

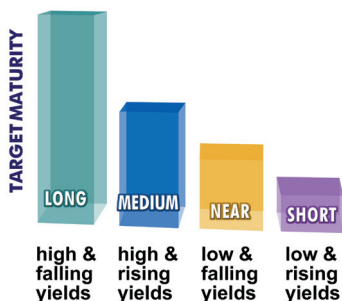


# HUSSMAN INVESTMENT TRUST

## Hussman Strategic Growth Fund



## Hussman Strategic Total Return Fund

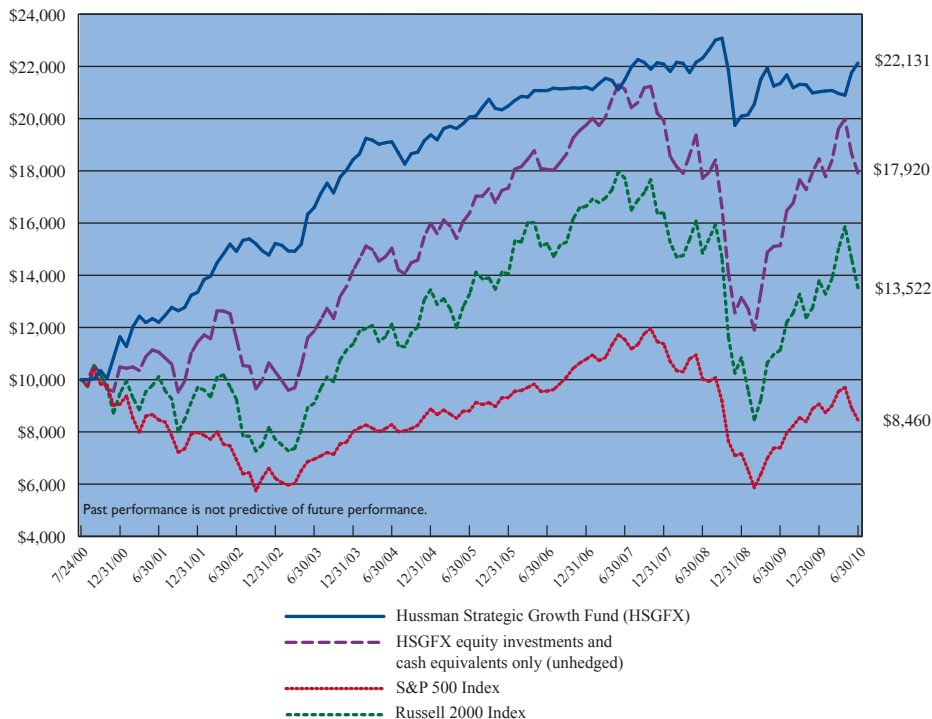


# ANNUAL REPORT

June 30, 2010

## STRATEGIC GROWTH FUND

Comparison of the Change in Value of a \$10,000 Investment in Hussman Strategic Growth Fund versus the Standard & Poor's 500 Index and the Russell 2000 Index<sup>(a)</sup>



### Average Annual Total Returns<sup>(b)</sup> For Periods Ended June 30, 2010

|  | 1 Year | 3 Years | 5 Years | Since Inception <sup>(c)</sup> |
|--|--------|---------|---------|--------------------------------|
| Hussman Strategic Growth Fund <sup>(d)</sup> | 3.68%  | 0.98%   | 1.98%   | 8.33%                          |
| S&P 500 Index                                | 14.43% | (9.81%) | (0.79%) | (1.67%)                        |
| Russell 2000 Index                           | 21.48% | (8.60%) | 0.37%   | 3.08%                          |

<sup>(a)</sup> Hussman Strategic Growth Fund invests in stocks listed on the New York, American, and NASDAQ exchanges, and does not specifically restrict its holdings to a particular market capitalization. The S&P 500 and Russell 2000 are indices of large and small capitalization stocks, respectively. "HSGFX equity investments and cash equivalents only (unhedged)" reflects the performance of the Fund's stock investments and modest day-to-day cash balances, after fees and expenses, but excluding the impact of hedging transactions. The Fund's unhedged equity investments do not represent a separately available portfolio, and their performance is presented solely for purposes of comparison and performance attribution.

<sup>(b)</sup> Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

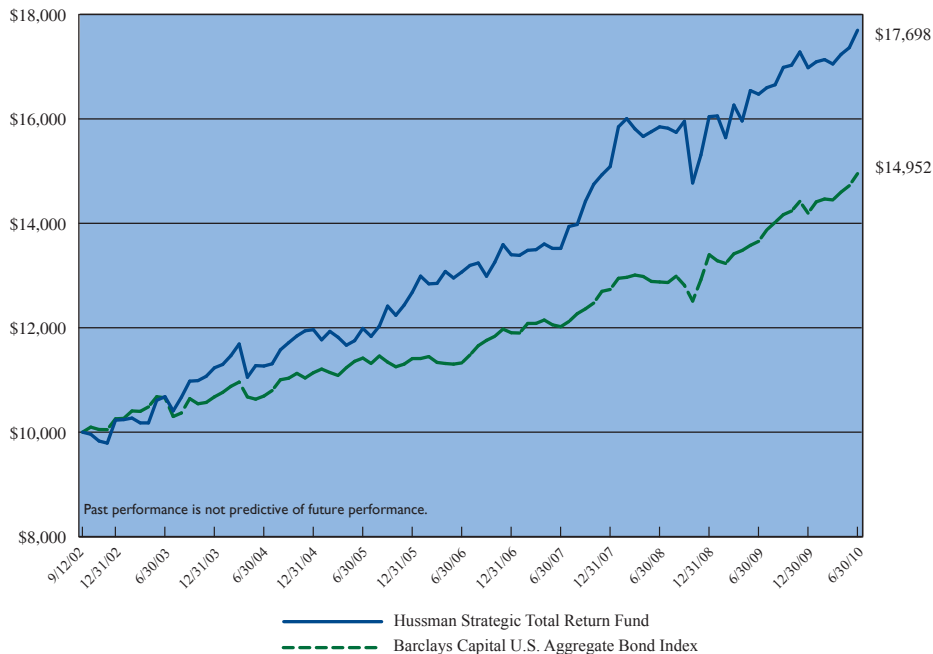
<sup>(c)</sup> The Fund commenced operations on July 24, 2000.

<sup>(d)</sup> The Fund's expense ratio was 1.05% during its most recent fiscal year ended June 30, 2010. The expense ratio as disclosed in the November 1, 2009 prospectus was 1.09%.



# STRATEGIC TOTAL RETURN FUND

Comparison of the Change in Value of a \$10,000 Investment in Hussman Strategic Total Return Fund versus the Barclays Capital U.S. Aggregate Bond Index



## Average Annual Total Returns<sup>(a)</sup>

For Periods Ended June 30, 2010

|   | 1 Year | 3 Years | 5 Years | Since Inception <sup>(b)</sup> |
|---|--------|---------|---------|--------------------------------|
| Hussman Strategic Total Return Fund <sup>(c)</sup>        | 7.44%  | 9.39%   | 8.10%   | 7.60%                          |
| Barclays Capital U.S. Aggregate Bond Index <sup>(d)</sup> | 9.50%  | 7.55%   | 5.54%   | 5.29%                          |

<sup>(a)</sup> Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(b)</sup> The Fund commenced operations on September 12, 2002.

<sup>(c)</sup> The Fund's expense ratio was 0.67% during its most recent fiscal year ended June 30, 2010. The expense ratio as disclosed in the November 1, 2009 prospectus was 0.79%.

