> . . . . .	29.16%	(5.16)%	20.40%	15.93%	(3.75)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.98%	0.97%	0.97%	0.98%	0.98%
Expenses net of waiver and payments by affiliates . . . . .	0.98% <sup>d,e</sup>	0.97% <sup>d,e</sup>	0.97% <sup>d,e</sup>	0.97% <sup>d</sup>	0.98% <sup>e</sup>
Net investment income . . . . .	0.99%	1.03%	1.14%	1.32%	1.30%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$46,539	\$32,825	\$36,407	\$28,579	\$20,453
Portfolio turnover rate . . . . .	7.26% <sup>f</sup>	3.09% <sup>f</sup>	3.36%	6.66%	4.74%

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

<sup>b</sup>Based on average daily shares outstanding.

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

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

<sup>f</sup>Excludes the value of portfolio securities delivered as a result of redemptions in-kind. See Note 8.

## Statement of Investments, December 31, 2019

## Franklin Rising Dividends VIP Fund

	Shares	Value
<b>Common Stocks 98.7%</b>		
<b>Aerospace &amp; Defense 6.6%</b>		
The Boeing Co. . . . .	54,325	\$ 17,696,912
General Dynamics Corp. . . . .	159,352	28,101,725
Raytheon Co. . . . .	111,624	24,528,258
United Technologies Corp. . . . .	223,607	33,487,384
		<u>103,814,279</u>
<b>Building Products 1.4%</b>		
Johnson Controls International PLC . . . . .	552,410	22,488,611
<b>Commercial &amp; Professional Services 2.2%</b>		
Cintas Corp. . . . .	104,872	28,218,958
Matthews International Corp., A . . . . .	182,117	6,951,406
		<u>35,170,364</u>
<b>Consumer Durables &amp; Apparel 2.1%</b>		
NIKE Inc., B . . . . .	320,284	32,447,972
<b>Consumer Services 1.7%</b>		
McDonald's Corp. . . . .	135,599	26,795,718
<b>Diversified Financials 0.3%</b>		
State Street Corp. . . . .	57,541	4,551,493
<b>Electrical Equipment 0.6%</b>		
nVent Electric PLC . . . . .	383,926	9,820,827
<b>Energy 5.2%</b>		
<sup>a</sup> Apergy Corp. . . . .	186,565	6,302,166
Chevron Corp. . . . .	174,594	21,040,323
EOG Resources Inc. . . . .	190,961	15,994,893
Exxon Mobil Corp. . . . .	160,861	11,224,881
Occidental Petroleum Corp. . . . .	308,985	12,733,272
Schlumberger Ltd. . . . .	358,692	14,419,418
		<u>81,714,953</u>
<b>Food &amp; Staples Retailing 1.5%</b>		
Walgreens Boots Alliance Inc. . . . .	18,077	1,065,820
Walmart Inc. . . . .	196,608	23,364,895
		<u>24,430,715</u>
<b>Food, Beverage &amp; Tobacco 4.2%</b>		
Bunge Ltd. . . . .	269,004	15,481,180
McCormick & Co. Inc. . . . .	150,647	25,569,316
PepsiCo Inc. . . . .	191,430	26,162,738
		<u>67,213,234</u>
<b>Health Care Equipment &amp; Services 15.4%</b>		
Abbott Laboratories . . . . .	349,995	30,400,566
Becton, Dickinson and Co. . . . .	202,415	55,050,808
CVS Health Corp. . . . .	167,393	12,435,626
Dentsply Sirona Inc. . . . .	59,392	3,360,993
Medtronic PLC . . . . .	438,254	49,719,916

