

SEMI-ANNUAL  
REPORT

SEPARATELY MANAGED ACCOUNT  
RESERVE TRUST

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# Brandes Separately Managed Account Reserve Trust

Dear Fellow Investor,

In the six months ended March 31, 2021, the Brandes Separately Managed Account Reserve Trust declined 0.82%. During the same period, the Bloomberg Barclays U.S. Aggregate Bond Index declined 2.73%.

For fixed-income investors, the recent story has been the upward bounce in interest rates, which led to negative total returns across most fixed-income asset classes. It was bemusing to hear several market *talking heads* discuss *dramatically higher* rates and the implications for economic growth and recovery. What was scarcely discussed was that even with the 10-year U.S. Treasury rate's move higher in March 2021, it is still in the 96<sup>th</sup> percentile of the 10-year Treasury rate data over the last 50 years.<sup>1</sup> In other words, interest rates remain historically low.

There appears to be two drivers of higher rates.

First, the market is pricing in robust growth from an economy that is reopening at greater speed, continued unprecedented accommodative monetary policy from the Federal Reserve (Fed) and fiscal stimulus from the federal government.

The second driver of higher rates is the expectation that long-dormant inflation will begin to pick up steam. There are several fundamental factors behind these expectations, including:

- enormous central-bank and fiscal accommodation;
- pandemic-related supply chain bottlenecks;
- de-globalization of supply chains in response to pandemic-related disruptions and shortages;
- increasing commodity price pressures; and
- U.S. savings rate near a 60-year high, indicating strong pent-up demand.

Additionally, a key factor driving inflation expectations is the Fed's resolve to continue showering the market with liquidity until inflation runs above its 2% target.

Demand for new issues has remained robust and the *reach for yield* has shown few signs of abating. For example, Carnival Cruise Lines came to the bond market with the intent of raising \$2.5 billion in new debt during the first quarter of 2021. Demand was so strong for the issue that Carnival was able to upsize the offering to \$3.5 billion. With the new issuance, the company has now raised \$11 billion in new debt since the onset of COVID-19 has left all of the company's ships in port and current Center for Disease Control and Prevention guidance continues to keep ships docked until this fall. Carnival also reported a net loss of \$2 billion in the first quarter 2021 and is currently burning through approximately \$500 million in cash per month.

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<sup>1</sup> Source: Bloomberg, based on weekly data from the last 50 years; as of 3/31/2021.

## Brandes Separately Managed Account Reserve Trust

Holdings in corporate bonds contributed to positive relative returns during the period. Energy holdings were the top contributors as the *global deflation trade* (i.e., those expected to benefit from policies enacted after an economic slowdown) saw a strong bounce back in the price of oil. Moreover, holdings in other economically sensitive sectors such as lodging and automotive contributed to relative returns.

### **Recent Portfolio Activity**

The Fund added new positions in T-Mobile (maturing 2/1/28, rated Ba3/BB), Continental Resources (maturing 4/15/23 and 1/15/28, rated Ba1/BB+), Avon Products (maturing 3/15/23, rated Ba3/BB-), Netflix (maturing 11/15/26, rated Ba3/BB+), Ford Motor Credit (maturing 11/1/22 and 11/13/25, rated Ba2/BB+) and Pilgrim's Pride (maturing 9/30/27 and 4/15/31, rated B1/BB+).

In our view, the consistent theme with the newly added positions is that they offer stronger longer-term credit profiles than the rating agencies are currently giving them credit. These holdings should also be less sensitive to interest-rate movements as their credit profiles exhibit positive correlation to the economic recovery.

Finally, our purchase of Pilgrim's Pride 2031 maturity was a sustainability bond. The bond indenture includes specific metrics that the company must hit with respect to greenhouse gas emissions. If these benchmarks are not hit, the coupon on the bond steps up to a higher coupon.

### **Outlook**

Bond and stock markets have grown to love accommodative central banks and appear to be sanguine about rising fiscal debt levels. It seems many have come to believe that debt levels don't matter. Maybe we are old fashioned, but we feel it's difficult to subscribe to the belief that overall debt levels *don't matter*. Therefore, we continue to bias the Fund in what we believe is a defensive manner.

In this environment, the Brandes Separately Managed Account Reserve Trust continues to favor shorter-maturity corporate bonds and those that exhibit strong, tangible asset coverage, in our view. We are underweight agency Mortgage-Backed Securities ("MBS") and managing duration toward the shorter end of our duration-controlled range. We have a higher allocation to U.S. Treasuries that we will look to redeploy thoughtfully and efficiently—if and when market uncertainty and volatility cause credit fundamentals to become *mispriced* from our estimates of intrinsic value.

As always, thank you for your business and continued trust.

Sincerely yours,

The Brandes Fixed Income Investment Committee  
Brandes Investment Trust

## **Brandes Separately Managed Account Reserve Trust**

*Because the values of the fund's investments will fluctuate with market conditions, so will the value of your investment in the fund. You could lose money on your investment in the fund, or the fund could underperform other investments. The values of the fund's investments fluctuate in response to the activities of individual companies and general bond market and economic conditions. Investments in small and medium capitalization companies tend to have limited liquidity and greater price volatility than large capitalization companies.*

*As with most fixed income funds, the income on and value of your shares in the fund will fluctuate along with interest rates. When interest rates rise, the market prices of the debt securities the fund owns usually decline. When interest rates fall, the prices of these securities usually increase. Generally, the longer the fund's average portfolio maturity and the lower the average quality of its portfolio, the greater the price fluctuation. The price of any security owned by the fund may also fall in response to events affecting the issuer of the security, such as its ability to continue to make principal and interest payments or its credit rating. Below investment grade debt securities are speculative and involve a greater risk of default and price change due to changes in the issuer's creditworthiness than higher grade debt. The market prices of these debt securities may fluctuate more than the market prices of investment grade debt securities and may decline significantly in periods of general economic difficulty.*

*Past performance is not a guarantee of future results.*

*Short-term debt refers to fixed income securities set to mature in 1 to 5 years from the issue or purchase date. Long-term debt refers to fixed income securities set to mature more than 10 years from the issue or purchase date.*

*Credit ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). All Fund securities except for those labeled "Not Rated" and "Other" have been rated by Moody's, S&P or Fitch, which are each a Nationally Recognized Statistical Rating Organization ("NRSRO"). All Index securities except for those labeled "Not Rated" have been rated by Moody's or S&P. Credit ratings are subject to change.*

*Duration: The weighted maturity of a fixed-income investment's cash flows, used in the estimation of the price sensitivity of fixed-income securities for a given change in interest rates.*

*Coupon: The annual interest rate paid on a bond.*

*Mortgage-Backed Security: A type of asset-backed security which is secured by a mortgage or collection of mortgages.*

*Yield: Annual income from the investment (dividend, interest, etc.) divided by the current market price of the investment.*

*Asset Coverage: Measures how well a company can repay its debts by selling or liquidating its assets.*

*Indenture: A legal and binding contract between a bond issuer and bondholder.*

## **Brandes Separately Managed Account Reserve Trust**

*Total Return: Income plus capital appreciation.*

*The margin of safety for any security is defined as the discount of its market price to what the firm believes is the intrinsic value of that security.*

*Please refer to the Schedule of Investments in the report for complete holdings information. Fund holdings, geographic allocations and/or sector allocations are subject to change at any time and are not considered a recommendation to buy or sell any security.*

*The foregoing reflects the thoughts and opinions of Brandes Investment Partners<sup>®</sup> exclusively and is subject to change without notice.*

*Brandes Investment Partners<sup>®</sup> is a registered trademark of Brandes Investment Partners, L.P. in the United States and Canada.*

