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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.



SEPARATELY MANAGED ACCOUNT RESERVE TRUST

SEMI-ANNUAL REPORT

For the six months ended
March 31, 2010

Separately Managed Account Reserve Trust

Dear Shareholder:

The Separately Managed Account Reserve Trust (“SMART” or “the Fund”) appreciated 13.18% in the six-month period ending March 31, 2010. The Barclays Capital U.S. Aggregate Index advanced 1.99% and the Barclays Capital U.S. Intermediate Credit Index increased 4.00% for the same six-month period.

Below I will examine the sector- and security-specific factors that affected the Fund’s performance and describe changes in the Fund’s composition for the six-month period ending March 31, 2010. Finally, I’ll discuss how the Fund is positioned for the future.

The Markets

As explained below in the “Our Outlook” section, our bottom-up investment approach focuses on analyzing individual bonds. We believe commentary on short-term events in financial markets detracts from the focus on fundamentals and is not consistent with our investment philosophy.

The Fund

Gains for the Fund’s corporate bond holdings led performance for the six-month period, particularly in the industrials and finance industries. Top performers included bonds issued by Unisys and International Lease Finance Corporation. Positions in the asset backed securities sector also tended to climb in value.

Although the Fund’s collateralized mortgage-backed securities holdings had a positive overall contribution, select securities in this sector declined in value. Detracting from performance were bonds issued by Argent and First Franklin.

Portfolio activity in the six-month period was light compared to past activity levels. We purchased corporate bonds issued by companies such as Marshall & Ilsley Bank and Dow Chemical. During the period we sold select bonds, including securities issued by Sanmina and Celestica, as their prices approached our estimates of intrinsic value.

As of March 31, 2010 the Fund’s most substantial weighting was in the corporate bonds sector, particularly in the industrials industry. The Fund also owns several bonds in the finance industry issued by GMAC.

Our Outlook

The end of the first quarter of 2010 seems a long way from the global liquidity crisis that reached its apex in March 2009. Over the last few years, companies often faced obstacles in obtaining capital amidst a systemic crisis of confidence. For many companies, debt is a strategic part of their capital structure. When debt periodically matures, companies require fresh capital in order to refinance. Few companies until recently could effectively issue non-investment grade bonds or equity as the market seemingly had no appetite for anything perceived as a potential risk. Furthermore, banks had effectively shut-off the lending spigot. For companies with pending maturities, the crisis of confidence often became a self-fulfilling prophecy, threatening businesses with insolvency.

Separately Managed Account Reserve Trust

Recent reports from Bloomberg Financial are beginning to document the recovery in the credit markets amid the recapitalization of banks and a renewed appetite for debt. In late March, Bloomberg Financial reported the issuance of non-investment grade bonds reached the highest rate since June 2007, as earnings reports for companies were widely received as positive.⁽¹⁾ The same article, citing ERFR Global, noted “investors are pouring cash into junk-bond funds at the fastest pace on record as corporate defaults decline.” Meanwhile, banks have spent the past few years building reserves, reducing exposures, re-capitalizing, and re-liquefying. As such, the banks are in a healthy position to lend again.

Our interest in the increasing capital availability is not on a macro-economic level but on a security-specific level. Many of our holdings, while offering healthy discounts to their fair values, were excessively penalized as market participants temporarily ignored operational fundamentals and heavily focused on liquidity and solvency under the presumption that no new capital could be raised. Now as the markets recover and reflect more rational refinancing outlooks, the self-fulfilling risk seems to have diminished notably. We believe operating fundamentals and valuations should continue to drive bond performance, possibly further strengthening the recovery of credit markets and bolstering the performance of our holdings.

Sincerely yours,



Debra McGinty-Poteet
President
Brandes Investment Trust

Past performance does not guarantee future results.

Market conditions may impact performance. The performance results presented were achieved in particular market conditions which may not be repeated. Moreover, the current market volatility and uncertain regulatory environment may have a negative impact on future performance.

The Fund invests in foreign and emerging market securities which involve greater volatility and political, economic, and currency risks and differences in accounting methods than domestic securities. Below investment grade debt securities are speculative and involve a greater risk of default and price change than higher-rated securities due to changes in the issuer’s creditworthiness. The Fund’s use of derivative instruments, such as options contracts, futures contracts or swap agreements, involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other more traditional investments.

⁽¹⁾ Glover, J., and Keogh, B. “Junk Bonds Selling at Briskest Pace Since 2007,” Bloomberg, March 22, 2010.

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Unlike bonds issued or guaranteed by the U.S. government or its agencies, stocks and other bonds are not backed by the full faith and credit of the United States. Stock and bond prices will experience market fluctuations. Please note that the values of government securities and bonds in general have an inverse relationship to interest rates. Bonds carry the risk of default, or the risk that an issuer will be unable to make income or principal payment. There is no assurance that private guarantors or insurers will meet their obligations. The credit quality of the investments in the portfolio is no guarantee of the safety or stability of the portfolio. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments.

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 a recommendation to buy or sell any security.

Investment performance reflects fee waivers and/or reimbursement of expenses. In the absence of such waivers/reimbursements, total return would be reduced.

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

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Must be preceded or accompanied by a prospectus.

Index Guide

The Barclays Capital (formerly Lehman Brothers) U.S. Aggregate Index is an unmanaged index consisting of U.S. dollar-denominated, fixed-rate, taxable bonds. The Index includes bonds from the Treasury, Government-Related, Corporate, Mortgage-Backed Securities (agency fixed-rate and hybrid adjustable-rate mortgage passsthroughs), Asset-Backed Securities and Commercial Mortgage-Backed Securities sectors. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, or Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The Index is a total return index which reflects the price changes and interest of each bond in the Index.