**Franklin Rising Dividends VIP Fund** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Health Care Equipment &amp; Services</b> (continued)		
Stryker Corp. . . . .	288,545	\$ 60,577,137
West Pharmaceutical Services Inc. . . . .	219,601	33,012,618
		<u>244,557,664</u>
<b>Household &amp; Personal Products 2.9%</b>		
Colgate-Palmolive Co. . . . .	273,440	18,823,610
The Procter & Gamble Co. . . . .	220,394	27,527,210
		<u>46,350,820</u>
<b>Industrial Conglomerates 9.7%</b>		
Carlisle Cos. Inc. . . . .	69,002	11,167,284
Honeywell International Inc. . . . .	318,575	56,387,775
Roper Technologies Inc. . . . .	245,183	86,851,174
		<u>154,406,233</u>
<b>Insurance 1.7%</b>		
Aflac Inc. . . . .	257,104	13,600,802
Erie Indemnity Co., A . . . . .	76,670	12,727,220
		<u>26,328,022</u>
<b>Machinery 3.4%</b>		
Donaldson Co. Inc. . . . .	205,297	11,829,213
Dover Corp. . . . .	233,088	26,865,723
Pentair PLC . . . . .	340,594	15,623,047
		<u>54,317,983</u>
<b>Materials 11.2%</b>		
Air Products and Chemicals Inc. . . . .	229,667	53,969,448
Albemarle Corp. . . . .	528,947	38,634,289
Ecolab Inc. . . . .	100,809	19,455,129
Linde PLC (United Kingdom) . . . . .	275,532	58,660,763
Nucor Corp. . . . .	130,102	7,322,140
		<u>178,041,769</u>
<b>Media &amp; Entertainment 0.1%</b>		
John Wiley & Sons Inc., A . . . . .	31,848	1,545,265
<b>Pharmaceuticals, Biotechnology &amp; Life Sciences 3.7%</b>		
AbbVie Inc. . . . .	134,736	11,929,525
Johnson & Johnson . . . . .	220,129	32,110,217
Perrigo Co. PLC . . . . .	119,563	6,176,625
Pfizer Inc. . . . .	204,715	8,020,734
		<u>58,237,101</u>
<b>Retailing 4.1%</b>		
Lowe's Cos. Inc. . . . .	102,872	12,319,951
Ross Stores Inc. . . . .	166,730	19,410,706
Target Corp. . . . .	128,337	16,454,087
Tiffany & Co. . . . .	120,530	16,108,834
		<u>64,293,578</u>

**Franklin Rising Dividends VIP Fund** (continued)

	<b>Shares</b>	<b>Value</b>
<b>Common Stocks</b> (continued)		
<b>Semiconductors &amp; Semiconductor Equipment 6.4%</b>		
Analog Devices Inc. . . . .	422,419	\$ 50,200,274
Texas Instruments Inc. . . . .	395,268	50,708,932
		100,909,206
<b>Software &amp; Services 12.0%</b>		
Accenture PLC, A . . . . .	285,378	60,092,045
Microsoft Corp. . . . .	723,328	114,068,826
Visa Inc., A . . . . .	80,662	15,156,390
		189,317,261
<b>Trading Companies &amp; Distributors 0.7%</b>		
W.W. Grainger Inc. . . . .	34,393	11,642,718
<b>Transportation 1.6%</b>		
Norfolk Southern Corp. . . . .	45,047	8,744,974
United Parcel Service Inc., B . . . . .	143,967	16,852,777
		25,597,751
<b>Total Common Stocks (Cost \$759,125,903)</b> . . . . .		1,563,993,537
<b>Short Term Investments (Cost \$17,735,928) 1.1%</b>		
<b>Money Market Funds 1.1%</b>		
<sup>b,c</sup> Institutional Fiduciary Trust Money Market Portfolio, 1.26% . . . . .	17,735,928	17,735,928
<b>Total Investments (Cost \$776,861,831) 99.8%</b> . . . . .		1,581,729,465
<b>Other Assets, less Liabilities 0.2%</b> . . . . .		3,361,835
<b>Net Assets 100.0%</b> . . . . .		\$1,585,091,300

<sup>a</sup>Non-income producing.

<sup>b</sup>See Note 3(e) regarding investments in affiliated management investment companies.

<sup>c</sup>The rate shown is the annualized seven-day effective yield at period end.