*Must be preceded or accompanied by a prospectus.*

### **Index Guide**

*The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This index is a total return index which reflects the price changes and interest of each bond in the index.*

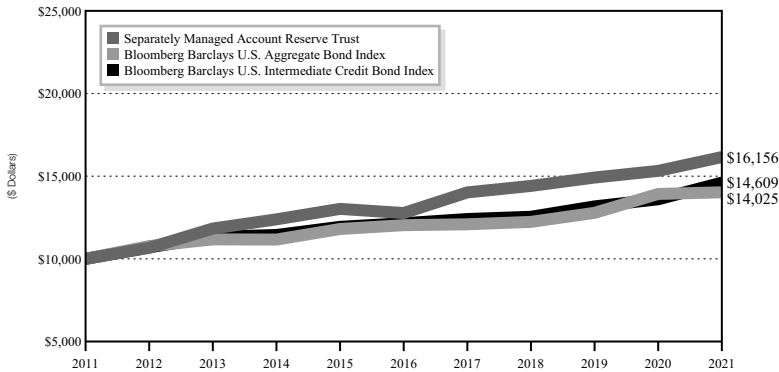
*One cannot invest directly in an index.*

*The Brandes Separately Managed Account Reserve Trust is distributed by ALPS Distributors, LLC.*

## Brandes Separately Managed Account Reserve Trust

The following chart compares the value of a hypothetical \$10,000 investment in the Separately Managed Account Reserve Trust from March 31, 2011 to March 31, 2021 with the value of such an investment in the Bloomberg Barclays U.S. Aggregate Bond Index and Bloomberg Barclays U.S. Intermediate Credit Bond Index for the same period.

**Value of \$10,000 Investment vs Bloomberg Barclays U.S. Aggregate Bond Index & Bloomberg Barclays U.S. Intermediate Credit Bond Index (Unaudited)**



	Average Annual Total Return Periods Ended March 31, 2021 <sup>(1)</sup>			
	One Year	Five Years	Ten Years	Since Inception
Brandes Separately Managed Account Reserve Trust .....	5.45%	4.81%	4.91%	5.19%
Bloomberg Barclays U.S. Aggregate Bond Index.....	0.71%	3.10%	3.44%	4.17%
Bloomberg Barclays U.S. Intermediate Credit Bond Index .....	7.39%	3.75%	3.86%	4.54%

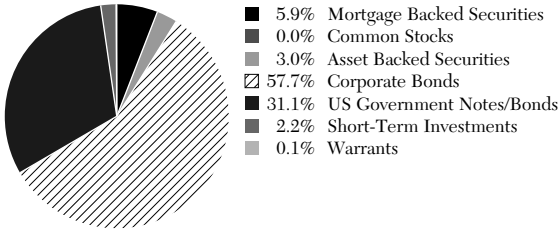
<sup>(1)</sup> The inception date is October 3, 2005.

*Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 800-331-2979.*

# Brandes Separately Managed Account Reserve Trust

The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Asset Allocation as a Percentage of Total Investments as of March 31, 2021 (Unaudited)





# Brandes Separately Managed Account Reserve Trust

## Expense Example (Unaudited)

As a shareholder of the Fund, you incur ongoing costs, including investment advisory and administrative fees and other Fund expenses. The example below is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. Note that for this Fund, which is used in wrap-fee programs, fees and expenses are paid at the wrap account level rather than the Fund level.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from October 1, 2020 to March 31, 2021 (the “Period”).

### Actual Expenses

This section provides information about actual account values and actual expenses. The “Ending Account Value” shown is derived from the Fund’s actual returns. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for the Fund under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Fund	<u>Beginning Account Value</u>	<u>Ending Account Value</u>	<u>Annualized Expense Ratio</u>	<u>Expenses Paid During the Period*</u>
Separately Managed Account Reserve Trust**	\$1,000.00	\$991.80	0.00%	\$0.00

\* The Fund’s expenses are equal to the Fund’s expense ratio for the period, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one half-year period).

\*\* No expenses have been charged to the Brandes Separately Managed Account Reserve Trust (“SMART Fund”) over the period, as the SMART Fund participates in a wrap-fee program sponsored by investment advisors unaffiliated with the SMART Fund. See Note 3 to the Financial Statements. Fees and expenses are charged at the wrap account level.

### Hypothetical Example for Comparison Purposes

This section provides information 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. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other mutual funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other mutual funds.

## Brandes Separately Managed Account Reserve Trust

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as brokerage commissions on purchase and sales of Fund shares. Therefore, the last column of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

<b>Fund</b>	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Annualized Expense Ratio</b>	<b>Expenses Paid During the Period*</b>
Separately Managed Account Reserve Trust**	\$1,000.00	\$1,024.93	0.00%	\$0.00

\* The Fund's expenses are equal to the Fund's expense ratio for the period, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one half-year period).

\*\* No expenses have been charged to the Brandes Separately Managed Account Reserve Trust ("SMART Fund") over the period, as the SMART Fund participates in a wrap-fee program sponsored by investment advisors unaffiliated with the SMART Fund. See Note 3 to the Financial Statements. Fees and expenses are charged at the wrap account level.

# Brandes Separately Managed Account Reserve Trust

## SCHEDULE OF INVESTMENTS — March 31, 2021 (Unaudited)

	Shares	Value
<b>COMMON STOCKS – 0.00%</b>		
<i>Household Durables – 0.00%</i>		
Urbi Desarrollos Urbanos SAB de CV <sup>(a)</sup> .....	8,806	\$ 3,533
<b>TOTAL COMMON STOCKS</b>		
(Cost \$1,887,388) .....		\$ 3,533
	Principal Amount	Value
<b>FEDERAL AND FEDERALLY SPONSORED CREDITS – 5.99%</b>		
<i>Federal Home Loan Mortgage Corporation – 2.25%</i>		
Pool G1-8578 3.000%, 12/1/2030 .....	1,197,356	\$ 1,266,604
Pool SD-8001 3.500%, 7/1/2049 .....	1,749,699	1,845,778
Pool SD-8003 4.000%, 7/1/2049 .....	923,520	990,312
		<u>4,102,694</u>
<i>Federal National Mortgage Association – 3.74%</i>		
Pool AL9865 3.000%, 2/1/2047 .....	960,754	1,008,822
Pool AS6201 3.500%, 11/1/2045 .....	579,619	622,286
Pool BN6683 3.500%, 6/1/2049 .....	1,360,558	1,436,172
Pool CA1624 3.000%, 4/1/2033 .....	1,592,911	1,693,741
Pool MA3687 4.000%, 6/1/2049 .....	1,913,235	2,051,347
		<u>6,812,368</u>
<b>TOTAL FEDERAL AND FEDERALLY SPONSORED CREDITS</b>		
(Cost \$10,433,544) .....		\$ 10,915,062
<b>OTHER MORTGAGE RELATED SECURITIES – 0.00%</b>		
<i>Collateralized Mortgage Obligations – 0.00%</i>		
Wells Fargo Mortgage Backed Securities Trust Series 2006-AR14 3.080%, 10/25/2036 <sup>(b)</sup> .....	2,105	\$ 2,014
<b>TOTAL OTHER MORTGAGE RELATED SECURITIES</b>		
(Cost \$2,105) .....		\$ 2,014
<b>US GOVERNMENTS – 31.53%</b>		
<i>Sovereign – 31.53%</i>		
United States Treasury Bond .....		
4.750%, 2/15/2037 .....	19,535,000	\$ 26,677,485
3.500%, 2/15/2039 .....	16,750,000	20,043,076
United States Treasury Note		
2.375%, 5/15/2029 .....	10,135,000	10,762,103
<b>TOTAL US GOVERNMENTS</b>		
(Cost \$55,263,092) .....		\$ 57,482,664
<b>CORPORATE BONDS – 58.35%</b>		
<i>Automobiles – 3.01%</i>		
Ford Motor Credit Co. LLC .....		
5.875%, 8/2/2021 .....	1,850,000	\$ 1,874,882
3.350%, 11/1/2022 .....	1,925,000	1,963,885

The accompanying notes to financial statements are an integral part of this Schedule of Investments.