Separately Managed Account Reserve Trust

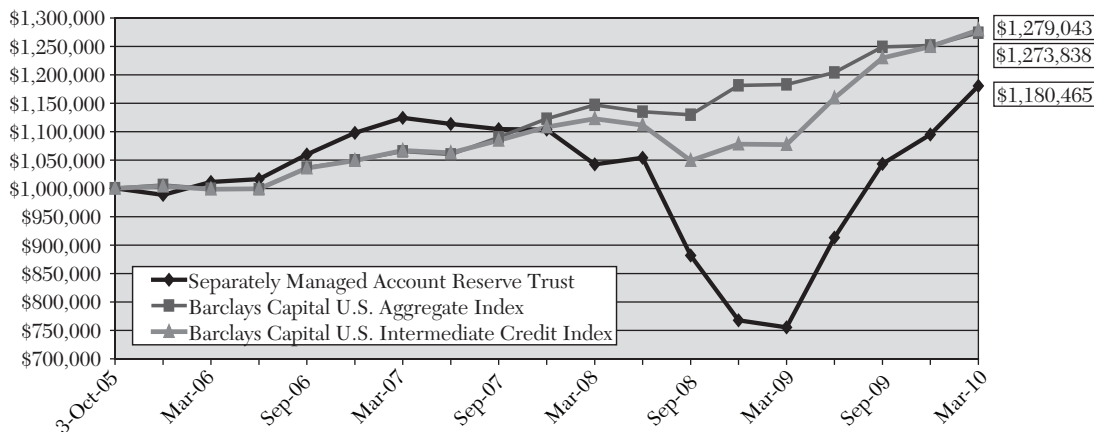
The Barclays Capital U.S. Intermediate Credit Index is an unmanaged index consisting of U.S. dollar-denominated, publicly issued, fixed-rate corporate securities. Issues must have at least \$250 million par amount outstanding and have a maturity from one up to (but not including) ten years. Securities must be rated investment grade (Baa3/BBB-/BBB- or above) by Moody's, S&P, or Fitch, respectively. When all three agencies rate an issue, a median or "two out of three" rating is used to determine Index eligibility by dropping the highest and lowest rating. When a rating from only two agencies is available, the lower ("most conservative") of the two is used. When a rating from only one agency is available, that rating is used to determine Index eligibility. The 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 ("SMART") Fund is distributed by Quasar Distributors, LLC.

Separately Managed Account Reserve Trust

Cumulative Performance of \$1,000,000 Since Inception⁽¹⁾ — (Unaudited)

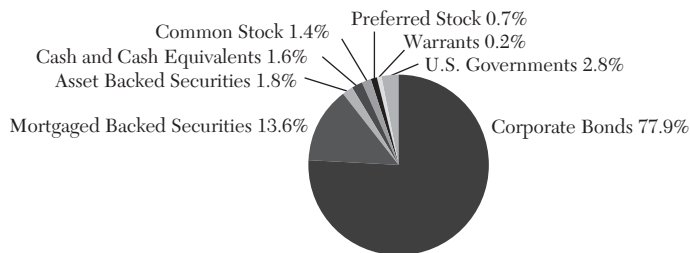


⁽¹⁾ This chart compares the value of a hypothetical \$1,000,000 investment in the Separately Managed Account Reserve Trust from its inception (October 3, 2005) to March 31, 2010 as compared with the Barclays Capital U.S. Aggregate Index and Barclays Capital U.S. Intermediate Credit Index.

Average Annual Total Return Periods Ended March 31, 2010 (Unaudited)

| | One Year | Three Years | Since Inception (10/3/05) |
|---|----------|-------------|---------------------------|
| Separately Managed Account Reserve Trust | 56.26% | 1.63% | 3.76% |
| Barclays Capital U.S. Aggregate Index | 7.69% | 6.14% | 5.59% |
| Barclays Capital U.S. Intermediate Credit Index | 18.72% | 6.21% | 5.66% |

Sector Allocation as a Percentage of Total Investments — (Unaudited)



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 examples below are 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.

The examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire 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 | Beginning Account Value | Ending Account Value | Annual Expense Ratio | Expenses Paid During Period* |
|--|--|-------------------------------------|-------------------------------------|---|
| Separately Managed Account Reserve Trust** | \$1,000.00 | \$1,131.80 | 0.00% | \$0.00 |

Separately Managed Account Reserve Trust

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.

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 sales charges (loads), redemption fees, or exchange fees. Therefore, the second line 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.

| Fund | Beginning Account Value | Ending Account Value | Annual Expense Ratio | Expenses Paid During Period* |
|--|--|-------------------------------------|-------------------------------------|---|
| 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 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.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| OTHER MORTGAGE RELATED SECURITIES – 13.50% | | |
| <i>Collateralized Mortgage Obligations – 0.08%</i> | | |
| Wells Fargo Mortgage Backed Securities Trust | | |
| Series 2006-AR14, 6.130%, 10/25/2036 | \$ 144,630 | \$ <u>128,468</u> |
| <i>Near Prime Mortgage – 7.86%</i> | | |
| Bear Stearns Adjustable Rate Mortgage Trust | | |
| Series 2005-10, 4.223%, 10/25/2035 | 3,700,000 | 2,898,724 |
| Countrywide Home Loan Mortgage Pass Through Trust | | |
| Series 2006-HYB1, 5.257%, 03/20/2036 | 1,748,042 | 1,071,869 |
| First Horizon Alternative Mortgage Securities | | |
| Series 2004-FA2, 6.000%, 01/25/2035 | 2,208,879 | 1,970,734 |
| Indymac Index Mortgage Loan Trust | | |
| Series 2007-AR7, 5.335%, 06/25/2037 | 4,932,687 | 2,688,154 |
| Merrill Lynch Mortgage Investors, Inc. | | |
| Series 2005-A9, 5.129%, 12/25/2035 | 1,433,285 | 1,163,392 |
| Wells Fargo Alternative Loan Trust | | |
| Series 2007-PA5, 6.000%, 11/25/2022 | 3,007,577 | <u>2,562,345</u> |
| | | <u>12,355,218</u> |
| <i>Sub-Prime Mortgages – 5.56%</i> | | |
| Argent Securities, Inc. | | |
| 2004-W11, 1.429%, 11/25/2034 ^(d) | 1,116,433 | 214,913 |
| Countrywide Asset-Backed Certificates | | |
| Series 2004-10, 1.279%, 12/25/2034 | 3,367,568 | 600,162 |
| Series 2004-13, 1.079%, 04/25/2035 | 1,810,000 | 1,257,060 |
| First Franklin Mortgage Loan Asset Backed Certificates | | |
| Series 2004-FF8, 1.179%, 10/25/2034 | 2,062,380 | 928,191 |
| JP Morgan Mortgage Acquisition Corp. | | |
| Series 2006-NC1, 0.399%, 04/25/2036 | 3,596,728 | 2,605,817 |