## Statement of Assets and Liabilities

December 31, 2019

**Franklin Rising  
Dividends VIP  
Fund**

<b>Assets:</b>	
Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$ 759,125,903
Cost - Non-controlled affiliates (Note 3e) . . . . .	17,735,928
Value - Unaffiliated issuers . . . . .	\$1,563,993,537
Value - Non-controlled affiliates (Note 3e) . . . . .	17,735,928
Receivables:	
Investment securities sold . . . . .	6,295,282
Capital shares sold . . . . .	306,378
Dividends . . . . .	2,118,202
Other assets . . . . .	163
Total assets . . . . .	<u>1,590,449,490</u>
<b>Liabilities:</b>	
Payables:	
Investment securities purchased . . . . .	3,159,159
Capital shares redeemed . . . . .	885,425
Management fees . . . . .	821,044
Distribution fees . . . . .	305,489
Accrued expenses and other liabilities . . . . .	187,073
Total liabilities . . . . .	<u>5,358,190</u>
Net assets, at value . . . . .	<u>\$1,585,091,300</u>
Net assets consist of:	
Paid-in capital . . . . .	\$ 693,868,963
Total distributable earnings (losses) . . . . .	891,222,337
Net assets, at value . . . . .	<u>\$1,585,091,300</u>
<b>Class 1:</b>	
Net assets, at value . . . . .	\$ 150,864,298
Shares outstanding . . . . .	5,407,633
Net asset value and maximum offering price per share . . . . .	<u>\$27.90</u>
<b>Class 2:</b>	
Net assets, at value . . . . .	\$1,387,688,420
Shares outstanding . . . . .	51,407,676
Net asset value and maximum offering price per share . . . . .	<u>\$26.99</u>
<b>Class 4:</b>	
Net assets, at value . . . . .	\$ 46,538,582
Shares outstanding . . . . .	1,718,696
Net asset value and maximum offering price per share . . . . .	<u>\$27.08</u>



## Statement of Operations

for the year ended December 31, 2019

**Franklin Rising  
Dividends VIP  
Fund**

Investment income:	
Dividends:	
Unaffiliated issuers . . . . .	\$ 29,959,717
Non-controlled affiliates (Note 3e) . . . . .	615,331
Total investment income . . . . .	<u>30,575,048</u>
Expenses:	
Management fees (Note 3a) . . . . .	9,600,864
Distribution fees: (Note 3c)	
Class 2 . . . . .	3,334,309
Class 4 . . . . .	136,693
Custodian fees (Note 4) . . . . .	13,898
Reports to shareholders . . . . .	176,250
Professional fees . . . . .	57,984
Trustees' fees and expenses . . . . .	9,165
Other . . . . .	<u>35,092</u>
Total expenses . . . . .	13,364,255
Expense reductions (Note 4) . . . . .	(1,496)
Expenses waived/paid by affiliates (Note 3e) . . . . .	<u>(109,752)</u>
Net expenses . . . . .	<u>13,253,007</u>
Net investment income . . . . .	<u>17,322,041</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:+	
Unaffiliated issuers . . . . .	<u>82,812,044</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers . . . . .	<u>279,796,675</u>
Net realized and unrealized gain (loss) . . . . .	<u>362,608,719</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$379,930,760</u>