# Brandes Separately Managed Account Reserve Trust

## SCHEDULE OF INVESTMENTS — March 31, 2021 (Unaudited) (continued)

	Principal Amount	Value
3.375%, 11/13/2025 .....	1,625,000	\$ 1,652,625
		<u>5,491,392</u>
<b>Banks – 11.11%</b>		
Goldman Sachs Group, Inc.		
3.000%, 4/26/2022 .....	3,405,000	3,410,323
JPMorgan Chase & Co.		
3.682% (3M LIBOR + 3.470%), Perpetual <sup>(c)</sup> .....	6,083,000	6,072,355
USB Capital IX		
3.500% (3M LIBOR + 1.020%, minimum of 3.500%), Perpetual <sup>(c)</sup> .....	8,525,000	8,184,000
Wells Fargo & Co.		
2.100%, 7/26/2021 .....	2,577,000	2,591,704
		<u>20,258,382</u>
<b>Commercial Services &amp; Supplies – 5.86%</b>		
Iron Mountain, Inc.		
4.875%, 9/15/2027 <sup>(d)</sup> .....	2,925,000	2,992,641
Prime Security Services Borrower LLC .....		
5.750%, 4/15/2026 <sup>(d)</sup> .....	3,620,000	3,906,794
6.250%, 1/15/2028 <sup>(d)</sup> .....	3,635,000	3,783,999
		<u>10,683,434</u>
<b>Consumer Products – 5.29%</b>		
Avon Products, Inc.		
6.500%, 3/15/2023 .....	5,925,000	6,310,125
Travel + Leisure Co.		
3.900%, 3/1/2023 .....	3,225,000	3,325,136
		<u>9,635,261</u>
<b>Containers &amp; Packaging – 1.12%</b>		
Sealed Air Corp.		
4.000%, 12/1/2027 <sup>(d)</sup> .....	1,990,000	2,037,263
<b>Electric Utilities – 0.79%</b>		
FirstEnergy Corp.		
7.375%, 11/15/2031 .....	1,075,000	1,437,501
<b>Food, Beverage &amp; Tobacco – 4.18%</b>		
Pilgrim's Pride Corp. ....		
5.750%, 3/15/2025 <sup>(d)</sup> .....	3,875,000	3,954,825
5.875%, 9/30/2027 <sup>(d)</sup> .....	720,000	771,624
4.250%, 4/15/2031 <sup>(d)</sup> .....	2,905,000	2,894,048
		<u>7,620,497</u>
<b>Health Care Facilities &amp; Services – 3.43%</b>		
Tenet Healthcare Corp. ....		
5.125%, 5/1/2025 .....	1,270,000	1,287,843

The accompanying notes to financial statements are an integral part of this Schedule of Investments.

# Brandes Separately Managed Account Reserve Trust

## SCHEDULE OF INVESTMENTS — March 31, 2021 (Unaudited) (continued)

	Principal Amount	Value
4.875%, 1/1/2026 <sup>(d)</sup> .....	4,780,000	\$ 4,968,141
		<u>6,255,984</u>
<b>Homebuilders – 3.55%</b>		
PulteGroup, Inc.		
5.500%, 3/1/2026 .....	3,920,000	4,573,758
Toll Brothers Finance Corp.		
4.875%, 11/15/2025 .....	1,710,000	1,904,512
		<u>6,478,270</u>
<b>Media – 1.88%</b>		
Charter Communications Operating LLC		
4.908%, 7/23/2025 .....	1,325,000	1,502,761
Netflix, Inc.		
4.375%, 11/15/2026 .....	1,725,000	1,927,256
		<u>3,430,017</u>
<b>Oil, Gas &amp; Consumable Fuels – 10.38%</b>		
BP Capital Markets Plc		
3.506%, 3/17/2025 .....	3,375,000	3,678,172
Chevron Corp.		
2.100%, 5/16/2021 .....	1,460,000	1,461,812
Continental Resources, Inc. ....		
4.500%, 4/15/2023 .....	1,845,000	1,910,866
4.375%, 1/15/2028 .....	1,105,000	1,166,935
Kinder Morgan, Inc.		
4.300%, 6/1/2025 .....	1,921,000	2,144,459
Occidental Petroleum Corp. ....		
1.644% (3M LIBOR + 1.450%), 8/15/2022 <sup>(c)</sup> .....	2,195,000	2,171,847
3.500%, 6/15/2025 .....	1,705,000	1,687,950
Range Resources Corp.		
5.000%, 3/15/2023 .....	4,630,000	4,705,238
		<u>18,927,279</u>
<b>Technology – 3.37%</b>		
VMware, Inc. ....		
4.500%, 5/15/2025 .....	1,430,000	1,594,365
3.900%, 8/21/2027 .....	4,176,000	4,557,010
		<u>6,151,375</u>
<b>Telecommunications – 4.38%</b>		
AT&T, Inc.		
3.000%, 6/30/2022 .....	5,235,000	5,380,519
Telecom Italia Capital SA		
6.375%, 11/15/2033 .....	906,000	1,073,610

The accompanying notes to financial statements are an integral part of this Schedule of Investments.

# Brandes Separately Managed Account Reserve Trust

## SCHEDULE OF INVESTMENTS — March 31, 2021 (Unaudited) (continued)

	Principal Amount	Value
T-Mobile USA, Inc. 4.750%, 2/1/2028 .....	1,435,000	\$ 1,533,513
		<u>7,987,642</u>
<b>TOTAL CORPORATE BONDS</b> (Cost \$101,399,126) .....		\$ 106,394,297
<b>ASSET BACKED SECURITIES – 3.02%</b> <b>Student Loan – 3.02%</b>		
SLM Private Credit Student Loan Trust Series 2004-B, 0.614%, (3M LIBOR + 0.430%), 9/15/2033 <sup>(c)</sup> .....	1,500,000	\$ 1,458,749
SLM Private Credit Student Loan Trust Series 2005-A, 0.494%, (3M LIBOR + 0.310%), 12/15/2038 <sup>(c)</sup> .....	1,672,142	1,647,657
SLM Private Credit Student Loan Trust Series 2006-A, 0.474%, (3M LIBOR + 0.290%), 6/15/2039 <sup>(c)</sup> .....	2,465,747	<u>2,408,999</u>
<b>TOTAL ASSET BACKED SECURITIES</b> (Cost \$5,244,642) .....		<u>\$ 5,515,405</u>
	Shares	Value
<b>WARRANTS – 0.11%</b> <b>Oil, Gas &amp; Consumable Fuels – 0.11%</b>		
Chesapeake Energy Corp., Exp. 2/9/2026, Strike \$27.63, 0.000, <sup>(a)</sup> .....	9,406	\$ 193,952
<b>TOTAL WARRANTS</b> (Cost \$43,828) .....		<u>\$ 193,952</u>
<b>SHORT-TERM INVESTMENTS – 2.22%</b> <b>Money Market Funds – 2.22%</b>		
Northern Institutional Funds - Treasury Portfolio (Premier), 0.01% <sup>(e)</sup> .....	4,045,045	<u>\$ 4,045,044</u>
<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost \$4,045,044) .....		<u>\$ 4,045,044</u>
<b>Total Investments (Cost \$178,318,769) – 101.22%</b> .....		<b>\$184,551,971</b>
<b>Liabilities in Excess of Other Assets – (1.22)%</b> .....		<b>(2,232,995)</b>
<b>Total Net Assets – 100.00%</b> .....		<b><u>\$182,318,976</u></b>

Percentages are stated as a percent of net assets.