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

| | Principal Amount | Value |
|--|---------------------|---------------------|
| Park Place Securities, Inc. | | |
| Series 2004-WWF1, 3.629%, 12/25/2034 | \$ 702,949 | \$ 6,171 |
| Structured Asset Investment Loan Trust | | |
| Series A3, 0.609%, 07/25/2035 | 3,383,859 | 3,112,244 |
| | | <u>8,724,558</u> |
| TOTAL OTHER MORTGAGE RELATED SECURITIES (Cost \$27,704,343) | | <u>\$21,208,244</u> |
| U.S. GOVERNMENTS – 2.75% | | |
| <i>Sovereign – 2.75%</i> | | |
| United States Treasury Notes | | |
| 3.375%, 11/30/2012 | \$4,100,000 | \$ 4,315,570 |
| TOTAL U.S. GOVERNMENTS (Cost \$4,308,794) | | <u>\$ 4,315,570</u> |
| | Shares | Value |
| COMMON STOCKS – 1.39% | | |
| <i>Commercial Services & Supplies – 0.50%</i> | | |
| World Color Press, Inc. ^(a) | 67,055 | \$ 785,214 |
| <i>Paper & Forest Products – 0.89%</i> | | |
| Tembec, Inc. ^(a) | 299,387 | 686,823 |
| Tembec, Inc. ^{(a)(c)} | 313,312 | 718,768 |
| | | <u>1,405,591</u> |
| <i>Semiconductors – 0.00%</i> | | |
| MagnaChip Semiconductor ^{(a)(d)} | 16,080 | — |
| TOTAL COMMON STOCKS (Cost \$13,597,574) | | <u>\$2,190,805</u> |
| PREFERRED STOCKS – 0.66% | | |
| <i>Diversified Financial Services – 0.66%</i> | | |
| GMAC, Inc. 7.00% ^{(a)(c)} | 1,363 | \$1,039,032 |
| TOTAL PREFERRED STOCKS (Cost \$0) | | <u>\$1,039,032</u> |

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

| | Principal Amount | Value |
|---|---------------------|--------------------|
| ASSET BACKED SECURITIES – 1.84% | | |
| <i>Equipment – 1.84%</i> | | |
| Airplanes Pass Through Trust | | |
| Series A-8, 0.605%, 03/15/2019 | \$ 279,314 | \$ 268,142 |
| Series A-9, 0.780%, 03/15/2019 | 2,965,000 | 1,467,675 |
| DVI Receivables Corp. | | |
| Series 03-1A3, 0.730%, 03/12/2011 ^(d) | 2,363,200 | 70,896 |
| Lease Investment Flight Trust | | |
| Series A-1, 0.620%, 07/15/2031 ^(d) | 3,285,000 | 1,084,050 |
| | | <u>2,890,763</u> |
| TOTAL ASSET BACKED SECURITIES (Cost \$7,245,240) | | <u>\$2,890,763</u> |
| CORPORATE BONDS – 77.45% | | |
| <i>Advertising – 2.52%</i> | | |
| Interpublic Group of Companies, Inc. | | |
| 6.250%, 11/15/2014 | \$3,920,000 | <u>\$3,944,500</u> |
| <i>Automobile Parts & Equipment – 1.44%</i> | | |
| American Axle & Manufacturing, Inc. | | |
| 5.250%, 02/11/2014 | 2,465,000 | <u>2,249,313</u> |
| <i>Banks & Thrifts – 14.64%</i> | | |
| GMAC, Inc. | | |
| 6.875%, 09/15/2011 | 3,957,000 | 4,021,301 |
| 7.500%, 12/31/2013 | 1,029,000 | 1,047,007 |
| 6.750%, 12/01/2014 | 2,096,000 | 2,085,520 |
| 8.000%, 12/31/2018 | 1,235,000 | 1,216,475 |
| JP Morgan Chase & Co. | | |
| 7.900%, 04/30/2099 | 3,420,000 | 3,646,062 |
| KeyCorp | | |
| 6.500%, 05/14/2013 | 1,760,000 | 1,879,520 |

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| M&I Marshall & Ilsley Bank | | |
| 5.000%, 01/17/2017 | \$2,380,000 | \$ 2,073,863 |
| National City Corp. | | |
| 4.900%, 01/15/2015 | 6,150,000 | 6,424,050 |
| Regions Bank/Birmingham AL | | |
| 7.500%, 05/15/2018 | 620,000 | 615,124 |
| | | <u>23,008,922</u> |
| <i>Building Materials – 6.01%</i> | | |
| Masco Corp. | | |
| 6.125%, 10/03/2016 | 4,040,000 | 4,028,555 |
| Mohawk Industries, Inc. | | |
| 6.875%, 01/15/2016 | 2,965,000 | 3,061,362 |
| USG Corp. | | |
| 6.300%, 11/15/2016 | 2,635,000 | 2,358,325 |
| | | <u>9,448,242</u> |
| <i>Chemicals – 1.50%</i> | | |
| Dow Chemical Co. | | |
| 8.550%, 05/15/2019 | 1,945,000 | 2,352,946 |
| <i>Diversified Financial Services – 10.85%</i> | | |
| Countrywide Financial Corp. | | |
| 5.800%, 06/07/2012 | 3,440,000 | 3,656,727 |
| Ford Motor Credit Co. LLC | | |
| 7.250%, 10/25/2011 | 3,945,000 | 4,078,700 |
| International Lease Finance Corp. | | |
| 6.625%, 11/15/2013 | 5,230,000 | 5,090,202 |
| SLM Corp. | | |
| 5.000%, 10/01/2013 | 4,420,000 | 4,222,687 |
| | | <u>17,048,316</u> |

