EXHIBIT (d) viii  
  
 INVESTMENT ADVISORY AGREEMENT  
  
 AGREEMENT dated as of the 1st day of May, 2000, between FRANKLIN  
XXXXXXXXX VARIABLE INSURANCE PRODUCTS TRUST, a Massachusetts business trust (the  
"Trust"), on behalf of Xxxxxxxxx Asset Strategy Fund, a series of the Trust (the  
"Fund"), and XXXXXXXXX INVESTMENT COUNSEL, INC., a Florida Corporation (the  
"Adviser").  
  
 In consideration of the mutual agreements herein made, the Trust and  
the Adviser understand and agree as follows:  
  
 (1) The Adviser agrees, during the life of this Agreement, to manage  
the investment and reinvestment of the Fund's assets consistent with the  
provisions of the Declaration of Trust of the Trust and the investment policies  
adopted and declared by the Trust's Board of Trustees. In pursuance of the  
foregoing, the Adviser shall make all determinations with respect to the  
investment of the Fund's assets and the purchase and sale of its investment  
securities, and shall take all such steps as may be necessary to implement those  
determinations.  
  
 (2) The Adviser is not required to furnish any personnel, overhead  
items or facilities for the Fund, including trading desk facilities or daily  
pricing of the Fund's portfolio.  
  
 (3) The Adviser shall be responsible for selecting members of  
securities exchanges, brokers and dealers (such members, brokers and dealers  
being hereinafter referred to as "brokers") for the execution of the Fund's  
portfolio transactions consistent with the Fund's brokerage policies and, when  
applicable, the negotiation of commissions in connection therewith. All  
decisions and placements shall be made in accordance with the following  
principles:  
  
 A. Purchase and sale orders will usually be placed with brokers which  
are selected by the Adviser as able to achieve "best execution" of such orders.  
"Best execution" shall mean prompt and reliable execution at the most favorable  
security price, taking into account the other provisions hereinafter set forth.  
The determination of what may constitute best execution and price in the  
execution of a securities transaction by a broker involves a number of  
considerations, including, without limitation, the overall direct net economic  
result to the Fund (involving both price paid or received and any commissions  
and other costs paid), the efficiency with which the transaction is effected,  
the ability to effect the transaction at all where a large block is involved,  
availability of the broker to stand ready to execute possibly difficult  
transactions in the future, and the financial strength and stability of the  
broker. Such considerations are judgmental and are weighed by the Adviser in  
determining the overall reasonableness of brokerage commissions.  
  
 B. In selecting brokers for portfolio transactions, the Adviser shall  
take into account its past experience as to brokers qualified to achieve "best  
execution," including brokers who specialize in any foreign securities held by  
the Fund.  
  
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 C. The Adviser is authorized to allocate brokerage business to brokers  
who have provided brokerage and research services, as such services are defined  
in Section 28(e) of the Securities Exchange Act of 1934 (the "1934 Act"), for  
the Fund and/or other accounts, if any, for which the Adviser exercises  
investment discretion (as defined in Section 3(a)(35) of the 0000 Xxx) and, as  
to transactions for which fixed minimum commission rates are not applicable, to  
cause the Fund to pay a commission for effecting a securities transaction in  
excess of the amount another broker would have charged for effecting that  
transaction, if the Adviser determines in good faith that such amount of  
commission is reasonable in relation to the value of the brokerage and research  
services provided by such broker, viewed in terms of either that particular  
transaction or the Adviser's overall responsibilities with respect to the Trust  
and the other accounts, if any, as to which it exercises investment discretion.  
In reaching such determination, the Adviser will not be required to place or  
attempt to place a specific dollar value on the research or execution services  
of a broker or on the portion of any commission reflecting either of said  
services. In demonstrating that such determinations were made in good faith, the  
Adviser shall be prepared to show that all commissions were allocated and paid  
for purposes contemplated by the Trust's brokerage policy; that the research  
services provide lawful and appropriate assistance to the Adviser in the  
performance of its investment decision-making responsibilities; and that the  
commissions paid were within a reasonable range. Whether commissions were within  
a reasonable range shall be based on any available information as to the level  
of commission known to be charged by other brokers on comparable transactions,  
but there shall be taken into account the Trust's policies that (i) obtaining a  
low commission is deemed secondary to obtaining a favorable securities price,  
since it is recognized that usually it is more beneficial to the Fund to obtain  
a favorable price than to pay the lowest commission; and (ii) the quality,  
comprehensiveness and frequency of research studies that are provided for the  
Adviser are useful to the Adviser in performing its advisory services under this  
Agreement. Research services provided by brokers to the Adviser are considered  
to be in addition to, and not in lieu of, services required to be performed by  
the Adviser under this Agreement. Research furnished by brokers through which  
the Fund effects securities transactions may be used by the Adviser for any of  
its accounts, and not all research may be used by the Adviser for the Fund. When  
execution of portfolio transactions is allocated to brokers trading on exchanges  
with fixed brokerage commission rates, account may be taken of various services  
provided by the broker.  
  