LIBOR London Interbank Offered Rate

- (a) Non-income producing security.
- (b) Variable rate security. The coupon is based on an underlying pool of loans.
- (c) Variable rate security. The coupon is based on a reference index and spread index.
- (d) Acquired in a transaction exempt from registration under Rule 144A or Section 4(a)(2) of the Securities Act of 1933. May be resold in the U.S. in transactions exempt from registration, normally to qualified institutional buyers. The total value of all such securities was \$25,309,335 which represented 13.88% of the net assets of the Fund.
- (e) The rate shown is the annualized seven day yield as of March 31, 2021.

The accompanying notes to financial statements are an integral part of this Schedule of Investments.

# **Brandes Separately Managed Account Reserve Trust**

## **SCHEDULE OF INVESTMENTS — March 31, 2021 (Unaudited) (continued)**

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The industry classifications represented in the Schedule of Investments are in accordance with Bloomberg Industry Classification Standards (BICS) or were otherwise determined by the Advisor to be appropriate. This information is unaudited.

*The accompanying notes to financial statements are an integral part of this Schedule of Investments.*

# Brandes Separately Managed Account Reserve Trust

## STATEMENT OF ASSETS AND LIABILITIES — March 31, 2021 (Unaudited)

<b>ASSETS</b>	
Investment in securities, at cost.....	\$178,318,769
Investment in securities, at value .....	\$184,551,971
Receivables:	
Fund shares sold.....	46,881
Interest .....	1,104,743
Total Assets .....	<u>185,703,595</u>
<b>LIABILITIES</b>	
Payables:	
Payable for securities purchased.....	2,875,775
Fund shares redeemed.....	468,673
Dividends payable.....	40,171
Total Liabilities .....	<u>3,384,619</u>
<b>NET ASSETS</b> .....	<u>\$182,318,976</u>
<b>COMPONENTS OF NET ASSETS</b>	
Paid-in Capital.....	\$185,753,305
Total distributable earnings (loss).....	<u>(3,434,329)</u>
Total Net Assets .....	<u>\$182,318,976</u>
<b>Net asset value, offering price and redemption proceeds per share</b>	
Net Assets .....	\$182,318,976
Shares outstanding (unlimited shares authorized without par value).....	20,991,722
Offering and redemption price .....	<u>\$ 8.69</u>

*The accompanying notes to financial statements are an integral part of this statement.*



# Brandes Separately Managed Account Reserve Trust

STATEMENT OF OPERATIONS — For the Six Months Ended March 31, 2021 (Unaudited)

## INVESTMENT INCOME

### Income

Dividend income .....	\$ 136
Interest income.....	<u>2,798,429</u>
Total Income .....	<u>2,798,565</u>

### Expenses (Note 3)

Total expenses .....	<u>—</u>
Total net expenses.....	<u>—</u>
<b>Net investment income</b> .....	<u>2,798,565</u>

## REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:

Net realized gain (loss) on investments .....	2,338,557
Net change in unrealized appreciation (depreciation) on investments.....	<u>(6,700,398)</u>
<b>Net realized and unrealized loss on investments</b> .....	<u>(4,361,841)</u>
<b>Net decrease in net assets resulting from operations</b> .....	<u><u>\$(1,563,276)</u></u>

*The accompanying notes to financial statements are an integral part of this statement.*

# Brandes Separately Managed Account Reserve Trust

## STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended March 31, 2021	Year Ended September 30, 2020
<b>INCREASE IN NET ASSETS FROM: OPERATIONS</b>		
Net investment income.....	\$ 2,798,565	\$ 6,349,385
Net realized gain (loss) on investments.....	2,338,557	(7,821,691)
Net change in unrealized appreciation (depreciation) on investments .....	(6,700,398)	12,127,547
<b>Net increase (decrease) in net assets resulting from operations .....</b>	<b>(1,563,276)</b>	<b>10,655,241</b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
Distributions to Shareholders.....	(3,705,992)	(6,313,021)
<b>Decrease in net assets from distributions .....</b>	<b>(3,705,992)</b>	<b>(6,313,021)</b>
<b>CAPITAL SHARE TRANSACTIONS</b>		
Proceeds from shares sold.....	22,021,251	35,721,282
Net asset value of shares issued on reinvestment of distributions ...	3,408,847	5,886,403
Cost of shares redeemed .....	(19,066,404)	(41,757,830)
<b>Net increase (decrease) in net assets from capital share transactions.....</b>	<b>6,363,694</b>	<b>(150,145)</b>
Total increase in net assets .....	1,094,426	4,192,075
<b>NET ASSETS</b>		
Beginning of the Period.....	181,224,550	177,032,475
End of the Period.....	\$182,318,976	\$181,224,550

The accompanying notes to financial statements are an integral part of this statement.

# Brandes Separately Managed Account Reserve Trust

## FINANCIAL HIGHLIGHTS

	Six Months Ended March 31,	Year Ended September 30,				
	2021	2020	2019	2018	2017	2016
<b>Net asset value, beginning of period</b> .....	\$ 8.94	\$ 8.73	\$ 8.65	\$ 8.94	\$ 9.02	\$ 8.69
<b>Total from investment operations:</b>						
Net investment income <sup>(1)</sup> .....	0.14	0.31	0.36	0.39	0.39	0.44
Net realized and unrealized gain/(loss) on investments .....	(0.21)	0.21	0.08	(0.29)	(0.08)	0.33
Total from investment operations ....	(0.07)	0.52	0.44	0.10	0.31	0.77
<b>Less dividends and distributions:</b>						
Dividends from net investment income.....	(0.18)	(0.31)	(0.36)	(0.39)	(0.39)	(0.44)
Total dividends and distributions .....	(0.18)	(0.31)	(0.36)	(0.39)	(0.39)	(0.44)
<b>Net asset value, end of period</b> .....	<u>\$ 8.69</u>	<u>\$ 8.94</u>	<u>\$ 8.73</u>	<u>\$ 8.65</u>	<u>\$ 8.94</u>	<u>\$ 9.02</u>
<b>Total return</b> .....	(0.82%) <sup>(2)</sup>	6.05%	5.29%	1.12%	3.57%	9.24%
<b>Net assets, end of period (millions)</b> .....	\$182.3	\$181.2	\$177.0	\$176.6	\$176.7	\$163.9
<b>Ratio of expenses to average net assets</b> <sup>(3)</sup> .....	0.00% <sup>(4)</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Ratio of net investment income to average net assets</b> <sup>(3)</sup> .....	3.07% <sup>(4)</sup>	3.52%	4.27%	4.43%	4.39%	5.12%
<b>Portfolio turnover rate</b> .....	22.60% <sup>(2)</sup>	32.24%	35.99%	42.90%	39.74%	53.60%

(1) Net investment income per share has been calculated based on average shares outstanding during the period.

(2) Not annualized.

(3) Reflects the fact that no fees or expenses are incurred by the Fund. The Fund is an integral part of “wrap-fee” programs sponsored by investment advisors and/or broker-dealers unaffiliated with the Fund or the Advisor. Participants in these programs pay a “wrap” fee to the sponsor of the program.

(4) Annualized.