<sup>(d)</sup> The Barclays Capital U.S. Aggregate Bond Index covers the U.S. investment grade fixed rate bond market, with index components for U.S. government, agency and corporate securities.

**Dear Shareholder,**

For the fiscal year ended June 30, 2010, Hussman Strategic Growth Fund achieved a total return of 3.68%, compared with a total return of 14.43% for the Standard & Poor's 500 Index. Meanwhile, Hussman Strategic Total Return Fund achieved a total return of 7.44%, compared with a gain of 9.50% for the Barclays Capital U.S. Aggregate Bond Index. The relatively modest returns of the Hussman Funds primarily reflected the maintenance of a defensive investment posture during 2009, based on what I viewed as overvalued, overbought, overbullish conditions in stocks, combined with significant potential for further credit strains and economic contraction.

I continue to be concerned about credit conditions and the underlying fundamentals of the U.S. economy. In recent months, fresh deterioration in leading economic measures, narrowing compensation for credit risk, and rich stock market valuations have increased the vulnerability of equities and corporate bonds to price weakness. These concerns are reflected in the restrained exposure to risk that the Hussman Funds presently accept.

While the potential for further credit and economic strains remains evident, I clearly underestimated the extent to which Wall Street would respond to a modest economic rebound in 2009, driving stocks to the point where they were not only overvalued again, but strikingly dependent on a sustained economic recovery and the achievement and maintenance of record profit margins in the years ahead. Meanwhile, near-zero yields on default-free Treasury bills and bank deposit instruments provoked investors to accept a great deal of credit risk as 2009 progressed, to the point where credit spreads (the difference in yields between risky debt and Treasury securities) narrowed to the lows seen just prior to the recent crisis.

Given that GDP growth over the past year has amounted to \$563 billion, while Federal government debt has increased by \$1.6 trillion, there appears to be little evidence that the positive economic growth of recent quarters was driven by much else but the deficit spending of government and to a lesser extent, the aggressive purchase of mortgage securities by the Federal Reserve. Private sector demand, income less government transfer payments, employment growth, housing activity and other measures of "intrinsic" economic activity remain remarkably weak. With the impact of stimulus spending trailing off, and little evidence that debt has been restructured in proportion to the cash flows available to service that debt, expectations for economic expansion appear to be based more on hope than on a careful reading of economic history. Except for a recent burst of inventory rebuilding that appears

# The Hussman Funds

## Letter to Shareholders *(continued)*

complete, the big-ticket, credit-financed expenditures that have historically driven cyclical expansions are still dormant.

I continue to believe that at present valuations, exposure to market risk and credit risk is not likely to be well compensated over the long-term, and may be associated with substantial losses in the intermediate term. Currently, we remain unable to rule out the likelihood that the recent advance is simply a fragile post-crisis bounce, similar to those following other historical credit crises in the U.S. and abroad.

Looking forward, even without depressed valuations, the Funds will have greater room for exposure to market fluctuations after we move through the quarters immediately ahead, which is, in our view, where the greatest risk of fresh credit strains and economic risk appears concentrated. The absence of further, crisis-level credit strains during this period, coupled with an improvement in leading measures of economic activity, would allow us to approach the financial markets from something closer to a “typical” post-war perspective.

### **Performance Review**

Both the Strategic Growth Fund and the Strategic Total Return Fund have substantially outperformed their respective benchmarks in the most recent 3-year and 5-year periods, and since inception. Strategic Growth Fund has achieved an average annual total return of 8.33% from its inception on July 24, 2000 through June 30, 2010, compared with an average annual loss of -1.67% for the S&P 500 Index over the same period. An initial \$10,000 investment in the Fund on July 24, 2000 would have grown to \$22,131, compared with \$8,460 for the same investment in the S&P 500 index.

Strategic Total Return Fund has achieved an average annual total return of 7.60% from its inception on September 12, 2002 through June 30, 2010, compared with an average annual total return of 5.29% for the Barclays Capital U.S. Aggregate Bond Index. An initial \$10,000 investment in the Fund on September 12, 2002 would have grown to \$17,698, compared with \$14,952 for the same investment in the Barclays Capital U.S. Aggregate Bond Index.

Since the inception of the Strategic Growth Fund in 2000, the Fund has outperformed the S&P 500 Index by 10.00% (1,000 basis points) annually, on average. Since the inception of the Strategic Total Return Fund in 2002, the Fund has outperformed the Barclays Capital U.S. Aggregate Bond Index by 2.31% (231 basis points) annually, on average. Both Funds are intended to outperform their respective benchmarks over the complete market cycle, with smaller periodic losses

# The Hussman Funds

## Letter to Shareholders *(continued)*

than a passive investment strategy. Thus, relative to their respective benchmarks, the performance of both the Strategic Growth Fund and the Strategic Total Return Fund since their inception has been as intended.

However, the rich valuation and uninspiring overall returns in stocks and bonds over the past decade has provided fewer opportunities to accept market risk than I would expect over the long-term. I believe that a gradual return toward historical valuation norms in stocks and bonds would allow us to pursue higher absolute returns by enabling us to accept greater average levels of market exposure. This was regularly possible prior to the valuation bubble that began in the late 1990's. From that standpoint, I view the persistent defensiveness of the Strategic Growth Fund since its inception in 2000 as an anomaly born of historically unfavorable valuations during this period, and should not be viewed as a standard feature of the Fund's investment approach.

In assessing market conditions over the past year, I have frequently noted that subsequent to credit crises, the reliability of uniform market action as an indicator of the market's return prospects has been inconsistent until valuation levels become quite depressed (about 12 times normalized earnings or less). While we did observe several weeks of valuations in that range in early 2009, this was also a period where market action measures were still negative. Since then, our primary challenge has been responding to the implications of two very different data sets; one reflecting market history subsequent to major credit crisis, and the other reflecting standard post-war data. The most important effect of credit risk is that it forces a greater reliance on valuation criteria in setting investment positions. Since applying a reasonable range of weights to these two data sets invariably produced poor average return expectations, the Strategic Growth Fund retained a significant hedge during 2009.

Based on prospects for additional mortgage strains, coupled with the fading impact of large "stimulus" outlays in 2009, I view the current quarter and those immediately following to be the primary window of risk for renewed credit strains and economic deterioration. I expect that the primary risk to the market would be in the period of "recognition," where economic realities may diverge from the "V-shaped" recovery that the markets have priced into securities. As we move through 2010, we are gradually applying increasing weight to standard, "post-war" criteria in evaluating market conditions. We would respond to fresh, crisis-level credit strains by modestly slowing this transition, but in any event, I expect that once we pass through the major risk window of the next several months, our standard criteria of valuation and market action will be able to manage any residual risks.

# The Hussman Funds

## Letter to Shareholders *(continued)*

### Strategic Growth Fund

For the fiscal year ended June 30, 2010, the Strategic Growth Fund achieved a total return of 3.68%. The S&P 500 gained 14.43% during this period. The Fund's relative underperformance during the year can be primarily attributed to the Fund's hedging activities.

From a stock-selection perspective, the Strategic Growth Fund continues to emphasize companies and industries reflecting strong stable revenue growth and profit margins, balance sheets generally having low levels of debt, and valuations that we view as favorable based on the long-term stream of cash flows that investors can expect to receive over time. The Fund's primary sector holdings remain in health care, consumer related goods, and technology, with a continued avoidance of sectors that rely on credit expansion, particularly financials.