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

| | Principal Amount | Value |
|--|---------------------|-------------------|
| <i>Electric Utilities – 7.86%</i> | | |
| Ameren Corp. | | |
| 8.875%, 05/15/2014 | \$2,910,000 | \$ 3,357,704 |
| FirstEnergy Corp. | | |
| 7.375%, 11/15/2031 | 2,320,000 | 2,400,931 |
| Nisource Finance Corp. | | |
| 5.250%, 09/15/2017 | 2,140,000 | 2,150,762 |
| Oncor Electric Delivery Co. | | |
| 7.000%, 09/01/2022 | 3,900,000 | 4,445,996 |
| | | <u>12,355,393</u> |
| <i>Energy – 2.36%</i> | | |
| Valero Energy Corp. | | |
| 9.375%, 03/15/2019 | 3,110,000 | <u>3,702,567</u> |
| <i>Food, Beverage & Tobacco – 4.00%</i> | | |
| Chiquita Brands International, Inc. | | |
| 7.500%, 11/01/2014 | 1,290,000 | 1,331,925 |
| Tyson Foods, Inc. | | |
| 7.850%, 04/01/2016 | 4,615,000 | 4,961,125 |
| | | <u>6,293,050</u> |
| <i>Health Care Services – 2.76%</i> | | |
| Tenet Healthcare Corp. | | |
| 7.375%, 02/01/2013 | 4,300,000 | <u>4,343,000</u> |
| <i>Homebuilders – 9.00%</i> | | |
| Centex Corp. | | |
| 6.500%, 05/01/2016 | 2,695,000 | 2,789,325 |
| Lennar Corp. | | |
| 5.600%, 05/31/2015 | 4,275,000 | 4,061,250 |

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

| | Principal Amount | Value |
|---|---------------------|-------------------|
| <hr/> | | |
| Pulte Group, Inc. | | |
| 5.200%, 02/15/2015 | \$3,205,000 | \$ 3,072,794 |
| Toll Brothers Finance Corp. | | |
| 5.150%, 05/15/2015 | 4,235,000 | 4,226,013 |
| | | <u>14,149,382</u> |
| | | |
| Insurance – 0.08% | | |
| Unum Group | | |
| 7.625%, 03/01/2011 | 120,000 | <u>124,875</u> |
| | | |
| Media – 0.72% | | |
| The McGraw Hill Cos, Inc. | | |
| 5.900%, 11/15/2017 | 1,075,000 | <u>1,135,619</u> |
| | | |
| Paper & Forest Products – 4.97% | | |
| Abitibi-Consolidated Co. of Canada | | |
| 6.000%, 06/20/2013 ^(b) | 3,950,000 | 977,625 |
| Catalyst Paper Corp. | | |
| 8.625%, 06/15/2011 | 4,950,000 | 4,386,937 |
| Norske Skogindustrier ASA | | |
| 7.000%, 06/26/2017 | 695,000 | 650,055 |
| Tembec Industries, Inc. | | |
| 7.248%, 02/12/2012 | 2,088,750 | <u>1,791,103</u> |
| | | <u>7,805,720</u> |
| | | |
| Technology, Equipment & Services – 3.75% | | |
| Unisys Corp. | | |
| 12.500%, 01/15/2016 | 5,320,000 | <u>5,891,900</u> |
| | | |
| Telecommunications – 4.99% | | |
| Nextel Communications, Inc. | | |
| 5.950%, 03/15/2014 | 5,035,000 | 4,695,137 |

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

| | Principal Amount | Value |
|---|---------------------|----------------------|
| Sprint Nextel Corp. | | |
| 6.000%, 12/01/2016 | \$2,225,000 | \$ 2,008,063 |
| Verizon New York, Inc. | | |
| 6.875%, 04/01/2012 | 1,050,000 | 1,143,293 |
| | | <u>7,846,493</u> |
| TOTAL CORPORATE BONDS (Cost \$114,542,070) | | <u>\$121,700,238</u> |

| | Contracts | Value |
|--|-----------|-------|
|--|-----------|-------|

WARRANTS – 0.20%

Commercial Services & Supplies – 0.20%

| | | |
|---|--------|----------------|
| World Color Press, Inc. | | |
| Expiration: July 2014, Exercise Price: \$16.30 ^(d) | 38,004 | \$ 114,012 |
| Expiration: July 2014, Exercise Price: \$13.00 ^(d) | 38,004 | 199,521 |
| | | <u>313,533</u> |

Semiconductors – 0.00%

| | | |
|--|--------|----------|
| MagnaChip Semiconductor | | |
| Expiration: November 2014, Exercise Price: \$1.97 ^(d) | 80,400 | <u>—</u> |

| | | |
|--|--|-------------------|
| TOTAL WARRANTS (Cost \$863,486) | | <u>\$ 313,533</u> |
|--|--|-------------------|

| | Principal Amount | Value |
|--|---------------------|-------|
|--|---------------------|-------|

SHORT-TERM INVESTMENTS – 1.61%

Repurchase Agreements – 1.61%

| | | |
|---|-------------|--------------|
| State Street Bank and Trust Repurchase Agreement, (Dated 3/31/2010), due 4/1/2010, 0.01%, [Collateralized by \$2,585,000 United States Treasury Bill, 7/8/2010, (Market Value \$2,584,015)] (proceeds \$2,531,661) | \$2,531,660 | \$ 2,531,660 |
|---|-------------|--------------|

| | | |
|--|--|---------------------|
| TOTAL SHORT-TERM INVESTMENTS (Cost \$2,531,660) | | <u>\$ 2,531,660</u> |
|--|--|---------------------|

| | | |
|--|--|---------------|
| TOTAL INVESTMENTS (Cost \$170,793,167) – 99.40% | | \$156,189,845 |
|--|--|---------------|

| | | |
|---|--|---------|
| Other Assets in Excess of Liabilities – 0.60% | | 946,701 |
|---|--|---------|

| | | |
|---|--|-----------------------------|
| TOTAL NET ASSETS – 100.00% | | <u><u>\$157,136,546</u></u> |
|---|--|-----------------------------|

The accompanying notes are an integral part of these Schedules of Investments.

Brandes Separately Managed Account Reserve Trust

SCHEDULE OF INVESTMENTS March 31, 2010 (Unaudited) – (Continued)

Percentages are stated as a percent of net assets.