\*Includes gains from a redemption in-kind (Note 8) . . . . . \$ 10,655,992

## Statements of Changes in Net Assets

	<b>Franklin Rising Dividends VIP Fund</b>	
	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$ 17,322,041	\$ 20,055,601
Net realized gain (loss) . . . . .	82,812,044	314,858,432
Net change in unrealized appreciation (depreciation) . . . . .	279,796,675	(398,447,639)
Net increase (decrease) in net assets resulting from operations . . . . .	379,930,760	(63,533,606)
Distributions to shareholders:		
Class 1 . . . . .	(28,799,833)	(13,329,516)
Class 2 . . . . .	(227,983,493)	(115,786,937)
Class 4 . . . . .	(6,300,776)	(2,574,964)
Total distributions to shareholders . . . . .	(263,084,102)	(131,691,417)
Capital share transactions: (Note 2)		
Class 1 . . . . .	(21,678,109)	(37,447,873)
Class 2 . . . . .	182,626,753	(364,402,663)
Class 4 . . . . .	10,299,225	766,328
Total capital share transactions . . . . .	171,247,869	(401,084,208)
Net increase (decrease) in net assets . . . . .	288,094,527	(596,309,231)
Net assets:		
Beginning of year . . . . .	1,296,996,773	1,893,306,004
End of year . . . . .	\$1,585,091,300	\$1,296,996,773

# Notes to Financial Statements

## Franklin Rising Dividends VIP Fund

### 1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Rising Dividends VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

#### a. Financial Instrument Valuation

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

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

according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, 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.

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

## Franklin Rising Dividends VIP Fund (continued)

### 1. Organization and Significant Accounting Policies (continued)

#### a. Financial Instrument Valuation (continued)

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any 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 in the Statement of Operations.

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

#### c. 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 may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2019, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

#### d. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These

**Franklin Rising Dividends VIP Fund** (continued)

reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

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

**e. Accounting Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**f. 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, 2019, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2019		2018	
	Shares	Amount	Shares	Amount
<b>Class 1 Shares:</b>				
Shares sold . . . . .	238,379	\$ 6,420,546	296,177	\$ 8,482,359
Shares issued in reinvestment of distributions . . . . .	1,132,514	28,799,833	481,211	13,329,516
Shares redeemed . . . . .	(2,092,688)	(56,898,488)	(2,043,710)	(59,259,748)
Net increase (decrease) . . . . .	(721,795)	\$ (21,678,109)	(1,266,322)	\$ (37,447,873)
<b>Class 2 Shares:</b>				
Shares sold . . . . .	7,298,801	\$ 200,248,939	3,479,467	\$ 95,894,196
Shares issued in reinvestment of distributions . . . . .	9,252,577	227,983,493	4,293,174	115,786,937
Shares redeemed in-kind (Note 8) . . . . .	(897,175)	(22,646,135)	(5,455,397)	(147,395,561)
Shares redeemed . . . . .	(8,430,854)	(222,959,544)	(15,794,114)	(428,688,235)
Net increase (decrease) . . . . .	7,223,349	\$ 182,626,753	(13,476,870)	\$ (364,402,663)

**Franklin Rising Dividends VIP Fund** (continued)

**2. Shares of Beneficial Interest** (continued)

	Year Ended December 31,			
	2019		2018	
	Shares	Amount	Shares	Amount
<b>Class 4 Shares:</b>				
Shares sold . . . . .	415,831	\$ 10,934,186	206,879	\$ 5,727,225
Shares issued in reinvestment of distributions . . . . .	254,783	6,300,776	95,123	2,574,964
Shares redeemed . . . . .	(258,933)	(6,935,737)	(270,440)	(7,535,861)
Net increase (decrease) . . . . .	411,681	\$ 10,299,225	31,562	\$ 766,328

**3. Transactions with Affiliates**

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

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin 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
0.750%	Up to and including \$500 million
0.625%	Over \$500 million, up to and including \$1 billion
0.500%	Over \$1 billion, up to and including \$5 billion
0.490%	In excess of \$5 billion

For the year ended December 31, 2019, the gross effective investment management fee rate was 0.621% of the Fund's average daily net assets.

**b. Administrative Fees**

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

**c. Distribution Fees**

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

**Franklin Rising Dividends VIP Fund** (continued)

**d. Transfer Agent Fees**

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

**e. Investments in Affiliated Management Investment Companies**

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2019, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Dividend Income
<b>Non-Controlled Affiliates</b>								
Institutional Fiduciary Trust Money Market Portfolio, 1.26% . . . . .	\$8,504,577	\$239,899,829	\$(230,668,478)	\$ —	\$ —	\$17,735,928	17,735,928	\$615,331

**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, 2019, the custodian fees were reduced as noted in the Statement of Operations.