The table below presents the total returns for the Strategic Growth Fund and S&P 500 Index since the inception of the Fund. In order to assist in attributing the effects of stock selection and hedging on the Fund, the table separately presents the returns of the stock positions and cash equivalents held by the Fund (after expenses), without the impact of hedging transactions.

| <b>Year</b>                                | <b>HSGFX</b> | <b>Stocks Only</b> | <b>S&amp;P 500</b> |
|--|--------------|--------------------|--------------------|
| 2000*                                      | 16.40%       | 4.86%              | -9.37%             |
| 2001                                       | 14.67%       | 9.13%              | -11.89%            |
| 2002                                       | 14.02%       | -10.03%            | -22.10%            |
| 2003                                       | 21.08%       | 37.68%             | 28.68%             |
| 2004                                       | 5.16%        | 12.81%             | 10.88%             |
| 2005                                       | 5.71%        | 8.43%              | 4.91%              |
| 2006                                       | 3.51%        | 13.88%             | 15.79%             |
| 2007                                       | 4.16%        | 0.89%              | 5.49%              |
| 2008                                       | -9.02%       | -33.97%            | -37.00%            |
| 2009                                       | 4.63%        | 38.12%             | 26.46%             |
| 2010**                                     | 5.24%        | -2.92%             | -6.65%             |
| Since Inception<br>(Average annual return) | 8.33%        | 6.05%              | -1.67%             |

\* July 24, 2000 – December 31, 2000, not annualized

\*\* Year-to-date through June 30, 2010, not annualized

# The Hussman Funds

## Letter to Shareholders *(continued)*

The performance of the stocks held by the Fund has generally been a significant contributor to overall investment performance. Since inception, the average annualized return of the stocks held by the Fund has been 6.05% after expenses, accounting for much of the Fund's 8.33% average annual total return. The Fund's hedging has also enhanced long-term returns while significantly reducing volatility and drawdown risk.

### **Strategic Total Return Fund**

For the fiscal year ended June 30, 2010, the Strategic Total Return Fund achieved a total return of 7.44%, compared with a total return of 9.50% in the Barclays Capital U.S. Aggregate Bond Index.

During the most recent fiscal year, the Strategic Total Return Fund has held an allocation to precious metals shares generally ranging between 1% and 10% of assets. The Fund's modest and variable exposure to precious metals shares has been an important contributor to the performance of the Strategic Total Return Fund, but is also responsible for much of the Fund's day-to-day volatility when the Fund is invested in this sector.

The table below presents the total returns for the Strategic Total Return Fund since inception.

| <b>Year</b>                                 | <b>HSTRX</b> | <b>Barclays Capital U.S.<br/>Aggregate Bond Index</b> |
|---|--------------|---|
| 2002*                                       | 2.30%        | 2.56%   |
| 2003  | 9.80%        | 4.10%   |
| 2004  | 6.50%        | 4.34%   |
| 2005  | 6.00%        | 2.43%   |
| 2006  | 5.66%        | 4.33%   |
| 2007  | 12.61%       | 6.97%   |
| 2008  | 6.34%        | 5.24%   |
| 2009  | 5.84%        | 5.93%   |
| 2010**                                      | 4.23%        | 5.33%   |
| Since Inception<br>(Average Annual Returns) | 7.60%        | 5.29%   |

\* September 12, 2002 – December 31, 2002, not annualized

\*\* Year-to-date through June 30, 2010, not annualized



### **Portfolio Composition and Performance Drivers**

As of June 30, 2010, the Strategic Growth Fund had net assets of \$6,185,341,895, and held 103 stocks in a wide variety of industries. The largest sector holdings as a percent of net assets were Health Care (30.8%), Consumer Discretionary (22.8%), Information Technology (16.0%), and Consumer Staples (16.0%). The smallest sector weights relative to the S&P 500 Index were Energy (2.2%), Industrials (2.0%), Financials (0.5%) and Materials (0.1%).

The Fund's holdings of individual stocks as of June 30, 2010 accounted for \$5,591,444,103, or 90.4% of net assets. Against these stock positions, the Fund also held 44,000 option combinations (long put option, short call option) on the S&P 500 Index, 8,000 option combinations on the Russell 2000 Index and 3,000 option combinations on the Nasdaq 100 Index. Each option combination behaves as a short sale on the underlying index, with a notional value of \$100 times the index value. On June 30, 2010, the S&P 500 Index closed at 1,030.71, while the Russell 2000 Index and the Nasdaq 100 Index closed at 609.49 and 1,739.14, respectively. The Fund's total hedge therefore represented a short position of \$5,544,458,000, thereby hedging 99.16% of the total value of the Fund's long investment positions in individual stocks.

The overall returns on a hedged investment position can be expected to be driven by several factors. First, a hedged position earns the difference in performance between the stocks it holds long (after expenses) and the indices it uses to hedge. In addition, because of the way that options are priced, the combination of a put option and a short call option acts as an interest-bearing short position on the underlying index and delivers implied interest at a rate close to short-term Treasury yields.

Though the performance of the Strategic Growth Fund's diversified portfolio cannot be attributed to any narrow group of stocks, the following holdings each appreciated in excess of \$50 million in value during the fiscal year ended June 30, 2010: Netflix, NetApp, Panera Bread and Starbucks. Holdings that depreciated in excess of \$15 million in value during this same period were Transocean, WellPoint, Diamond Offshore Drilling, Sunpower, Synaptics and Microsoft.

The Strategic Growth Fund continues to be very manageable, with substantial flexibility to respond to changing market conditions, low market impact of trading, commission costs well below estimated industry averages, and continued reductions in the Fund's expense ratio. The Fund's positions in individual stocks generally represent less than a single day's average trading volume in those securities. Even during the volatile and often low-volume trading of the past year, the Fund's average

# The Hussman Funds

## Letter to Shareholders *(continued)*

market impact of trading (the difference between the last sale at the time of order placement and the actual price at which the Fund's stock transactions are executed) has been a fraction of 1%, and the Fund's average commission was 1.4 cents per share, compared with industry averages estimated to be several times that amount. Finally, the Fund's expense ratio during its fiscal year ended June 30, 2010 was 1.05%, and has since declined further due to a reduction in management fees and economies of scale. According to recent statistics, the average expense ratio among the limited group of mutual funds pursuing similar strategies and classified as "long-short" by Morningstar is 2.03%.

As of June 30, 2010, the Strategic Total Return Fund had net assets of \$1,884,985,240. Short-term Treasury bills accounted for 13.3% of the Fund's net assets, with Treasury notes, Treasury bonds, Treasury Inflation Protected Securities (TIPS) and shares of money market funds representing an additional 73.5% of the Fund's net assets. Exchange-traded funds, precious metals shares and utility shares accounted for 2.5%, 7.7% and 2.3% of net assets, respectively. The Fund carried a duration of approximately 3 years (meaning that a 1% change in interest rates would be expected to impact the Fund's asset value by about 3% on the basis of bond price fluctuations).

In the Strategic Total Return Fund, during the fiscal year ended June 30, 2010, portfolio gains in excess of \$5 million were achieved in U.S. Treasury Note (3.375%, due 11/15/2019), Newmont Mining, U.S. Treasury Note (3.625%, due 8/15/2019) and Barrick Gold . Only U.S. Treasury Note (2.625%, due 5/31/2010) experienced a loss in excess of \$500,000 during this same period.

### **Present Conditions**

A year ago, I noted "investors have become hopeful about 'green shoots' of economic recovery. However, nearly all of the improvement has reflected enormous doses of debt-financed government spending, and it is questionable that any of this will translate into sustained private activity. From my perspective, much of the enthusiasm about these green shoots overlooks the extent to which economic recoveries have historically relied on the expansion of private lending and debt creation. Economic expansions are paced not by major growth in consumption (which tends to be fairly smooth even during economic downturns), but instead by gross investment in capital goods, technology and housing, as well as debt-financed durables such as autos. We are in the midst of – and will continue to require – perhaps the largest adjustment in U.S. personal, corporate and government balance sheets that we will see in our lifetimes. This will be a very long process. Most likely the economic outlook is not up, but very widely sideways."