- (a) Non-income producing security.
- (b) In Default.
- (c) Security was purchased exempt from registration in the U.S. pursuant to Rule 144A of the Securities Act of 1933 (the “Act”) or was acquired in a private placement, and, unless registered under the Act, may only be sold to “qualified institutional buyers” (as defined in the Act or pursuant to another exemption from registration.) The market values of these securities total \$1,757,800, which represents 1.12% of total net assets.
- (d) The prices for these securities were derived from an estimate of fair market value using methods approved by the Fund’s Board of Trustees. These securities represent \$1,683,392 or 1.07% of the Fund’s net assets.

The accompanying notes are an integral part of these Schedules of Investments.

Separately Managed Account Reserve Trust

STATEMENT OF ASSETS AND LIABILITIES March 31, 2010 (Unaudited)

ASSETS

| | |
|---|---------------------------|
| Investments in securities, at cost | \$170,793,167 |
| Investments in securities, at value | <u>\$156,189,845</u> |
| Receivables: | |
| Fund shares sold | 116,310 |
| Dividends and interest | <u>2,496,597</u> |
| Total Assets | <u><u>158,802,752</u></u> |

LIABILITIES

| | |
|--------------------------------|------------------|
| Payables: | |
| Fund shares redeemed | 991,461 |
| Dividends payable | <u>674,745</u> |
| Total Liabilities. | <u>1,666,206</u> |

| | |
|-----------------------------|-----------------------------|
| NET ASSETS | <u><u>\$157,136,546</u></u> |
|-----------------------------|-----------------------------|

COMPONENTS OF NET ASSETS

| | |
|---|----------------|
| Paid-in capital | \$194,126,467 |
| Undistributed net investment income | (115,526) |
| Accumulated net realized gain on investments and foreign currency | (22,268,121) |
| Net unrealized depreciation on: | |
| Investments | (14,603,322) |
| Foreign currency | <u>(2,952)</u> |

| | |
|-----------------------------|-----------------------------|
| NET ASSETS | <u><u>\$157,136,546</u></u> |
|-----------------------------|-----------------------------|

Net asset value, offering price and redemption proceeds per share

| | |
|---|-----------------------|
| Shares outstanding (unlimited shares authorized without par value). | 19,293,946 |
| Offering and redemption price | <u><u>\$ 8.14</u></u> |

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

Separately Managed Account Reserve Trust

STATEMENT OF OPERATIONS For the Period Ended March 31, 2010 (Unaudited)

INVESTMENT INCOME

Income

| | |
|---------------------------|------------------|
| Dividend income | \$ 47,211 |
| Interest income | <u>5,490,783</u> |
| Total income | <u>5,537,994</u> |

Expenses (Note 3)

| | |
|--|------------------|
| Total expenses | <u>—</u> |
| Net investment income | <u>5,537,994</u> |

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Net realized loss on:

| | |
|-----------------------------|--------------------|
| Investments | <u>(3,349,136)</u> |
| Net realized loss | <u>(3,349,136)</u> |

Net change in unrealized appreciation on:

| | |
|---|-------------------|
| Investments | 17,109,912 |
| Foreign currency transactions | <u>(3,408)</u> |
| Net unrealized appreciation | <u>17,106,504</u> |

| | |
|--|-------------------|
| Net realized and unrealized gain on investments and foreign currency transactions | <u>13,757,368</u> |
|--|-------------------|

| | |
|---|----------------------------|
| Net increase in net assets resulting from operations | <u><u>\$19,295,362</u></u> |
|---|----------------------------|

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

Separately Managed Account Reserve Trust

STATEMENTS OF CHANGES IN NET ASSETS

| | Six Months Ended March 31, 2010 (Unaudited) | Year Ended September 30, 2009 |
|--|--|--|
| INCREASE IN NET ASSETS FROM: | | |
| OPERATIONS | | |
| Net investment income | \$ 5,537,994 | \$ 13,841,607 |
| Net realized gain (loss) on: | | |
| Investments | (3,349,136) | (7,206,082) |
| Foreign currency transactions | — | 1,193 |
| Net change in unrealized appreciation (depreciation) on: | | |
| Investments | 17,109,912 | 17,277,645 |
| Foreign currency transactions | (3,408) | 1,725 |
| Net increase in net assets resulting from operations . . . | <u>19,295,362</u> | <u>23,916,088</u> |
| DISTRIBUTIONS TO SHAREHOLDERS | | |
| From net investment income | <u>(5,678,127)</u> | <u>(13,582,966)</u> |
| Decrease in net assets from distributions | <u>(5,678,127)</u> | <u>(13,582,966)</u> |
| CAPITAL SHARE TRANSACTIONS | | |
| Proceeds from shares sold | 13,919,859 | 51,660,637 |
| Net asset value of share issued on reinvestment of distributions . . | 1,821,878 | 4,147,211 |
| Cost of shares redeemed | <u>(29,780,097)</u> | <u>(63,158,713)</u> |
| Net decrease in net assets from capital share transactions | <u>(14,038,360)</u> | <u>(7,350,865)</u> |
| Total Increase (Decrease) in net assets | (421,125) | 2,982,257 |
| NET ASSETS | | |
| Beginning of the Period | <u>157,557,671</u> | <u>154,575,414</u> |
| End of the Period | <u>\$157,136,546</u> | <u>\$157,557,671</u> |
| Undistributed net investment income (loss) | <u>\$ (115,526)</u> | <u>\$ 24,607</u> |