 D. Purchases and sales of portfolio securities within the United States  
other than on a securities exchange shall be executed with primary market makers  
acting as principal, except where, in the judgment of the Adviser, better prices  
and execution may be obtained on a commission basis or from other sources.  
  
 E. Sales of the Fund's shares (which shall be deemed to include also  
shares of other registered investment companies which have either the same  
adviser or an investment adviser affiliated with the Adviser) by a broker are  
one factor among others to be taken into account in deciding to allocate  
portfolio transactions (including agency transactions, principal transactions,  
purchases in underwritings or tenders in response to tender offers) for the  
account of the Fund to that broker; provided that the broker shall furnish "best  
execution," as defined in subparagraph A above, and that such allocation shall  
be within the scope of the Trust's policies as stated above; provided further,  
that in every allocation made to a broker in which the sale of Fund shares is  
taken into account, there shall be no increase in the amount of the commissions  
or other compensation  
  
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paid to such broker beyond a reasonable commission or other compensation  
determined, as set forth in subparagraph C above, on the basis of best execution  
alone or best execution plus research services, without taking account of or  
placing any value upon such sale of the Fund's shares.  
  
 (4) In addition to the investment management services provided pursuant  
to paragraph (1) above, the Adviser agrees, during the life of this Agreement,  
to furnish or provide for the Fund, at the Adviser's expenses, such  
administrative services as are required to facilitate investment in the shares  
of the Fund by an insurance company, on behalf of one or more of its separate  
accounts, pursuant to a fund participation agreement among the Fund, Franklin  
Xxxxxxxxx Distributors, Inc. and such insurance company. Such services may  
include, but are not limited to, the following: maintaining books and records  
required by applicable state or federal laws; assisting in processing purchase  
and redemption transactions; transmitting to the Fund periodic reports necessary  
to enable the Fund to comply with applicable laws; processing Fund  
distributions; answering questions and handling correspondence from  
contractowners about their accounts; providing information about the Fund;  
acting as sole shareholder of record and nominee for shareholders; and similar  
administrative, recordkeeping, and contractowner services.  
  
 (5) The Fund agrees to pay to the Adviser a monthly fee in dollars  
based on a percentage of the Fund's average daily net assets, payable at the end  
of each calendar month. This fee shall be calculated daily at the following  
annual rates:  
  
 0.65% of the value of the Fund's net assets up to an including $200  
 million;  
  
 0.585% of the value of the Fund's net assets over $200 million up  
 to and including $1.3 billion;  
  
 0.52% of the value of the Fund's net assets over $1.3 billion.  
  
 The Adviser may waive in advance all or a portion of its fee provided  
for hereunder and such waiver will be treated as a reduction in purchase price  
of its services. The Adviser shall be contractually bound hereunder by the terms  
of any publicly announced waiver of its fee or any limitation of the Fund's  
expenses, as if such waiver or limitation were fully set forth herein.  
Notwithstanding the foregoing, if the total expenses of the Fund (including the  
fee to the Adviser) in any fiscal year of the Trust exceed any expense  
limitation imposed by applicable State law, the Adviser shall reimburse the Fund  
for such excess in the manner and to the extent required by applicable State  
law. The term "total expenses," as used in this paragraph, does not include  
interest, taxes, litigation expenses, distribution expenses, brokerage  
commissions or other costs of acquiring or disposing of any of the Fund's  
portfolio securities or any costs or expenses incurred or arising other than in  
the ordinary and necessary course of the Fund's business. When the accrued  
amount of such expenses exceeds this limit, the monthly payment of the Adviser's  
fee will be reduced by the amount of such excess, subject to adjustment month by  
month during the balance of the Trust's fiscal year if accrued expenses  
thereafter fall below the limit.  
  
 (6) This Agreement shall become effective on May 1, 2000 and shall  
continue in effect until April 30, 2002. If not sooner terminated, this  
Agreement shall continue in effect for  
  
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successive periods of 12 months each thereafter, provided that each such  
continuance shall be specifically approved annually by the vote of a majority of  
the Trust's Board of Trustees who are not parties to this Agreement or  
"interested persons" (as defined in Investment Company Act of 1940 (the "1940  
Act")) of any such party, cast in person at a meeting called for the purpose of  
voting on such approval and either the vote of (a) a majority of the outstanding  
voting securities of the Fund, as defined in the 1940 Act, or (b) a majority of  
the Trust's Board of Trustees as a whole.  
  