# The Hussman Funds

## Letter to Shareholders *(continued)*

While debt-financed government spending helped the U.S. economy to achieve three quarters of moderate economic growth, it is notable that growth has been slightly negative when the impact of federal deficit spending is removed. This is the worst performance in the private economy in any of the 50 years preceding the recent crisis. Meanwhile, the volume of outstanding bank credit has continued to collapse. In recent months, a variety of leading indicators of economic activity, such as the ECRI leading index, have moved to negative readings, suggesting that economic growth may have already peaked. At the time of this report, a number of our own measures of recession risk have deteriorated to the point that very modest declines in stock prices and the ISM Purchasing Managers Index would be sufficient to complete a set of criteria that has always and only been present during or immediately prior to recessions.

A larger concern relates to valuation and long-term return prospects that are likely from current market levels. Measured from peak-to-peak across economic cycles, S&P 500 earnings have rarely exceeded a 6% annual growth rate. While earnings experience a great deal of “cyclical” fluctuation beneath that long-term trend, they can be normalized in a variety of ways to better reflect their long-term dynamics. A decade ago, the valuation of the S&P 500 was well over twice the historical norm, relative to normalized earnings. Despite experiencing a loss over the past decade, the valuation of the S&P 500 is still not at a point, relative to the now higher level of normalized earnings, that has historically resulted in average or above-average long-term returns.

Over more than a century, the pattern displayed by stock market valuations has been broadly characterized by “cyclical” fluctuations typically about 4-5 years in length, each comprising what investors commonly identify as bull and bear markets. However, the larger historical pattern is that the stock market has periodically achieved major extremes of overvaluation and major extremes of undervaluation spaced closer to 17-18 years apart. The deep undervaluation of 1982, and the striking overvaluation of 2000, are examples of these extremes. The long intervening periods between these “secular” extremes generally contain a number of shorter cyclical bull and bear market phases. During periods from a secular trough such as 1982 to a secular peak such as 2000, each successive bull market tends to peak at a higher level of valuation. In contrast, during periods from a secular peak such as the mid-late 1960’s to a secular trough such as 1982, each successive bear market tends to bottom at a lower level of valuation (though not necessarily a lower absolute price level, if earnings and other fundamentals have grown in the interim).

# The Hussman Funds

## Letter to Shareholders *(continued)*

This context is important, because while the market lows we observed in early 2009 appeared extreme relative to the market highs of 2007, the trough was not particularly deep from a long-term valuation perspective. Moreover, the subsequent market advance quickly restored valuations that are, on the metrics we use, among the highest 25% of historical observations. With little basis to expect strong long-term returns from the standpoint of valuations at present, and little basis to expect robust economic growth from the standpoint of credit expansion, it is important to allow for the possibility that investors will require a substantial revision in market valuations in order to accept sustained long-term exposure to market risk.

Without question, there are many Wall Street analysts who presently argue that stocks are cheap. Almost without exception, these assertions are based on 1) using a single year of projected “forward operating earnings” to value the stock market; 2) applying an improperly high “norm” for the price-to-earnings ratio; and 3) ignoring the variation in long-term earnings growth induced by changes in profit margins. To the extent that the usefulness of a valuation model can be judged by its ability to explain subsequent market returns, this valuation debate can be resolved by an examination of historical evidence (see in particular “Valuing the S&P 500 Using Forward Operating Earnings” in the weekly market commentaries of the Hussman Funds website). While the simplistic use of forward operating earnings fails to adequately explain subsequent long-term market returns, it is possible to produce historically accurate 10-year total return projections for the S&P 500 by properly correcting for earnings growth, profit margins and historical valuation norms. Unfortunately, these projections concur with other historically reliable measures in suggesting that the U.S. stock market is substantially overvalued at present.

Still, while valuations and economic considerations may create sufficient headwind to require periodic hedging of market risks, I do expect that we will continue to see a great number of opportunities in individual securities and industries that will provide a basis for investment returns on the basis of security selection. The same difficulties that have prompted what we view as reckless fiscal and monetary policy in recent years is likely, in our view, to provoke inflationary pressures in the second half of this decade, suggesting that securities with returns tied to real assets and commodity exposure may represent opportunity. As credit strains often produce concerns about deflation rather than inflation, my impression is that the next few years will provide adequate opportunities to establish holdings in these areas during occasional periods of price weakness.

# The Hussman Funds

## Letter to Shareholders *(continued)*

Moreover, despite economic challenges, there is every reason for optimism about innovation and discovery in a wide range of areas including wireless communications, medical devices, consumer electronics, genomic medicine, alternative energy, and even creative niche companies within established industries such as apparel and food services. When a company has well-received products that are not easily replicated, has significant opportunity to reinvest earnings into its growing business (rather than repurchasing shares to offset stock-based compensation to insiders), appears capable of delivering a long-term stream of cash flows to its investors over time, and has a stock price that appears reasonable in relation to the present value of those expected cash flows, that company may be a useful component to a well-diversified portfolio. Over the years, the emphasis of the Hussman Funds on careful security selection has been an important factor in our investment returns. I expect that, regardless of overall market prospects, we will observe numerous investment opportunities in securities characterized by favorable valuation and market action.

As always, the investment positions held by the Funds at any particular time reflect prevailing market conditions, and those positions will shift as market conditions change. We continue to pursue disciplined security selection, while aligning the market exposure of the Funds in response to changing market conditions.

Sincerely,

*John P. Hussman, Ph.D.*

# The Hussman Funds

## Letter to Shareholders *(continued)*

*Past performance is not predictive of future performance. Investment results and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data quoted.*

*Weekly updates regarding market conditions and investment strategy, as well as special reports, analysis, and performance data current to the most recent month end, are available at the Hussman Funds website [www.hussmanfunds.com](http://www.hussmanfunds.com).*

**An investor should consider the investment objectives, risks, charges and expenses of the Funds carefully before investing. The Funds' prospectuses contain this and other important information. To obtain a copy of the Hussman Funds' prospectuses please visit our website at [www.hussmanfunds.com](http://www.hussmanfunds.com) or call 1-800-487-7626 and a copy will be sent to you free of charge. Please read the prospectus carefully before you invest. The Hussman Funds are distributed by Ultimus Fund Distributors, LLC.**

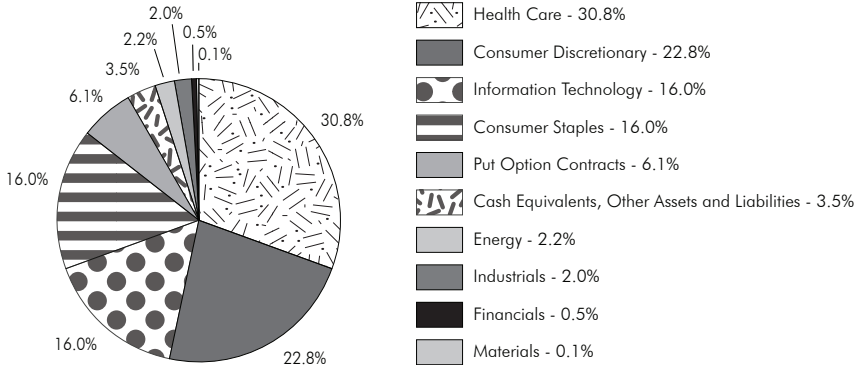
The Letter to Shareholders seeks to describe some of the Adviser's current opinions and views of the financial markets. Although the Adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed. The securities held by the Funds that are discussed in the Letter to Shareholders were held during the period covered by this Report. They do not comprise the entire investment portfolios of the Funds, may be sold at any time and may no longer be held by the Funds. The opinions of the Adviser with respect to those securities may change at any time.