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

Brandes Separately Managed Account Reserve Trust

FINANCIAL HIGHLIGHTS

For a capital share outstanding for the period ended:

| | 3/31/2010 (unaudited) | 9/30/2009 | 9/30/2008 | 9/30/2007 | 10/3/2005 ⁽⁴⁾ – 9/30/2006 |
|---|--------------------------|----------------|-------------------------|----------------|---|
| Net asset value, beginning of period | \$ 7.46 | \$ 6.97 | \$ 9.61 | \$ 9.87 | \$ 10.00 |
| Income from investment operations: | | | | | |
| Net investment income | 0.28 | 0.64 | 0.81 | 0.69 | 0.69 |
| Net realized and unrealized gain/(loss) on investments | 0.69 | 0.47 | (2.63) | (0.27) | (0.13) |
| Net increase from payments by affiliates | — | — | 0.01 | — | — |
| Total from investment operations | 0.97 | 1.11 | (1.81) | 0.42 | 0.56 |
| Less distributions: | | | | | |
| From net investment income | (0.29) | (0.62) | (0.81) | (0.68) | (0.69) |
| From net realized gain | — | — | (0.02) | — | — |
| Net asset value, end of period | <u>\$ 8.14</u> | <u>\$ 7.46</u> | <u>\$ 6.97</u> | <u>\$ 9.61</u> | <u>\$ 9.87</u> |
| Total return | 13.18% ⁽¹⁾ | 18.25% | (20.15)% ⁽⁵⁾ | 4.22% | 5.96% ⁽¹⁾ |
| Ratios/supplemental data: | | | | | |
| Net assets, end of period (millions) | \$157.14 | \$157.56 | \$154.58 | \$142.50 | \$ 15.90 |
| Ratio of net expenses to average net assets ⁽³⁾ | 0.00% ⁽²⁾ | 0.00% | 0.00% | 0.00% | 0.00% ⁽²⁾ |
| Ratio of net investment income to average net assets ⁽³⁾ | 7.20% ⁽²⁾ | 10.15% | 9.28% | 7.27% | 7.22% ⁽²⁾ |
| Portfolio turnover rate | 14.41% ⁽¹⁾ | 40.53% | 157.66% | 230.69% | 214.02% ⁽¹⁾ |

(1) Not annualized.

(2) 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 advisers 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) Commencement of operations.

(5) The Fund’s total return includes a voluntary reimbursement by the Advisor for a realized investment loss on a transaction not meeting the Fund’s investment guidelines. This item had an impact of less than 0.005% on the Fund’s total return.

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited)

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 diversified portfolios of debt securities and seeks to maximize total return.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America.

- A. *Security Valuation.* Bonds and other fixed-income securities (other than the short-term securities) are valued using the bid price provided by an independent pricing service.

Other 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 (“NOCP”). Securities traded on an exchange for which there have been no sales 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.

U.S. Government securities with less than 60 days remaining to maturity when acquired by the Fund are valued on an amortized cost basis. U.S. Government securities with more than 60 days remaining to maturity are valued at the current market value as provided by an independent pricing service on the day of valuation until the 60th day prior to maturity, and are then valued at amortized cost based upon the value on such date unless the Board determines during such 60-day period that this amortized cost basis does not represent fair value. Short-term investments are stated at cost, which when combined with accrued interest approximates market value.

The Fund 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

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited) – (Continued)

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 does not isolate that portion of the results of operations arising as a result of changes in the currency exchange rate from the fluctuations arising as a result of changes in the market prices of investments during 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.

- B. *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. The Fund will always receive and maintain, as collateral, securities whose market value, including accrued interest, 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 custodian. To the extent that the term of any repurchase transaction exceeds one business day, the value of the Fund's collateral is marked-to-market on a daily basis to ensure the adequacy of the collateral.

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.

- C. *Foreign Currency.* Values of investments denominated in foreign currencies are converted into U.S. dollars using the spot market rate 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 rate of exchange prevailing on the respective dates of such translations. The gain or loss resulting from changes in foreign exchange 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.
- D. *Forward Foreign Currency Exchange Contracts.* A forward currency contract is an agreement between two parties to buy or sell a currency at a set price on a future date. Forward contracts are marked to market daily and the change in market value is recorded by the Fund as an unrealized gain or loss. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The Fund could be at risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably.

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited) – (Continued)

- E. *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 when-issued or delayed delivery transactions, 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.
- F. *Security Transactions, Dividends and Distributions.* Security transactions are accounted for on the trade date. Realized gains and losses are evaluated on the bases of identified costs. Dividends from net investment income are declared daily and paid monthly. Distributions of net realized gains, if any, are declared at least annually. Distributions to shareholders are recorded on the ex-dividend date. Interest is recorded on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Trust’s understanding of the applicable country’s tax rules and rates.
- G. *Federal Income Taxes.* The Fund intends to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its net investment income and any net realized capital gains to its shareholders. Therefore, no federal income tax provision is required.
- H. *Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.
- I. *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. 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.
- J. *Reclassification of Capital Accounts.* Accounting principles generally accepted in the United States of America require that certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the period ended September 30, 2009, as a result of its reclassifications the Fund’s undistributed net investment income was decreased by \$236,266 and accumulated net realized gain was increased by \$236,266.

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited) – (Continued)

- K. *Accounting for Uncertainty in Income Taxes.* The Trust has reviewed the open tax years 2006 to 2009 and concluded that there is no impact on the Fund's net assets or results of operations and no tax liability resulting from uncertain income tax positions taken or expected to be taken on a tax return as of September 30, 2009.
- L. *Payment by Affiliate.* Subsequent to the fiscal year ended September 30, 2008, the Fund's investment advisor, Brandes Investment Partners, L.P., voluntarily reimbursed the Fund \$145,127, relating to the Fund's purchase of a security of an affiliate of the Distributor. This reimbursement has been classified on the Financial Highlights as "Net increase from payments by affiliates".
- M. *Fair Value Measurements.* The Trust has performed an analysis of all existing investments to determine the significance and character of all inputs to their fair value determination. Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the following three broad categories:
- Level 1 — Quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.
 - Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
 - Level 3 — Model derived valuations in which one or more 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.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy noted above. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited) – (Continued)

The following is a summary of the inputs used, as of March 31, 2010, involving the Fund's assets carried at value. The inputs of methodology 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 |
|--------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Investments in Securities | | | | |
| Equities | \$2,190,805 | \$ 1,039,032 | \$ — | \$ 3,229,837 |
| Warrants | — | 313,533 | — | 313,533 |
| Asset Backed Securities | — | 1,735,817 | 1,154,946 | 2,890,763 |
| Corporate Bonds | — | 121,700,238 | — | 121,700,238 |
| Government Securities | — | 4,315,570 | — | 4,315,570 |
| Mortgage Backed Securities | — | 21,208,244 | — | 21,208,244 |
| Repurchase Agreements | — | 2,531,660 | — | 2,531,660 |
| Total Investments | <u>\$2,190,805</u> | <u>\$152,844,093</u> | <u>\$1,154,946</u> | <u>\$156,189,845</u> |

Below is a reconciliation that details the activity of securities in Level 3 since the adoption of the pronouncement on October 1, 2009 to March 31, 2010:

| | |
|--|--------------------|
| Beginning Balance – October 1, 2009 | \$ 858,963 |
| Net purchases/(sales) | 914,006 |
| Transfers in/(out) of level 3 | — |
| Total realized and unrealized gains/(losses) | (736,118) |
| Accrued accretion/(amortization) | 118,095 |
| Ending Balance – March 31, 2010 | <u>\$1,154,946</u> |

NOTE 3 – INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

- A. *Advisor Fee.* Brandes Investment Partners, L.P. (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.