**5. Income Taxes**

The tax character of distributions paid during the years ended December 31, 2019 and 2018, was as follows:

	2019	2018
Distributions paid from:		
Ordinary income . . . . .	\$ 20,051,545	\$ 28,678,971
Long term capital gain . . . . .	243,032,557	103,012,446
	<u>\$263,084,102</u>	<u>\$131,691,417</u>

**Franklin Rising Dividends VIP Fund** (continued)

**5. Income Taxes** (continued)

At December 31, 2019, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments . . . . .	<u>\$779,980,316</u>
Unrealized appreciation . . . . .	\$860,356,117
Unrealized depreciation . . . . .	<u>(58,606,968)</u>
Net unrealized appreciation (depreciation) . . . . .	<u>\$801,749,149</u>
Distributable earnings:	
Undistributed ordinary income . . . . .	\$ 20,920,086
Undistributed long term capital gains . . . . .	<u>68,249,399</u>
Total distributable earnings . . . . .	<u>\$ 89,169,485</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of gains realized on in-kind shareholder redemptions.

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2019, aggregated \$109,585,740 and \$180,665,168, respectively. Sales of investments excludes in-kind transactions of \$22,345,743.

**7. Credit Facility**

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 7, 2020. 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 7, 2020, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 5, 2021, for a total of \$2 billion.

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 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2019, the Fund did not use the Global Credit Facility.

**8. Redemptions In-Kind**

During the years ended December 31, 2019 and 2018, the Fund realized \$10,655,992 and \$70,642,118, respectively, of net gains resulting from redemptions in-kind in which a shareholder redeemed fund shares for cash and securities held by the Fund. Because such gains are not taxable to the Fund and are not distributed to remaining shareholders, they are reclassified from accumulated net realized gains to paid-in capital.



**Franklin Rising Dividends VIP Fund** (continued)

**9. Fair Value Measurements**

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

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- 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.

At December 31, 2019, all of the Fund's investments in financial instruments carried at fair value were valued using Level 1 inputs. For detailed categories, see the accompanying Statement of Investments.

**10. Subsequent Events**

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

## Report of Independent Registered Public Accounting Firm

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

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Franklin Rising Dividends VIP Fund (the "Fund") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California  
February 20, 2020

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

## Tax Information (unaudited)

### **Franklin Rising Dividends VIP Fund**

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$243,032,557 as a long term capital gain dividend for the fiscal year ended December 31, 2019.

Under Section 854(b)(1)(A) of the Internal Revenue Code, the Fund hereby reports 100% of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended December 31, 2019.

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## Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions (after the deduction of certain withholding taxes for the NR or Net Return Index). They do not reflect any fees, expenses or sales charges.

For Russell Indexes: Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

**Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index** measures the performance of U.S. Treasury bills that have a remaining maturity of greater than or equal to one month and less than three months.

**Bloomberg Barclays U.S. Aggregate Bond 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.

**Bloomberg Barclays U.S. Corporate Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

**Bloomberg Barclays U.S. Corporate High Yield Bond Index** measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and Standard & Poor's is Ba1/BB+/BB+ or below.

**Bloomberg 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.

**Bloomberg Barclays U.S. High Yield Very Liquid Index** is a component of the U.S. Corporate High Yield Index designed to track a more liquid component of the U.S. dollar-denominated, high-yield fixed-rate corporate bond market.

**Bloomberg Barclays U.S. Treasury Index** measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with at least one year until final maturity.

**Consumer Price Index (CPI)** is a commonly used measure of the inflation rate.

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

**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 allocation of 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 12/31/19, there were 324 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 12/31/19, there were 26 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 Asia Index** is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in developed and emerging markets in Asia.

**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 All Country World Index (ACWI) ex USA Index** is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets, excluding the U.S.

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

**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 USA High Dividend Yield Index** is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

**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 relatively higher price-to-book ratios and higher forecasted growth rates.