# Hussman Strategic Growth Fund

## Portfolio Information

June 30, 2010 (Unaudited)

### Sector Allocation (% of Net Assets)

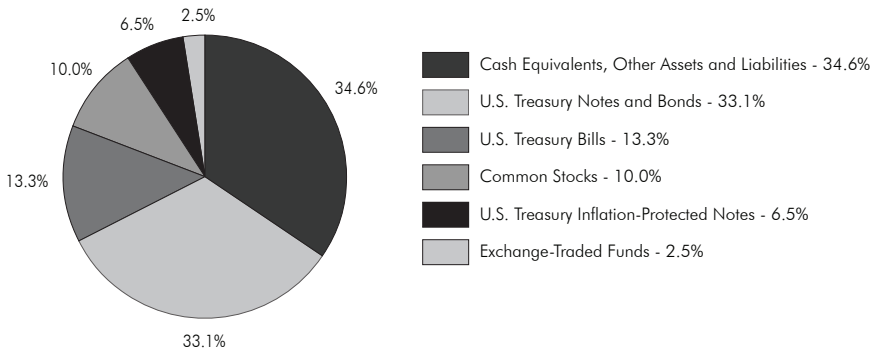


# Hussman Strategic Total Return Fund

## Portfolio Information

June 30, 2010 (Unaudited)

### Asset Allocation (% of Net Assets)



# Husman Strategic Growth Fund

## Schedule of Investments

June 30, 2010

### COMMON STOCKS — 90.4%

Shares

Value

#### Consumer Discretionary — 22.8%

##### Hotels, Restaurants & Leisure — 4.4%

|   |           |                    |
|---|-----------|--------------------|
| Cheesecake Factory, Inc. (The) <sup>(a)</sup> .....         | 2,292,000 | \$ 51,019,920      |
| Chipotle Mexican Grill, Inc. - Class A <sup>(a)</sup> ..... | 400,000   | 54,724,000         |
| P.F. Chang's China Bistro, Inc. ....                        | 234,000   | 9,278,100          |
| Panera Bread Co. - Class A <sup>(a)</sup> .....             | 1,659,200 | 124,921,168        |
| Royal Caribbean Cruises Ltd. <sup>(a)</sup> .....           | 1,382,000 | 31,468,140         |
|   |           | <u>271,411,328</u> |

##### Internet & Catalog Retail — 3.9%

|                                       |           |                    |
|---------------------------------------|-----------|--------------------|
| Amazon.com, Inc. <sup>(a)</sup> ..... | 1,400,000 | 152,964,000        |
| Nefflix, Inc. <sup>(a)</sup> .....    | 800,000   | 86,920,000         |
|                                       |           | <u>239,884,000</u> |

##### Media — 1.0%

|                                    |           |                   |
|------------------------------------|-----------|-------------------|
| Comcast Corp. - Class A .....      | 1,050,000 | 18,238,500        |
| McGraw-Hill Cos., Inc. (The) ..... | 1,500,000 | 42,210,000        |
|                                    |           | <u>60,448,500</u> |

##### Multiline Retail — 3.2%

|  |           |                    |
|--|-----------|--------------------|
| Big Lots, Inc. <sup>(a)</sup> .....    | 1,000,000 | 32,090,000         |
| Dollar Tree, Inc. <sup>(a)</sup> ..... | 750,000   | 31,222,500         |
| Family Dollar Stores, Inc. ....        | 1,000,000 | 37,690,000         |
| Kohl's Corp. <sup>(a)</sup> .....      | 1,000,000 | 47,500,000         |
| Target Corp. ....                      | 1,000,000 | 49,170,000         |
|  |           | <u>197,672,500</u> |

##### Specialty Retail — 9.1%

|   |           |                    |
|---|-----------|--------------------|
| Aéropostale, Inc. <sup>(a)</sup> .....        | 5,064,500 | 145,047,280        |
| American Eagle Outfitters, Inc. ....          | 5,000,000 | 58,750,000         |
| Bed Bath & Beyond, Inc. <sup>(a)</sup> .....  | 3,000,000 | 111,240,000        |
| Best Buy Co., Inc. ....                       | 1,500,000 | 50,790,000         |
| GameStop Corp. - Class A <sup>(a)</sup> ..... | 800,000   | 15,032,000         |
| Home Depot, Inc. (The) .....                  | 3,000,000 | 84,210,000         |
| Ross Stores, Inc. ....                        | 300,000   | 15,987,000         |
| TJX Cos., Inc. (The) .....                    | 2,000,000 | 83,900,000         |
|   |           | <u>564,956,280</u> |

##### Textiles, Apparel & Luxury Goods — 1.2%

|   |         |                   |
|---|---------|-------------------|
| Coach, Inc. ....                                  | 750,000 | 27,412,500        |
| Deckers Outdoor Corp. <sup>(a)</sup> .....        | 200,000 | 28,574,000        |
| Under Armour, Inc. - Class A <sup>(a)</sup> ..... | 547,500 | 18,138,675        |
|   |         | <u>74,125,175</u> |



# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2010

| <b>COMMON STOCKS — 90.4% (continued)</b>                | <b>Shares</b> | <b>Value</b>       |
|---|---------------|--------------------|
| <b>Consumer Staples — 16.0%</b>                         |               |                    |
| <i>Beverages — 3.0%</i>                                 |               |                    |
| Coca-Cola Co. (The) .....                               | 1,500,000     | \$ 75,180,000      |
| PepsiCo, Inc. ....                                      | 1,750,000     | 106,662,500        |
|   |               | <u>181,842,500</u> |
| <i>Food &amp; Staples Retailing — 4.2%</i>              |               |                    |
| BJ's Wholesale Club, Inc. <sup>(a)</sup> .....          | 1,894,000     | 70,096,940         |
| CVS Caremark Corp. ....                                 | 1,250,000     | 36,650,000         |
| Kroger Co. (The) .....                                  | 1,250,000     | 24,612,500         |
| Walgreen Co. ....                                       | 3,500,000     | 93,450,000         |
| Whole Foods Market, Inc. <sup>(a)</sup> .....           | 1,000,000     | 36,020,000         |
|   |               | <u>260,829,440</u> |
| <i>Food Products — 4.3%</i>                             |               |                    |
| General Mills, Inc. ....                                | 4,000,000     | 142,080,000        |
| H.J. Heinz Co. ....                                     | 282,000       | 12,188,040         |
| J.M. Smucker Co. (The) .....                            | 600,000       | 36,132,000         |
| Kellogg Co. ....  | 1,500,000     | 75,450,000         |
|   |               | <u>265,850,040</u> |
| <i>Household Products — 4.5%</i>                        |               |                    |
| Clorox Co. (The) .....                                  | 1,000,000     | 62,160,000         |
| Colgate-Palmolive Co. ....                              | 2,000,000     | 157,520,000        |
| Procter & Gamble Co. (The) .....                        | 986,000       | 59,140,280         |
|   |               | <u>278,820,280</u> |
| <b>Energy — 2.2%</b>                                    |               |                    |
| <i>Energy Equipment &amp; Services — 1.3%</i>           |               |                    |
| Dresser-Rand Group, Inc. <sup>(a)</sup> .....           | 1,000,000     | 31,550,000         |
| Helmerich & Payne, Inc. ....                            | 750,000       | 27,390,000         |
| Rowan Cos., Inc. <sup>(a)</sup> .....                   | 1,000,000     | 21,940,000         |
|   |               | <u>80,880,000</u>  |
| <i>Oil, Gas &amp; Consumable Fuels — 0.9%</i>           |               |                    |
| Exxon Mobil Corp. ....                                  | 1,000,000     | 57,070,000         |
|   |               | <u>57,070,000</u>  |
| <b>Financials — 0.5%</b>                                |               |                    |
| <i>Insurance — 0.5%</i>                                 |               |                    |
| Berkshire Hathaway, Inc. - Class B <sup>(a)</sup> ..... | 375,000       | 29,883,750         |
|   |               | <u>29,883,750</u>  |
| <b>Health Care — 30.8%</b>                              |               |                    |
| <i>Biotechnology — 1.1%</i>                             |               |                    |
| Amgen, Inc. <sup>(a)</sup> .....                        | 1,000,000     | 52,600,000         |
| Gilead Sciences, Inc. <sup>(a)</sup> .....              | 400,000       | 13,712,000         |
|   |               | <u>66,312,000</u>  |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2010