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited) – (Continued)

- B. *Administration Fee.* U.S. Bancorp Fund Services, LLC, (the “Administrator”) acts as 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; and prepares several Fund reports. For its services, the Administrator receives an annual fee at the rate of 0.03% of the Trust’s average daily net assets for the first \$1 billion in net assets and 0.02% in excess of \$1 billion of the Trust’s average daily net assets, subject to a minimum of \$50,000 per Fund per annum which is allocated across the Trust based on average net assets. The Advisor compensates the Administrator on behalf of the Fund for the services the Administrator performs for the Fund.
- C. *Distribution and Service Fees.* Quasar Distributors, LLC (the “Distributor”), a registered broker-dealer, acts as the Fund’s principal underwriter in a continuous public offering of the Fund’s shares. The Distributor is an affiliate of the Administrator. All of the Fund’s distribution fees are paid by the Advisor.

Certain officers of the Fund and Trustees of the Trust are also officers of 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:

| U.S. Government | | Other | |
|-----------------|-------------|-------------|--------------|
| Purchases | Sales | Purchases | Sales |
| \$12,705,117 | \$8,361,379 | \$9,048,238 | \$23,542,109 |

NOTE 5 – CAPITAL STOCK TRANSACTIONS

The Fund’s capital stock activity in shares and dollars during the six months ended March 31, 2010 and the year ended September 30, 2009, was as follows:

| | March 31, 2010 | | September 30, 2009 | |
|--|--------------------|---------------------|--------------------|-----------------------|
| | Shares | Amount | Shares | Amount |
| Shares issued | 1,779,712 | \$ 13,915,187 | 8,516,023 | \$ 51,660,637 |
| Shares issued on reinvestment of distributions | 233,382 | 1,821,878 | 664,031 | 4,147,211 |
| Shares redeemed | (3,850,328) | (29,780,097) | (10,218,620) | (63,158,713) |
| Net decrease | <u>(1,837,234)</u> | <u>(14,043,032)</u> | <u>(1,038,566)</u> | <u>\$ (7,350,865)</u> |

Separately Managed Account Reserve Trust

NOTES TO FINANCIAL STATEMENTS — (Unaudited) – (Continued)

NOTE 6 – FEDERAL INCOME TAX MATTERS

As of September 30, 2009, the Fund's components of distributable earnings on a tax basis were as follows:

| | |
|---|------------------------|
| Cost of investments for tax purposes | <u>\$186,968,751</u> |
| Gross tax unrealized appreciation | \$ 12,404,837 |
| Gross tax unrealized depreciation | <u>(44,118,071)</u> |
| Net tax unrealized depreciation on investments and foreign currency | <u>(31,713,234)</u> |
| | |
| Distributable ordinary income | 24,607 |
| Distributable long-term capital gains | <u>—</u> |
| Total distributable earnings | <u>24,607</u> |
| | |
| Other accumulated losses | <u>(18,918,529)</u> |
| Total accumulated earnings | <u>\$ (50,607,156)</u> |

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.

As of September 30, 2009, the Fund had capital losses expiring on September 30, 2016 and 2017 in the amounts of \$152,724 and \$12,360,303, respectively.

The tax composition of dividends for the period ended September 30, 2009 for the Fund was as follows:

| Ordinary Income Total | Long Term Capital Gains Total | Return of Capital |
|--------------------------|-------------------------------------|----------------------|
| \$13,582,966 | \$ — | \$ — |

At September 30, 2009, the Fund had net realized losses on investments and foreign currencies of \$6,405,958 which are deferred for tax purposes and were recognized on October 1, 2009.

NOTE 7 – SUBSEQUENT EVENTS

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued.

Separately Managed Account Reserve Trust

ADDITIONAL INFORMATION – (Unaudited)

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 Securities and Exchange 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 Securities and Exchange Commission's website at <http://www.sec.gov>.

FORM N-Q DISCLOSURE

The Trust files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Trust's Form N-Q filings are available on the Securities and Exchange Commission's website at <http://www.sec.gov>. The Trust's Form N-Q filings may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. Information regarding the Trust's Form N-Q filings is also available, without charge, by calling toll-free, 1-800-331-2979.

BOARD CONSIDERATION AND CONTINUATION OF INVESTMENT ADVISORY AGREEMENT

In December 2009 the Board of Trustees of the Trust, including the independent Trustees, unanimously approved renewal of the Investment Advisory Agreement (the "Agreement") between the Trust and Advisor with respect to the Fund for an additional one-year term.

Information Reviewed

During the course of each year, Board members review a wide variety of materials relating to the nature, extent and quality of the services provided to the Fund by the Advisor, including reports on the Fund's investment results, portfolio composition, portfolio trading practices, and other matters. In addition, in connection with its annual review of the Agreement with respect to the Fund, the Board requested and reviewed supplementary information that included materials regarding the Fund's investment results, advisory fee and expense comparisons, financial and profitability information regarding the Advisor, descriptions of various functions such as compliance monitoring and portfolio trading practices, and information about the personnel providing investment management and administrative services to the Fund.

In connection with its reviews, the Board received assistance and advice regarding legal and industry standards from counsel to the Trust and the independent Trustees. The independent Trustees discussed the approval of the Agreement with respect to the Fund with representatives of the Advisor and in private sessions with counsel at which no representatives of the Advisor were present. In deciding to recommend

Separately Managed Account Reserve Trust

ADDITIONAL INFORMATION – (Unaudited) – (Continued)

approval of 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. This summary describes the most important, but not all, of the factors considered by the Board and the independent Trustees.