**Russell 1000® Index** is market capitalization weighted and measures performance of the approximately 1,000 largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

**Russell 2000® Index** is market capitalization weighted and measures performance of the approximately 2,000 smallest companies in the Russell 3000® Index, which represent a small amount of the total market capitalization of the Russell 3000® Index.

**Russell 2000® Value Index** is market capitalization weighted and measures performance of those Russell 2000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

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

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

**Russell Midcap® Index** is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represents 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®/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 occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

### Independent Board Members

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
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	134	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	113	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the Board of Trustees of the Economic Club of New York (2013-present); member of the Board of Trustees of the Foreign Policy Association (2005-present) and member of various other boards of trustees and advisory boards; and <b>formerly</b> , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
<b>Mary C. Choksi (1950)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	134	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present)
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				
<b>Edith E. Holiday (1952)</b> One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2005 and Lead Independent Trustee since March 2019	134	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director or Trustee of various companies and trusts; and <b>formerly</b> , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison—United States Treasury Department (1988-1989).				

## Independent Board Members (continued)

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
<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	134	Boeing Capital Corporation (aircraft financing) (2006-2013).
<b>Principal Occupation During at Least the Past 5 Years:</b> Executive Vice President, Counselor and Senior Advisor to Boeing Chairman and Board of Directors, The Boeing Company (aerospace company) (2019-present); member of the Executive Council, The Boeing Company (2006-present) and <b>formerly</b> , General Counsel, The Boeing Company (2006-2019) and Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				
<b>Larry D. Thompson (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	134	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and <b>formerly</b> , Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); 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).				

## 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
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	146	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Chairman of the Board, Member – Office of the Chairman, Director 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 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and <b>formerly</b> , President, Franklin Resources, Inc. (1994-2015).				
<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, and Trustee	Chairman of the Board since 2013, and Trustee since 1988	134	None
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 37 of the investment companies in Franklin Templeton.				
<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				



## Interested Board Members and Officers (continued)

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
<b>Gaston Gardey (1967)</b> One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton; and officer of 24 of the investment companies in Franklin Templeton.				
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Edward D. Perks (1970)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> President and Director, Franklin Advisers, Inc.; and officer of eight of the investment companies in Franklin Templeton (since December 2018).				
<b>Robert C. Rosselot (1960)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Director, Global Compliance, Franklin Templeton; Vice President, Franklin Templeton Companies, LLC; officer of 41 of the investment companies in Franklin Templeton; and <b>formerly</b> , Senior Associate General Counsel, Franklin Templeton (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel, Franklin Templeton; and officer of 41 of the investment companies in Franklin Templeton.				

## Interested Board Members and Officers (continued)

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
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> General Counsel, Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since January 2019	Not Applicable	Not Applicable

**Principal Occupation During at Least the Past 5 Years:**  
Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.

\*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton 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 an officer and director and major shareholder of Resources.

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

Note 2: Effective March 12, 2019, John B. Wilson ceased to be a trustee of the Trust.

Note 3: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

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 Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She currently serves as a director of Avis Budget Group, Inc. (2007-present) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi 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. Ms. Choksi 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) DIAL BEN/342-5236 to request the SAI.

## 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](http://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](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://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 as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at [sec.gov](http://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.

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**Variable Product Funds**

70100 Ameriprise Financial Center  
Minneapolis, MN 55474

PRSR STD  
U.S. POSTAGE  
**PAID**  
RIVERSOURCE  
LIFE INSURANCE  
COMPANY

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 help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



**Annual Report**  
**Franklin Templeton Variable Insurance Products Trust**

**Investment Managers**  
Franklin Advisers, Inc.  
Franklin Mutual Advisers,  
LLC  
Franklin Templeton  
Institutional, LLC  
Templeton Asset  
Management Ltd.  
Templeton Global Advisors  
Limited  
Templeton Investment  
Counsel, LLC

**Fund Administrator**  
Franklin Templeton Services, LLC

**Distributor**  
Franklin Templeton Distributors,  
Inc.