### COMMON STOCKS — 90.4% (continued)

Shares

Value

#### Health Care — 30.8% (continued)

##### Health Care Equipment & Supplies — 6.0%

|  |           |                    |
|--|-----------|--------------------|
| Alcon, Inc. ....   | 500,000   | \$ 74,095,000      |
| Align Technology, Inc. <sup>(a)</sup> .....              | 1,518,000 | 22,572,660         |
| ArthroCare Corp. <sup>(a)</sup> .....                    | 1,060,000 | 32,489,000         |
| Becton, Dickinson and Co. ....                           | 1,000,000 | 67,620,000         |
| C.R. Bard, Inc. ....                                     | 800,000   | 62,024,000         |
| IDEXX Laboratories, Inc. <sup>(a)</sup> .....            | 387,000   | 23,568,300         |
| Integra LifeSciences Holdings Corp. <sup>(a)</sup> ..... | 1,001,000 | 37,037,000         |
| Stryker Corp. ....                                       | 1,000,000 | 50,060,000         |
|  |           | <u>369,465,960</u> |

##### Health Care Providers & Services — 7.6%

|   |           |                    |
|---|-----------|--------------------|
| Amedisys, Inc. <sup>(a)</sup> .....                       | 305,000   | 13,410,850         |
| Humana, Inc. <sup>(a)</sup> .....                         | 3,000,000 | 137,010,000        |
| Laboratory Corp. of America Holdings <sup>(a)</sup> ..... | 800,000   | 60,280,000         |
| LifePoint Hospitals, Inc. <sup>(a)</sup> .....            | 327,000   | 10,267,800         |
| Patterson Cos., Inc. ....                                 | 1,000,000 | 28,530,000         |
| Quest Diagnostics, Inc. ....                              | 800,000   | 39,816,000         |
| UnitedHealth Group, Inc. ....                             | 2,000,000 | 56,800,000         |
| WellPoint, Inc. <sup>(a)</sup> .....                      | 2,500,000 | 122,325,000        |
|   |           | <u>468,439,650</u> |

##### Life Sciences Tools & Services — 5.8%

|   |           |                    |
|---|-----------|--------------------|
| Furiex Pharmaceuticals, Inc. <sup>(a)</sup> ..... | 62,500    | 635,000            |
| Illumina, Inc. <sup>(a)</sup> .....               | 2,000,000 | 87,060,000         |
| Life Technologies Corp. <sup>(a)</sup> .....      | 3,400,000 | 160,650,000        |
| Pharmaceutical Product Development, Inc. ....     | 750,000   | 19,057,500         |
| Waters Corp. <sup>(a)</sup> .....                 | 1,458,000 | 94,332,600         |
|   |           | <u>361,735,100</u> |

##### Pharmaceuticals — 10.3%

|  |           |                    |
|--|-----------|--------------------|
| Abbott Laboratories .....                                | 2,000,000 | 93,560,000         |
| AstraZeneca plc - ADR .....                              | 3,750,000 | 176,737,500        |
| Biovail Corp. ....                                       | 2,000,000 | 38,480,000         |
| Endo Pharmaceuticals Holdings, Inc. <sup>(a)</sup> ..... | 3,000,000 | 65,460,000         |
| Forest Laboratories, Inc. <sup>(a)</sup> .....           | 150,000   | 4,114,500          |
| Johnson & Johnson .....                                  | 1,000,000 | 59,060,000         |
| Merck & Co., Inc. ....                                   | 2,000,000 | 69,940,000         |
| Novartis AG - ADR .....                                  | 1,000,000 | 48,320,000         |
| Pfizer, Inc. ....  | 5,000,000 | 71,300,000         |
| Shire plc - ADR .....                                    | 183,000   | 11,232,540         |
|  |           | <u>638,204,540</u> |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2010

| <b>COMMON STOCKS — 90.4% (continued)</b>                            | <b>Shares</b> | <b>Value</b>       |
|---|---------------|--------------------|
| <b>Industrials — 2.0%</b>   |               |                    |
| <i>Electrical Equipment — 0.3%</i>                                  |               |                    |
| SunPower Corp. - Class A <sup>(a)</sup> .....                       | 1,400,000     | \$ 16,940,000      |
| <i>Machinery — 1.7%</i>   |               |                    |
| Bucyrus International, Inc. ....                                    | 1,000,000     | 47,450,000         |
| Joy Global, Inc. ....   | 1,000,000     | 50,090,000         |
| Timken Co. ....   | 441,000       | 11,461,590         |
|   |               | <u>109,001,590</u> |
| <b>Information Technology — 16.0%</b>                               |               |                    |
| <i>Communications Equipment — 1.3%</i>                              |               |                    |
| ADTRAN, Inc. ....   | 400,000       | 10,908,000         |
| Cisco Systems, Inc. <sup>(a)</sup> .....                            | 3,000,000     | 63,930,000         |
| EchoStar Corp. - Class A <sup>(a)</sup> .....                       | 180,000       | 3,434,400          |
|   |               | <u>78,272,400</u>  |
| <i>Computers &amp; Peripherals — 4.2%</i>                           |               |                    |
| Dell, Inc. <sup>(a)</sup> .....                                     | 4,000,000     | 48,240,000         |
| NetApp, Inc. <sup>(a)</sup> .....                                   | 2,000,000     | 74,620,000         |
| QLogic Corp. <sup>(a)</sup> .....                                   | 3,320,000     | 55,178,400         |
| Synaptics, Inc. <sup>(a)</sup> .....                                | 3,000,000     | 82,500,000         |
|   |               | <u>260,538,400</u> |
| <i>Electronic Equipment &amp; Instruments — 0.0%</i>                |               |                    |
| FUJIFILM Holdings Corp. - ADR .....                                 | 49,400        | 1,415,310          |
| <i>Internet Software &amp; Services — 1.0%</i>                      |               |                    |
| eBay, Inc. <sup>(a)</sup> .....                                     | 1,500,000     | 29,415,000         |
| Vistaprint N.V. <sup>(a)</sup> .....                                | 691,000       | 32,815,590         |
|   |               | <u>62,230,590</u>  |
| <i>IT Services — 2.8%</i>   |               |                    |
| Amdocs Ltd. <sup>(a)</sup> .....                                    | 1,250,000     | 33,562,500         |
| Cognizant Technology Solutions Corp. - Class A <sup>(a)</sup> ..... | 750,000       | 37,545,000         |
| Computer Sciences Corp. ....  | 1,820,000     | 82,355,000         |
| Sapient Corp. <sup>(a)</sup> .....                                  | 2,000,000     | 20,280,000         |
|   |               | <u>173,742,500</u> |
| <i>Semiconductors &amp; Semiconductor Equipment — 1.8%</i>          |               |                    |
| Altera Corp. ....   | 1,000,000     | 24,810,000         |
| Intel Corp. ....  | 1,000,000     | 19,450,000         |
| Xilinx, Inc. ....   | 2,790,000     | 70,475,400         |
|   |               | <u>114,735,400</u> |
| <i>Software — 4.9%</i>  |               |                    |
| Check Point Software Technologies Ltd. <sup>(a)</sup> .....         | 2,400,000     | 70,752,000         |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2010