Nature, Extent and Quality of Services

With respect to the nature, extent and quality of services provided by the Advisor to the Fund, the Trustees reviewed among other things the quality and depth of the Advisor's investment management staff, its regulatory compliance procedures, the day-to-day administrative services provided by the Advisor to the Fund and the Board of Trustees, and the investment results of the Fund. Concurrently with the most recent annual review of the Agreement with respect to the Fund and the other series of the Trust, the independent Trustees decided that it would be in the best interest of the Trust to retain a new chief compliance officer for the Trust who was not affiliated with the Advisor, rather than continuing to rely on an employee of the Advisor to provide compliance services jointly to the Trust and the Advisor.

The Trustees noted that although the Fund's investment results for the three-year period ended September 30, 2009 were in the fourth quartile of the results of a peer group of funds identified by Morningstar Associates, and were below the results of its benchmark index for that period, for the one-year period ended on that date its investment results were in the first quartile of the results of its peer group of funds and above the results of its benchmark index. They also noted that choosing a peer group for the Fund is difficult because the Fund's organization, expense structure and function as a portion of a broader investment program of the Advisor are relatively unique. They concluded that the Fund's performance was satisfactory considering the difficult market environment during the year ended September 30, 2008 and the Fund's focus on long-term investment results.

Advisory Fees, Total Expenses and Ancillary Benefits

The Trustees noted that the Fund does not incur any advisory fees or other expenses, all of which are paid by the Advisor, and as a result the Advisor's relationship with the Fund alone is not profitable. The Board also considered ancillary benefits to the Advisor as a result of its relationship with the Fund. They noted that these were primarily related to the Advisor's receipt of wrap account fees from Fund shareholders through various broker-dealer sponsors that are not affiliated with either the Fund or the Advisor, and the benefit of research provided by broker-dealers executing portfolio transactions on behalf of the Fund (as the Advisor does not obtain third-party research or other services in return for allocating the Fund's brokerage).

Conclusions

Based on their review, including consideration of each of the factors referred to above, the Board and the independent Trustees concluded that the Agreement is fair and reasonable to the Fund and its shareholders, that the Fund's shareholders receive reasonable value from the Advisor's services, that each of the factors discussed above supported renewal of the Agreement, and that renewal of the Agreement was in the best interests of the Fund and its shareholders.

Separately Managed Account Reserve Trust

TRUSTEE AND OFFICER INFORMATION – (Unaudited)

The Board of Trustees 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 the Trust, including the Trust's agreements with the Advisor, Administrator, Custodian and Transfer Agent. The Board of Trustees delegates the day-to-day operations of the Fund to its officers, subject to the 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.

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

| Name, Address and Age | Position(s) Held with Trust | Term of Office and Length of Time Served ⁽¹⁾ | Principal Occupation During Past 5 Years | Number of Trust Series Overseen by Trustee | Other Directorships/ Trusteeships Held by Trustee |
|---|-----------------------------|---|---|--|---|
| Independent Trustees⁽²⁾ | | | | | |
| DeWitt F. Bowman, CFA 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 79) | Trustee | Since February 1995 | Retired. | 4 | Pacific Gas and Electric Nuclear Decommissioning Trust; PCG Private Equity Fund; Forward Funds; RREEF America III REIT. |
| J. Michael Gaffney, CFA 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 68) | Trustee | Since June 2004 | Independent Consultant, IXIS Asset Management, North America, since 2004. | 4 | None |
| Karin B. Bonding, CFA 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 70) | Trustee | Since May 2006 | Lecturer, University of Virginia, since 1996. President of Capital Markets Institute, Inc. from 1996 to 2006. | 4 | Director of six closed end mutual funds in the Credit Suisse family of funds. |
| Jean E. Carter 11988 El Camino Real Suite 500 San Diego, CA 92130 (Age 52) | Trustee | Since April 2008 | Director, Investment Management of Russell Investment Group from 2000 to 2005. | 4 | None |
| Robert M. Fitzgerald, CPA 11988 El Camino Real Suite 500 San Diego, CA 92130 (Age 58) | Trustee | Since April 2008 | Chief Financial Officer of National Retirement Partners from 2005 to 2007. | 4 | Hotchkis and Wiley Mutual Funds. |

Separately Managed Account Reserve Trust

TRUSTEE AND OFFICER INFORMATION – (Unaudited) – (Continued)

| Name, Address and Age | Position(s) Held with Trust | Term of Office and Length of Time Served ⁽¹⁾ | Principal Occupation During Past 5 Years | Number of Trust Series Overseen by Trustee | Other Directorships/Trusteeships Held by Trustee |
|---|-----------------------------|---|---|--|--|
| “Interested” Trustees⁽³⁾ | | | | | |
| Debra McGinty-Poteet 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 54) | Trustee and President | Since June 2000 | Director, Mutual Fund Services of Brandes Investment Partners, L.P., the investment advisor to the Funds (the “Advisor”). | 4 | Brandes Investment Funds PLC. |
| Jeff Busby 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 49) | Trustee | Since July 2006 | Executive Director of the Advisor. | 4 | None |
| Officers of the Trust | | | | | |
| Thomas M. Quinlan 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 39) | Secretary | Since June 2003 | Associate General Counsel of the Advisor since January 2005; Counsel of the Advisor from July 2000 to January 2005. | N/A | N/A |
| Gary Iwamura 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 53) | Treasurer | Since September 1997 | Finance Director of the Advisor. | N/A | N/A |
| George Stevens 11988 El Camino Real, Suite 500 San Diego, CA 92130 (Age 59) | Chief Compliance Officer | Since January 2010 | Vice President, Citi Fund Services, September 1996 to March 2008; Director, Beacon Hill Fund Services, Inc., March 2008 to present. | 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 by virtue of their positions with the Advisor.

Separately Managed Account Reserve Trust

PRIVACY NOTICE

Brandes Investment Partners, L.P. and the Brandes Investment Trust collect nonpublic 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 or others.

We do not disclose any nonpublic personal information about our customers or former customers without the customer's authorization, except as permitted by law or in response to inquiries from governmental authorities. We restrict access to your personal and account information to those personnel 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 nonpublic personal information.