*The accompanying notes to financial statements are an integral part of this statement.*

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 – ORGANIZATION

The Separately Managed Account Reserve Trust (the “Fund”) is a series of Brandes Investment Trust (the “Trust”). The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a diversified, open-end management investment company. The Fund began operations on October 3, 2005. The Fund invests its assets primarily in debt securities and seeks to maximize total return.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The Fund is an investment company that applies the accounting and reporting guidance issued in Topic 946, “Financial Services-Investment Companies”, by the Financial Accounting Standards Board (“FASB”). The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with generally accepted accounting principles (“GAAP”) in the United States of America.

- A. *Repurchase Agreements.* The Fund may enter into repurchase agreements with government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System or with other brokers or dealers that meet the credit guidelines established by the Board of Trustees. Each Fund will always receive and maintain, as collateral, U.S. Government securities whose market value, including accrued interest (which is recorded in the Schedules of Investments), will be at least equal to 100% of the dollar amount invested by the Fund in each agreement, and the Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer to the account of the Fund’s custodian. If the term of any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to ensure the adequacy of the collateral. Before causing the Fund to enter into a repurchase agreement with any other party, the investment advisor will determine that such party does not have any apparent risk of becoming involved in bankruptcy proceedings within the time frame contemplated by the repurchase agreement. If the seller defaults and the value of the collateral declines, or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At March 31, 2021, the Fund did not invest in repurchase agreements.
- B. *Foreign Currency Translation and Transactions.* Values of investments denominated in foreign currencies are converted into U.S. dollars using the spot market rates of exchange at the time of valuation. Purchases and sales of investments and dividend and interest income are translated into U.S. dollars using the spot market rates of exchange prevailing on the respective dates of such translations. The gain or loss resulting from changes in foreign exchange

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

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rates is included with net realized and unrealized gain or loss from investments, as appropriate. Foreign securities and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin.

Foreign securities are recorded in the financial statements after translation to U.S. dollars based on the applicable exchange rate at the end of the period. The Fund reports certain foreign currency-related transactions as components of realized gains or losses for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

- C. *Delayed Delivery Securities.* The Fund may purchase securities on a when issued or delayed delivery basis. “When-issued” or delayed delivery refers to securities whose terms are available and for which a market exists, but that have not been issued. For a when-issued or delayed delivery transaction, no payment is made until delivery date, which is typically longer than the normal course of settlement. When the Fund enters into an agreement to purchase securities on a when-issued or delayed delivery basis, the Fund segregates cash or liquid securities, of any type or maturity, equal in value to the Fund’s commitment. Losses may arise if the market value of the underlying securities change, if the counterparty does not perform under the contract, or if the issuer does not issue the securities due to political, economic, or other factors. The Fund did not have any open commitments on delayed delivery securities as of March 31, 2021.
- D. *Security Transactions, Dividends and Distributions.* Security transactions are accounted for on the trade dates. Realized gains and losses are evaluated on the basis of identified costs. Distributions from net investment income are declared daily and paid monthly. Distributions of net realized gains, if any, are declared at least annually. Dividend income and distributions to shareholders are recorded on the ex-dividend dates. Interest is recorded on an accrual basis. The Fund amortizes premiums and accretes discounts using the constant yield method.
- E. *Use of Estimates.* The preparation of financial statements in conformity with 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 reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and assumptions.
- F. *Indemnification Obligations.* Under the Trust’s organizational documents, its current and former officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. The Trust

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

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has indemnified its trustees against any expenses actually and reasonably incurred by the trustees in any proceeding arising out of or in connection with the trustees' service to the Trust. In addition, in the normal course of business, the Trust enters into contracts that contain a variety of representations and warranties and provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred or that would be covered by other parties.

- G. *Accounting for Uncertainty in Income Taxes.* The Fund has elected to be taxed as a "regulated investment company" and intends to distribute substantially all its taxable income to its shareholders and otherwise comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. The Fund may be subject to a nondeductible excise tax calculated as a percentage of certain undistributed amounts of net investment income and net capital gains. The Fund intends to distribute its net investment income and capital gains as necessary to avoid this excise tax. Therefore, no provision for federal income taxes or excise taxes has been made.

The Trust analyzes all open tax years, as defined by the applicable statute of limitations, for all major jurisdictions. Open tax years for the Fund are those that are open for exam by taxing authorities (2017 through 2020). As of March 31, 2021 the Trust has no examinations in progress.

Management has analyzed the Trust's tax positions, and has concluded that no liability should be recorded related to uncertain tax positions expected to be taken on the tax return for the fiscal year-ended September 30, 2020.

The Trust identifies its major tax jurisdictions as the U.S. Government and the State of California. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

- H. *Fair Value Measurements.* The Trust has adopted GAAP accounting principles related to fair value accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1—Fair value measurement within Level 1 should be based on an unadjusted quoted price in an active market that the Fund has the ability to access for the asset or liability at the measurement date. Because a quoted price alone forms the basis for the measurement, the access requirement

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

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within Level 1 limits discretion in pricing the asset or liability, including in situations in which there are multiple markets for the asset or liability with different prices and no single market represents a principal market for the asset or liability. Importantly, the FASB has indicated that when a quoted price in an active market for a security is available, that price should be used to measure fair value without regard to an entity's intent to transact at that price.

Level 2—Fair value measurement within Level 2 should be based on all inputs other than unadjusted quoted prices included within Level 1 that are observable for the asset or liability. Other significant observable market inputs include quoted prices for similar instruments in active markets, quoted adjusted prices in active markets, quoted prices for identical or similar instruments in markets that are not active, and model derived valuations in which the majority of significant inputs and significant value drivers are observable in active markets.

Level 3—Fair value measurement within Level 3 should be based on unobservable inputs in such cases where markets do not exist or are illiquid. Significant unobservable inputs include model derived valuations in which the majority of significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price the asset or liability based on the best available information.

- I. *Security Valuation.* Bonds and other fixed-income securities (other than repurchase agreements and demand notes) are valued using the bid price on the day of the valuation provided by an independent pricing service.

Securities traded on a national securities exchange are valued at the last reported sale price at the close of regular trading on each day the exchange is open for trading. Securities listed on the NASDAQ National Market System for which market quotations are readily available are valued using the NASDAQ Official Closing Price. Securities traded on an exchange for which there has been no sales on the valuation date are valued at the mean between last bid and ask price on such day. Securities for which quotations are not readily available are valued at their respective fair values as determined in good faith pursuant to procedures adopted by the Board of Trustees.

Repurchase agreements and demand notes, for which neither vendor pricing nor market maker prices are available, are valued at amortized cost on the day of valuation, unless Brandes Investment Partners, L.P. (the "Advisor") determines that the use of amortized cost valuation on such day is not appropriate (in which case such instrument is fair valued in accordance with the fair value procedures of the Trust).

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

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The Trust has adopted valuation procedures that allow for fair value pricing for use in appropriate circumstances. For example, such circumstances may arise when trading in a security has been halted or suspended or a security has been delisted from a national exchange, a security has not been traded for an extended period of time, or a significant event with respect to a security occurs after the close of the market or exchange on which the security principally trades and before the time the Fund calculates its own share price. If no price, or in the Advisor's determination no price representing fair value, is provided for a security held by the Fund by an independent pricing agent, then the security will be fair valued. Thinly traded securities and certain foreign securities may be impacted more by the use of fair valuations than other securities.

In using fair value pricing, the Fund attempts to establish the price that it might reasonably have expected to receive upon a sale of the security at 4:00 p.m. Eastern time. Valuing securities at fair value involves greater reliance on judgment than valuation of securities based on readily available market quotations. When using fair value to price securities, the Fund may value those securities higher or lower than another fund using market quotations or fair value to price the same securities. Further, there can be no assurance that the Fund could obtain the fair value assigned to a security if it were to sell the security at approximately the time at which the Fund determines its net asset value.