| <b>COMMON STOCKS — 90.4% (continued)</b>  | <b>Shares</b>    | <b>Value</b>            |
|---|------------------|-------------------------|
| <b>Information Technology — 16.0% (continued)</b>   |                  |                         |
| <i>Software — 4.9% (continued)</i>  |                  |                         |
| FactSet Research Systems, Inc. ....   | 461,000          | \$ 30,882,390           |
| Microsoft Corp. ....  | 5,000,000        | 115,050,000             |
| Oracle Corp. ....   | 4,000,000        | 85,840,000              |
|   |                  | <u>302,524,390</u>      |
| <b>Materials — 0.1%</b>   |                  |                         |
| <i>Chemicals — 0.1%</i>   |                  |                         |
| BASF SE - ADR .....   | 76,800           | <u>4,212,480</u>        |
| <b>Total Common Stocks</b> (Cost \$5,547,406,577) .....   |                  | <u>\$ 5,591,444,103</u> |
| <b>PUT OPTION CONTRACTS — 6.1%</b>  |                  |                         |
|   | <b>Contracts</b> | <b>Value</b>            |
| Nasdaq 100 Index Option, 08/21/2010 at \$1,800 .....  | 3,000            | \$ 33,441,000           |
| Russell 2000 Index Option, 08/21/2010 at \$620 .....  | 8,000            | 31,000,000              |
| S&P 500 Index Option, 09/18/2010 at \$1,030 .....   | 24,000           | 142,152,000             |
| S&P 500 Index Option, 09/18/2010 at \$1,080 .....   | 20,000           | 168,000,000             |
| <b>Total Put Option Contracts</b> (Cost \$246,060,760) .....                                      |                  | <u>\$ 374,593,000</u>   |
| <b>Total Investments at Value — 96.5%</b> (Cost \$5,793,467,337) ..                               |                  | <u>\$ 5,966,037,103</u> |
| <b>MONEY MARKET FUNDS — 8.2%</b>  |                  |                         |
|   | <b>Shares</b>    | <b>Value</b>            |
| Federated U.S. Treasury Cash Reserve Fund -<br>Institutional Shares, 0.00% <sup>(b)</sup> .....   | 250,916,071      | \$ 250,916,071          |
| First American Treasury Obligations Fund - Class Y, 0.00% <sup>(b)</sup> .....                    | 257,699,509      | 257,699,509             |
| <b>Total Money Market Funds</b> (Cost \$508,615,580) .....  |                  | <u>\$ 508,615,580</u>   |
| <b>Total Investments and Money Market Funds at Value — 104.7%</b><br>(Cost \$6,302,082,917) ..... |                  | <u>\$ 6,474,652,683</u> |
| <b>Liabilities in Excess of Other Assets — (4.7%)</b> .....                                       |                  | <u>(289,310,788)</u>    |
| <b>Net Assets — 100.0%</b> .....  |                  | <u>\$ 6,185,341,895</u> |

ADR - American Depositary Receipt.

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Variable rate security. The rate shown is the 7-day effective yield as of June 30, 2010.

See accompanying notes to financial statements.

# Hussman Strategic Growth Fund

## Schedule of Open Written Option Contracts

June 30, 2010

| <b>WRITTEN CALL OPTION CONTRACTS</b>                    | <b>Contracts</b> | <b>Value of<br/>Options</b> | <b>Premiums<br/>Received</b> |
|---|------------------|-----------------------------|------------------------------|
| Nasdaq 100 Index Option,<br>08/21/2010 at \$1,800 ..... | 3,000            | \$ 14,532,000               | \$ 18,530,208                |
| Russell 2000 Index Option,<br>08/21/2010 at \$620 ..... | 8,000            | 21,832,000                  | 25,588,688                   |
| S&P 500 Index Option,<br>09/18/2010 at \$1,030 .....    | 24,000           | 131,832,000                 | 143,966,064                  |
| S&P 500 Index Option,<br>09/18/2010 at \$1,080 .....    | 20,000           | 59,420,000                  | 133,271,720                  |
| <b>Total Written Option Contracts</b> .....             |                  | <u>\$ 227,616,000</u>       | <u>\$ 321,356,680</u>        |

See accompanying notes to financial statements.

# Hussman Strategic Total Return Fund

## Schedule of Investments

June 30, 2010

### COMMON STOCKS — 10.0%

|   | Shares    | Value                 |
|---|-----------|-----------------------|
| <b>Materials — 7.7%</b>                               |           |                       |
| <i>Metals &amp; Mining — 7.7%</i>                     |           |                       |
| Agnico-Eagle Mines Ltd. ....                          | 350,000   | \$ 21,273,000         |
| AngloGold Ashanti Ltd. - ADR .....                    | 155,000   | 6,692,900             |
| Barrick Gold Corp. ....                               | 1,100,000 | 49,951,000            |
| Compania de Minas Buenaventura S.A. - ADR .....       | 100,000   | 3,844,000             |
| Goldcorp, Inc. ....                                   | 150,000   | 6,577,500             |
| Harmony Gold Mining Co. Ltd. - ADR .....              | 264,000   | 2,790,480             |
| Newmont Mining Corp. ....                             | 800,000   | 49,392,000            |
| Randgold Resources Ltd. - ADR .....                   | 50,000    | 4,737,500             |
| Stillwater Mining Co. <sup>(a)</sup> .....            | 10,000    | 116,200               |
|   |           | <u>145,374,580</u>    |
| <b>Utilities — 2.3%</b>                               |           |                       |
| <i>Electric Utilities — 1.0%</i>                      |           |                       |
| DPL, Inc. ....  | 300,000   | 7,170,000             |
| Pepco Holdings, Inc. ....                             | 300,000   | 4,704,000             |
| Pinnacle West Capital Corp. ....                      | 200,000   | 7,272,000             |
|   |           | <u>19,146,000</u>     |
| <i>Multi-Utilities — 1.3%</i>                         |           |                       |
| Alliant Energy Corp. ....                             | 100,000   | 3,174,000             |
| Ameren Corp. ....                                     | 200,000   | 4,754,000             |
| Consolidated Edison, Inc. ....                        | 65,000    | 2,801,500             |
| DTE Energy Co. ....                                   | 200,000   | 9,122,000             |
| SCANA Corp. ....                                      | 141,200   | 5,049,312             |
|   |           | <u>24,900,812</u>     |
| <b>Total Common Stocks</b> (Cost \$176,477,121) ..... |           | <u>\$ 189,421,392</u> |