 (7) Notwithstanding the foregoing, this Agreement may be terminated by  
either party at any time, without the payment of any penalty, on sixty (60)  
days' written notice to the other party, provided that termination by the Trust  
is approved by vote of a majority of the Trust's Board of Trustees in office at  
the time or by vote of a majority of the outstanding voting securities of the  
Fund (as defined by the 1940 Act).  
  
 (8) This Agreement will terminate automatically and immediately in the  
event of its assignment (as defined in the 1940 Act).  
  
 (9) In the event this Agreement is terminated and the Adviser no longer  
acts as Adviser to the Fund, the Adviser reserves the right to withdraw from the  
Fund the use of the name "Templeton" or any name misleadingly implying a  
continuing relationship between the Fund and the Adviser or any of its  
affiliates.  
  
 (10) Except as may otherwise be provided by the 1940 Act, neither the  
Adviser nor its officers, directors, employees or agents shall be subject to any  
liability for any error of judgment, mistake of law, or any loss arising out of  
any investment or other act or omission in the performance by the Adviser of its  
duties under the Agreement or for any loss or damage resulting from the  
imposition by any government of exchange control restrictions which might affect  
the liquidity of the Trust's assets, or from acts or omissions of custodians, or  
securities depositories, or from any war or political act of any foreign  
government to which such assets might be exposed, or failure, on the part of the  
custodian or otherwise, timely to collect payments, except for any liability,  
loss or damage resulting from willful misfeasance, bad faith or gross on the  
Adviser's part or by reason of disregard of the Adviser's duties under this  
Agreement. It is hereby understood and acknowledged by the Trust that the value  
of the investments made for the Fund may increase as well as decrease and are  
not guaranteed by the Adviser. It is further understood and acknowledged by the  
Trust that investment decisions made on behalf of the Fund by the Adviser are  
subject to a variety of factors which may affect the values and income generated  
by the Fund's portfolio securities, including general economic conditions,  
market factors and currency exchange rates, and that investment decisions made  
by the Adviser will not always be profitable or prove to have been correct.  
  
 (11) It is understood that the services of Adviser are not deemed to be  
exclusive, and nothing in this Agreement shall prevent the Adviser, or any  
affiliate thereof, from providing similar services to other investment companies  
and other clients, including clients which may invest in the same types of  
securities as the Fund, or, in providing such services, from using information  
furnished by others. When the Adviser determines to buy or sell the same  
security for the Fund that the Adviser or one or more of its affiliates has  
selected for clients of the Adviser or its affiliates, the  
  
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orders for all such security transactions shall be placed for execution by  
methods determined by the Adviser, with approval by the Trust's Board of  
Trustees, to be impartial and fair.  
  
 (12) This Agreement shall be construed in accordance with the laws of  
State of Florida, provided that nothing herein shall be construed as being  
inconsistent with applicable Federal and state securities laws and any rules,  
regulations and orders thereunder.  
  
 (13) If any provision of this Agreement shall be held or made invalid  
by a court decision, statute, rule or otherwise, the remainder of this Agreement  
shall not be affected thereby and, to this extent, the provisions of this  
Agreement shall be deemed to be severable.  
  
 (14) Nothing herein shall be construed as constituting the Adviser an  
agent of the Trust.  
  
 (15) It is understood and expressly stipulated that neither the holders  
of shares of the Fund nor any Trustee, officer, agent or employee of the Trust  
shall be personally liable hereunder, nor shall any resort be had to other  
private property for the satisfaction of any claim or obligation hereunder, but  
the Trust only shall be liable.  
  
 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be  
duly executed by their duly authorized officers and their respective corporate  
seals to be hereunto duly affixed and attested.  
  
FRANKLIN XXXXXXXXX VARIABLE  
INSURANCE PRODUCTS TRUST on behalf of  
TEMPLETON ASSET STRATEGY FUND  
  
  
 /S/ XXXXX X. XXXX  
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 Xxxxx X. Xxxx  
 Vice President &  
 Assistant Secretary  
  
XXXXXXXXX INVESTMENT COUNSEL, INC.  
  
  
 /S/ XXXXXX X. XXXXXXXX  
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 Xxxxxx X. Xxxxxxxx  
 Executive Vice President  
  
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