Foreign securities are recorded in the financial statements after translation to U.S. dollars based on the applicable exchange rate at the end of the period. The Fund reports certain foreign currency-related transactions as components of realized gains or losses for financial reporting purposes, whereas such components are treated as ordinary income for federal income tax purposes.

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. Treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued on the basis of quotes obtained from brokers and dealers or independent pricing services or sources. Independent pricing services typically use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. The service providers' internal models use inputs that are observable such as, among other things, issuer details, interest rates, yield curves, prepayment speeds, credit risks/ spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.



# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

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Fixed income securities purchased on a delayed-delivery basis are typically marked to market daily until settlement at the forward settlement date.

Mortgage and asset-backed securities are usually issued as separate tranches, or classes, of securities within each package of underlying securities. These securities are also normally valued by pricing service providers that use broker-dealer quotations or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche level attributes, estimated cash flows and marketbased yield spreads for each tranche, current market data and packaged collateral performance, as available. Mortgage and asset-backed securities that use such valuation techniques and inputs are categorized as Level 2 of the fair value hierarchy only if there are significant observable inputs used.

Common stocks, exchange-traded fund shares and financial derivative instruments, such as futures contracts or options contracts that are traded on a national securities or commodities exchange, are valued at the last reported sales price, in the case of common stocks and exchange-traded fund shares, or, in the case of futures contracts or options contracts, the settlement price determined by the relevant exchange. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy.

Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the close of the New York Stock Exchange (“NYSE”). These securities are generally valued using pricing service providers that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. None of the Fund’s securities were fair valued utilizing this method as of March 31, 2021.

Investments in registered open-end management investment companies are valued based upon the Net Asset Values (“NAVs”) of such investments and are categorized as Level 1 of the fair value hierarchy. If, on a particular day, a share price of an investment company is not readily available, such securities are fair valued in accordance with the fair value procedures of the Trust.

Certain securities may be fair valued in accordance with the fair valuation procedures approved by the Board of Trustees. The Fair Valuation Committee is generally responsible for overseeing the day to day valuation processes and reports periodically to the Board. The Fair Valuation Committee is authorized to make all necessary determinations of the fair

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

value of portfolio securities and other assets for which market quotations are not readily available or if it is deemed that the prices obtained from brokers and dealers or independent pricing services are unreliable.

The following is a summary of the level inputs used, as of March 31, 2021, involving the Fund's assets carried at fair value. The inputs used for valuing securities may not be an indication of the risk associated with investing in those securities.

Description	Level 1	Level 2	Level 3	Total
<b>Separately Managed Account Reserve Trust</b>				
Common Stocks .....	\$ 3,533	\$ —	\$—	\$ 3,533
Asset Backed Securities .....	—	5,515,405	—	5,515,405
Corporate Bonds .....	—	106,394,297	—	106,394,297
Government Securities .....	—	57,482,664	—	57,482,664
Warrants .....	193,952	—	—	193,952
Mortgage Backed Securities .....	—	10,917,076	—	10,917,076
Short-Term Investments .....	4,045,044	—	—	4,045,044
Total Investments in Securities .....	<u>\$4,242,529</u>	<u>\$180,309,442</u>	<u>\$—</u>	<u>\$184,551,971</u>

There were no Level 3 securities in the Fund at the beginning or the end of the period ended March 31, 2021.

### NOTE 3 – INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

- A. *Advisor Fee.* The Advisor provides the Fund with investment management services under an Investment Advisory Agreement. The Advisor receives no advisory fee or other fee from the Fund. The financial statements of the Fund reflect the fact that no fees or expenses are incurred by the Fund. It should be understood, however, that the Fund is an integral part of “wrap-fee” programs sponsored by investment advisors unaffiliated with the Fund and the Advisor. Typically, participants in these programs pay a “wrap-fee” to their investment advisors. Although the Fund does not compensate the Advisor directly for its service under the Investment Advisory Agreement, the Advisor benefits from its relationships with the sponsors of wrap-fee programs for which the Fund is an investment option. Certain officers and Trustees of the Trust are also officers of the Advisor.
- B. *Administration Fee.* The Northern Trust Company (the “Administrator”) acts as the administrator for the fund. The Administrator prepares various federal and state regulatory filings; prepares reports and materials to be supplied to the Trustees; monitors the activities of the Fund's custodian, transfer agent and accountant; coordinates the preparation and payment of Fund expenses;

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

and prepares several Fund reports. The Advisor compensates the Administrator on behalf of the Fund for the services the Administrator performs for the Fund.

- C. *Distribution Fees.* ALPS Distributors, Inc. (the “Distributor”), a registered broker-dealer, acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. All of the Fund’s distribution fees are paid by the Advisor.

### NOTE 4 – PURCHASES AND SALES OF SECURITIES

The cost of purchases and the proceeds from sales of securities of the Fund, excluding short-term investments, were as follows for the period ended March 31, 2021:

U.S. Government		Other	
Purchases	Sales	Purchases	Sales
\$20,847,402	\$21,283,150	\$23,553,165	\$18,460,254

### NOTE 5 – CAPITAL STOCK TRANSACTIONS

The Fund’s capital stock activity in shares and dollars during the six month period ended March 31, 2021 and the year ended September 30, 2020, was as follows (shares and dollar amounts in thousands):

	Six Months Ended 3/31/2021		Year Ended 9/30/2020	
	Shares	Amount	Shares	Amount
Shares Sold .....	2,480	\$ 22,021	4,091	\$ 35,721
Issued on Reinvestment of Distributions.....	385	3,409	672	5,886
Shares Redeemed .....	(2,148)	(19,067)	(4,775)	(41,757)
<b>Net Increase/(Decrease) Resulting from Fund Share Transactions .....</b>	<b>717</b>	<b>\$ 6,363</b>	<b>(12)</b>	<b>\$ (150)</b>

### NOTE 6 – FEDERAL INCOME TAX MATTERS

GAAP requires that certain components of net assets be reclassified between financial and tax reporting. Temporary differences do not require reclassification. Temporary and permanent differences have no effect on net assets or net asset value per share. For the year ended September 30, 2020, the Fund made the following permanent book-to-tax reclassifications primarily related to the treatment of paydowns, the difference between book and tax accretion methods for market premium and the expiration of capital loss carryforwards:

Undistributed Net Investment Income	Accumulated Net Realized Loss	Paid-In Capital
\$462,693	\$(462,693)	\$—

# Brandes Separately Managed Account Reserve Trust

## NOTES TO FINANCIAL STATEMENTS — (continued)

As of September 30, 2020, the Fund's components of distributable earnings on a tax basis were as follows:

Cost of investments for tax purposes .....	\$169,952,701
Gross tax unrealized appreciation .....	15,862,137
Gross tax unrealized depreciation .....	(2,928,537)
Net unrealized appreciation (depreciation) .....	12,933,600
Distributable ordinary income .....	748,247
Distributable long-term capital gains .....	—
Total distributable earnings .....	748,247
Other accumulated losses .....	(11,846,908)
Total accumulated gains .....	\$ 1,834,939

The differences between book and tax basis distributable earnings are primarily related to the differences in classification of paydown gains and losses for tax purposes compared to book purposes. The difference between book and tax basis unrealized depreciation on investments is due primarily to timing differences resulting from wash sale transactions. These differences are temporary.

As of September 30, 2020, the Fund had a capital loss with an indefinite expiration in the amount of \$11,846,908. At September 30, 2020, the Fund did not utilize capital loss carryforwards. At September 30, 2020, the Fund did not have capital loss carryforwards expire.

The tax compositions of dividends for the years ended September 30, 2020 and September 30, 2019 for the Fund were as follows:

Ordinary Income		Long Term Capital Gains	
2020	2019	2020	2019
\$6,313,021	\$7,370,935	\$—	\$—

## NOTE 7 – RISK FACTORS

The respiratory illness COVID-19 caused by a novel coronavirus has resulted in a global pandemic and caused major disruptions to economies and markets around the world, including the United States. Financial markets have experienced and may continue to experience extreme volatility and severe losses, and trading in many instruments was and may continue to be disrupted as a result. Liquidity for many instruments was and may continue to be greatly reduced for extended periods of time. Some interest rates are very low and in some cases yields are negative. Some sectors of the economy and individual issuers have experienced and may continue to experience particularly large losses. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the fund's investments. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known.

# **Brandes Separately Managed Account Reserve Trust**

## **NOTES TO FINANCIAL STATEMENTS — (continued)**

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Governments and central banks, including the Federal Reserve in the U.S., have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. These actions have resulted in significant expansion of public debt, including in the United States. The long-term consequences of this level of public debt are not known. In addition, certain interest rates have been reduced to very low levels. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, will not be known for some time.

### **NOTE 8 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued. The Trust has concluded that there are no subsequent events to note.

# **Brandes Separately Managed Account Reserve Trust**

ADDITIONAL INFORMATION — (Unaudited)

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## **BOARD CONSIDERATION AND CONTINUATION OF INVESTMENT ADVISORY AGREEMENT**

In November 2020, the Board of Trustees of Brandes Investment Trust (“Trust”), including the independent Trustees, unanimously approved renewal of the Investment Advisory Agreement (“Agreement”) between the Trust and Brandes Investment Partners, L.P. (“Advisor”) for an additional one-year term with respect to the Separately Managed Account Reserve Trust, a series of the Trust (the “Fund”).

### **Information Reviewed**

During the course of each year, the Board receives and reviews a wide variety of materials relating to the nature, quality and extent of the services provided by the Advisor to the series of the Trust including the Fund (collectively, the “funds”), including reports on each fund’s investment results, portfolio composition, portfolio trading practices, and other matters. In addition, in connection with the Board’s annual review of the Agreement, the Trustees requested and reviewed supplementary information from the Advisor that included materials and analysis about the funds’ investment results and advisory fees; information about the services provided by the Advisor to the funds, such as compliance monitoring and portfolio trading practices, and the risks assumed by the Advisor in connection with those services; information about the services provided and the fees charged by the Advisor to its institutional and other clients employing similar strategies, including comparisons of those services and fees to the services and fees for the funds; financial and profitability information regarding the Advisor and its relationship with the funds; and information about the Advisor’s investment and other personnel providing services to the funds, as well as the Advisor’s practices to evaluate and compensate its investment personnel. The Trustees also obtained and reviewed information from FUSE Research Network LLC, an independent third party data provider, comparing the funds’ investment results and fees and expenses to those of peer groups and categories of funds identified by FUSE as similar to the funds. The materials and information received throughout the year and in connection with the review of the Agreement with respect to the Fund addressed the Fund as applicable.

In connection with the Board’s reviews, the Trustees received assistance and advice regarding legal and industry standards from counsel to the Trust and the independent Trustees. The Board discussed the approval of the Agreement with respect to the funds with representatives of the Advisor at two Board meetings, and the independent Trustees discussed the Agreement in multiple private sessions with counsel at which no representatives of the Advisor were present. In deciding to approve the Agreement with respect to the Fund, the Board and the independent Trustees did not identify any single or particular piece of information that, in isolation, was the controlling factor, and each Trustee may have attributed different weight to each factor considered. This summary describes the most important, but not all, of the factors considered by the Board and the independent Trustees.

# **Brandes Separately Managed Account Reserve Trust**

## **ADDITIONAL INFORMATION — (Unaudited) (continued)**

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### **Nature, Quality and Extent of Services**

The Trustees considered the overall nature, quality and extent of services provided by the Advisor to the Fund. They considered, among other things, the quality and depth of the Advisor's investment, compliance and other personnel, the Advisor's regulatory compliance resources and program, the Advisor's business continuity and cyber-security programs, and the day-to-day administrative services provided to the Fund.

With respect to the Fund's investment results, the Trustees reviewed and considered detailed information provided by FUSE, which utilized Morningstar data, comparing the Fund's investment results to those of a peer group of similarly managed funds selected by FUSE, a larger group of funds selected by FUSE in the same investment classification as the Fund, and the Fund's benchmark index. The Trustees also met with representatives of FUSE, and discussed with them the methodology used by FUSE in determining the Fund's peer group and category. The FUSE report included confirmation that FUSE had selected peer group and category funds for comparison to the Fund independently of the Advisor. The Trustees noted that while the FUSE information covered both peer group and universe funds, the Trustees focused more on the peer group information because the peer group funds were more directly comparable to the Fund.

The Trustees considered that for the one-, three-, and five-year periods ended September 30, 2020, the investment results of the Fund's single class of shares were below the median of the funds in its peer group, were above the median for the ten-year period, and were at the median for the period since inception. They also considered that the Fund's performance was below benchmark for the one- and three-year periods, but was above benchmark for the five- and ten-year periods and the period since inception.

In evaluating the Fund's performance, the Trustees generally considered long-term performance to be more important than short-term performance, but noted that short-term performance may be helpful in showing an improving trend. The Trustees noted the Advisor's continued commitment to the Graham and Dodd value strategy of investment management and its lack of style drift compared to other value managers; considered that it is not unusual for the performance of funds managed with such a long-term strategy to fall below performance measurement indices for some periods; and noted the Advisor's observations regarding the market environment in recent years, including the extended period that the value strategy has been out of favor in the market. They also noted that the Fund's investment approach is fully described in the prospectus, enabling Fund shareholders to decide if they are willing to accept the long-term outlook associated with the Advisor's investment approach.

# **Brandes Separately Managed Account Reserve Trust**

## **ADDITIONAL INFORMATION — (Unaudited) (continued)**

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Based on these reviews, the Trustees determined that under all of the circumstances the nature and quality of the services provided by the Advisor were sufficient for renewal of the Fund's investment advisory agreement.

### **Advisory Fees, Total Expenses, Profitability and Ancillary Benefits**

With respect to advisory fees, the Trustees considered that investors in the Fund must be clients of wrap account programs sponsored by broker-dealers which have agreements with the Advisor or certain other persons or entities. They considered that the Fund does not pay advisory fees or other expenses, all of which are borne by the Advisor, but that investors pay management fees and other expenses at the wrap account level, and that the Advisor receives compensation from the wrap program sponsors and others. The Trustees determined that the Fund's advisory fees and total expense levels were fair and reasonable in light of the structure of the product. The Trustees also concluded that there was a reasonable sharing of any efficiencies or economies of scale at this time in light of the structure of the product.

The Trustees reviewed and considered information about the Advisor's financial capability to continue to provide services to the Fund, as well as an analysis of the profitability to the Advisor of its relationship with the Fund. The Trustees considered information regarding the ancillary benefits to the Advisor from its relationship with the Fund, which primarily related to compensation from wrap program sponsors that offer the Fund. The Trustees concluded that the Advisor's profitability from its relationship with the Fund is not excessive and that any ancillary benefits received are reasonable under the circumstances.

### **Conclusions**

Based on their review, including consideration of the factors identified above, the Board and the independent Trustees concluded in the exercise of their reasonable business judgment that the Agreement is fair and reasonable to the Fund and its shareholders, and that renewal of the Agreement is in the best interests of the Fund and its shareholders.

## **BOARD REVIEW OF LIQUIDITY RISK MANAGEMENT PROGRAM**

To promote effective liquidity risk management throughout the fund industry and to enhance disclosure regarding fund liquidity and redemption practices, the Securities and Exchange Commission (the "Commission") adopted Rule 22e-4 under the 1940 Act. This Rule requires every registered open-end management investment company to establish a liquidity risk management program (the "LRMP") that, among other things, provides for the assessment, management and review of liquidity risk, the classification of a fund's portfolio investments into one of four liquidity buckets based upon the number of days that such investments may reasonably be expected to be converted into cash or otherwise disposed of without significantly impacting their price, the establishment of a highly liquid investment minimum where required, and the establishment of a 15% limitation on illiquid investments. Additionally, the



# **Brandes Separately Managed Account Reserve Trust**

## **ADDITIONAL INFORMATION — (Unaudited) (continued)**

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Commission adopted Rule 30b1-10 and Form N-LIQUID, which generally requires a fund to notify the Commission when certain liquidity-related events occur.

The Trust's Board of Trustees approved the appointment of the Advisor's Liquidity Risk Review Committee as the administrator of the LRMP for the Fund on August 9, 2018, and the Fund's LRMP on May 9, 2019. Pursuant to the LRMP, the Advisor manages liquidity risks associated with the Fund's investments by monitoring cash and cash equivalents, the concentration of investments and the appropriateness of portfolio strategies for open-end funds, and by classifying the portfolio holdings of the Fund as either highly liquid, moderately liquid, less liquid or illiquid on at least a monthly basis. To assist with the classification of Fund investments, the Advisor utilizes a third-party provider of liquidity monitoring services.

At the Board's regular meeting on August 13, 2020, the Trust's Chief Compliance Officer provided a report to the Board on the operation and effectiveness of the LRMP for the period May 9, 2019 through June 30, 2020 (the "Reporting Period"), noting that the Fund's LRMP was adequate and effectively implemented during the Reporting Period. No significant liquidity events impacting the Fund were noted in the report, and there were no material changes to the LRMP during the Reporting Period.

### **PROXY VOTING PROCEDURES**

The Advisor votes proxies relating to the Fund's portfolio securities in accordance with procedures adopted by the Advisor. You may obtain a description of these procedures, free of charge, by calling toll-free 1-800-331-2979. This information is also available through the Commission's website at <http://www.sec.gov>.

Information regarding how the Trust voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-331-2979. This information is also available through the Commission's website at <http://www.sec.gov>.

### **PORTFOLIO HOLDINGS DISCLOSURE**

The Trust files the Fund's complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-PORT. The Trust's Form N-PORT filings are available on the Commission's website at <http://www.sec.gov>. Information regarding the Trust's Form N-PORT filings is also available, without charge, by calling toll-free, 1-800-331-2979.

# Brandes Separately Managed Account Reserve Trust

## TRUSTEES AND OFFICERS INFORMATION — (Unaudited)

The Board is responsible for the overall management of the Trust's business. The Board approves all significant agreements between the Trust and persons or companies furnishing services to it, including the agreements with the Advisor, Administrator, the Trust's Custodian, Distributor and Transfer Agent. The Board delegates the day-to-day operations of the Trust to its officers, subject to each Fund's investment objective and policies and to general supervision by the Board. The Trust's Statement of Additional Information includes additional information about the Trustees and is available, without charge, by calling 1-800-331-2979 or visiting [www.brandes.com](http://www.brandes.com).

The Trustees and officers of the Trust, their business addresses and principal occupations during the past five years are:

<b>Name, Address and Age</b>	<b>Position(s) Held with Trust</b>	<b>Term of Office and Length of Time Served<sup>(1)</sup></b>	<b>Principal Occupation During Past 5 Years</b>	<b>Number of Trust Series Overseen by Trustee</b>	<b>Other Directorships/ Trusteeships Held by Trustee</b>
<b>Independent Trustees<sup>(2)</sup></b>					
Gregory Bishop, CFA 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1961)	Trustee	Since January 2017	Retired. Previously Executive Vice President and Head of Retail Business, PIMCO Investments, from 1997 to 2014	7	None
Robert M. Fitzgerald 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1952)	Trustee	Since April 2008	Retired from 2002- 2005 and since 2007; Chief Financial Officer of National Retirement Partners from 2005 to 2007.	7	Hotchkis and Wiley Mutual Funds (10 Funds)
Craig Wainscott, CFA 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1961)	Trustee and (beginning January 2018) Chairman of the Board	Since February 2012	Retired from Russell Investments, Managing Director, US Mutual Funds; Currently Partner with The Paradigm Project and advisor to early-stage companies.	7	None

# Brandes Separately Managed Account Reserve Trust

## TRUSTEES AND OFFICERS INFORMATION — (Unaudited) (continued)

Name, Address and Age	Position(s) Held with Trust	Term of Office and Length of Time Served <sup>(1)</sup>	Principal Occupation During Past 5 Years	Number of Trust Series Overseen by Trustee	Other Directorships/ Trusteeships Held by Trustee
<b>“Interested” Trustees<sup>(3)</sup></b>					
Jeff Busby, CFA 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1961)	Trustee and President	Since July 2006 Since February 2012	Executive Director of the Advisor since January 2004.	7	None
Oliver Murray 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1961)	Trustee	Since February 2012	CEO, Brandes Investment Partners & Co. since 2002; Managing Director - PCPM of the Advisor since 2011.	7	None
<b>Officers of the Trust</b>					
Thomas M. Quinlan 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1970)	Secretary	Since June 2003	Associate General Counsel of the Advisor since January 2006.	N/A	N/A
Gary Iwamura, CPA 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1956)	Treasurer	Since September 1997	Finance Director of the Advisor.	N/A	N/A
Roberta Loubier 11988 El Camino Real, Suite 600 San Diego, CA 92130 (1971)	Chief Compliance Officer	Since September 2015	Global Head of Compliance of the Advisor.	N/A	N/A

(1) Trustees and officers of the Fund serve until their resignation, removal or retirement.

(2) Not “interested persons” of the Trust as defined in the 1940 Act.

(3) “Interested persons” of the Trust as defined in the 1940 Act. Jeff Busby is an interested person of the Trust because he is the President of the Trust and the Executive Director of the Advisor. Oliver Murray is an interested person of the Trust, because he is the Managing Director of the Advisor.

# Brandes Separately Managed Account Reserve Trust

## PRIVACY NOTICE

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Brandes Investment Trust and Brandes Investment Partners, L.P. may collect non-public information about you from the following sources:

- Information we receive about you on applications or other forms;
- Information you give us orally; and
- Information about your transactions with us.

We do not disclose any non-public personal information about any shareholder or former shareholder of the Fund without the shareholder's authorization, except as required by law or in response to inquiries from governmental authorities. We restrict access to your personal and account information to those employees who need to know that information to provide products and services to you. We also may disclose that information to unaffiliated third parties (such as to brokers or custodians) only as permitted by law and only as needed for us to provide agreed services to you. We maintain physical, electronic and procedural safeguards to guard your non-public personal information.

If you hold shares of the Fund through a financial intermediary, such as a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary governs how your non-public personal information would be shared with nonaffiliated third parties.

## **ADVISOR**

Brandes Investment Partners, L.P.  
11988 El Camino Real, Suite 600  
San Diego, CA 92130  
800.331.2979

## **DISTRIBUTOR**

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333 South Wabash Avenue, W-38  
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## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP  
601 South Figueroa Street  
Los Angeles, CA 90017

## **LEGAL COUNSEL**

Morgan, Lewis & Bockius LLP  
One Federal Street  
Boston, MA 02110

This report is intended for shareholders of the Brandes Separately Managed Account Reserve Trust and may not be used as sales literature unless preceded or accompanied by a current prospectus.

Statements and other information herein are dated and are subject to change.