### U.S. TREASURY OBLIGATIONS — 52.9%

|   | Par Value      | Value              |
|---|----------------|--------------------|
| <b>U.S. Treasury Bills<sup>(b)</sup> — 13.3%</b>      |                |                    |
| 0.19%, due 07/01/2010 .....                           | \$ 250,000,000 | \$ 250,000,000     |
| <b>U.S. Treasury Bonds — 1.4%</b>                     |                |                    |
| 4.25%, due 05/15/2039 .....                           | 25,000,000     | 26,437,500         |
| <b>U.S. Treasury Inflation-Protected Notes — 6.5%</b> |                |                    |
| 2.00%, due 04/15/2012 .....                           | 26,857,250     | 27,843,421         |
| 2.00%, due 07/15/2014 .....                           | 28,912,500     | 31,053,847         |
| 2.375%, due 01/15/2027 .....                          | 16,214,850     | 18,006,088         |
| 2.50%, due 01/15/2029 .....                           | 40,614,000     | 46,030,243         |
|   |                | <u>122,933,599</u> |

# Hussman Strategic Total Return Fund

## Schedule of Investments *(continued)*

June 30, 2010

| <b>U.S. TREASURY OBLIGATIONS — 52.9% (continued)</b>   | <b>Par Value</b> | <b>Value</b>            |
|--|------------------|-------------------------|
| <b>U.S. Treasury Notes — 31.7%</b>   |                  |                         |
| 3.00%, due 08/31/2016 .....  | \$ 75,000,000    | \$ 78,281,250           |
| 2.75%, due 02/15/2019 .....  | 50,000,000       | 49,820,300              |
| 3.125%, due 05/15/2019 .....   | 50,000,000       | 51,050,800              |
| 3.625%, due 08/15/2019 .....   | 200,000,000      | 211,515,600             |
| 3.375%, due 11/15/2019 .....   | 200,000,000      | 207,172,000             |
|  |                  | <u>597,839,950</u>      |
| <b>Total U.S. Treasury Obligations</b> (Cost \$953,631,113) .....                                |                  | \$ <u>997,211,049</u>   |
| <b>EXCHANGE-TRADED FUNDS — 2.5%</b>  |                  |                         |
|  | <b>Shares</b>    | <b>Value</b>            |
| CurrencyShares British Pound Sterling Trust <sup>(a)</sup> .....                                 | 50,000           | \$ 7,439,900            |
| CurrencyShares Japanese Yen Trust <sup>(a)</sup> .....   | 150,000          | 16,813,500              |
| CurrencyShares Swiss Franc Trust <sup>(a)</sup> .....  | 150,000          | 13,830,000              |
| SPDR DB International Government Inflation-Protected Bond ETF ...                                | 160,000          | 8,299,200               |
| <b>Total Exchange-Traded Funds</b> (Cost \$44,899,895) .....                                     |                  | \$ <u>46,381,700</u>    |
| <b>Total Investments at Value — 65.4%</b> (Cost \$1,175,008,129) ..                              |                  | \$ <u>1,233,014,141</u> |
| <b>MONEY MARKET FUNDS — 33.9%</b>  |                  |                         |
|  | <b>Shares</b>    | <b>Value</b>            |
| Federated U.S. Treasury Cash Reserve Fund -<br>Institutional Shares, 0.00% <sup>(c)</sup> .....  | 185,261,842      | \$ 185,261,842          |
| First American Treasury Obligations Fund - Class Y, 0.00% <sup>(c)</sup> .....                   | 452,812,613      | 452,812,613             |
| <b>Total Money Market Funds</b> (Cost \$638,074,455) .....                                       |                  | \$ <u>638,074,455</u>   |
| <b>Total Investments and Money Market Funds at Value — 99.3%</b><br>(Cost \$1,813,082,584) ..... |                  | \$ <u>1,871,088,596</u> |
| <b>Other Assets in Excess of Liabilities — 0.7%</b> .....  |                  | <u>13,896,644</u>       |
| <b>Net Assets — 100.0%</b> .....   |                  | \$ <u>1,884,985,240</u> |

ADR - American Depositary Receipt.

<sup>(a)</sup> Non-income producing security.

<sup>(b)</sup> Rate shown is the annualized yield at time of purchase, not a coupon rate.

<sup>(c)</sup> Variable rate security. The rate shown is the 7-day effective yield as of June 30, 2010.

See accompanying notes to financial statements.

# Hussman Investment Trust

## Statements of Assets and Liabilities

June 30, 2010

|  | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| Investments in securities:   |  |  |
| At acquisition cost .....  | \$ 5,793,467,337                             | \$ 1,175,008,129                                   |
| At value (Note 1) .....  | \$ 5,966,037,103                             | \$ 1,233,014,141                                   |
| Investments in money market funds .....  | 508,615,580                                  | 638,074,455  |
| Cash .....   | 500,000                                      | —  |
| Dividends and interest receivable .....  | 2,700,622                                    | 6,388,746  |
| Receivable for investment securities sold .....  | 403,048,196                                  | —  |
| Receivable for capital shares sold .....   | 24,785,554                                   | 10,051,580   |
| Other assets .....   | 481,344                                      | 134,254  |
| Total Assets .....   | <u>6,906,168,399</u>                         | <u>1,887,663,176</u>                               |
| <b>LIABILITIES</b>   |  |  |
| Dividends payable .....  | —  | 700,899  |
| Written call options, at value (Notes 1 and 4)<br>(premiums received \$321,356,680) .....                | 227,616,000                                  | —  |
| Payable for investment securities purchased .....  | 483,917,568                                  | —  |
| Payable for capital shares redeemed .....  | 3,965,139                                    | 956,573  |
| Accrued investment advisory fees (Note 3) .....  | 4,475,232                                    | 660,464  |
| Payable to administrator (Note 3) .....  | 370,650                                      | 133,250  |
| Other accrued expenses .....   | 481,915                                      | 226,750  |
| Total Liabilities .....  | <u>720,826,504</u>                           | <u>2,677,936</u>                                   |
| <b>NET ASSETS</b> .....  | <u>\$ 6,185,341,895</u>                      | <u>\$ 1,884,985,240</u>                            |
| Net assets consist of:   |  |  |
| Paid-in capital .....  | \$ 6,526,006,219                             | \$ 1,790,191,564                                   |
| Undistributed net investment income .....  | 2,163,942                                    | 3,367,648  |
| Accumulated net realized gains (losses) from security<br>transactions and option contracts .....         | (609,138,712)                                | 33,420,016   |
| Net unrealized appreciation on investments<br>and option contracts .....                                 | <u>266,310,446</u>                           | <u>58,006,012</u>                                  |
| <b>NET ASSETS</b> .....  | <u>\$ 6,185,341,895</u>                      | <u>\$ 1,884,985,240</u>                            |
| Shares of beneficial interest outstanding (unlimited number of<br>shares authorized, no par value) ..... | <u>459,798,289</u>                           | <u>151,937,653</u>                                 |
| Net asset value, offering price and redemption price per share <sup>(a)</sup><br>(Note 1) .....          | <u>\$ 13.45</u>                              | <u>\$ 12.41</u>                                    |

<sup>(a)</sup> Redemption price varies based on length of time shares are held.

See accompanying notes to financial statements.



# Hussman Investment Trust

## Statements of Operations

For the Year Ended June 30, 2010

|  | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> |
|--|--|--|
| <b>INVESTMENT INCOME</b>   |  |  |
| Dividends .....  | \$ 59,424,490                                | \$ 3,000,874                                       |
| Foreign withholding taxes on dividends .....   | (302,140)                                    | (26,725)   |
| Interest .....   | —  | 28,843,374   |
| Total Income .....   | <u>59,122,350</u>                            | <u>31,817,523</u>                                  |
| <b>EXPENSES</b>  |  |  |
| Investment advisory fees (Note 3) .....  | 49,782,793                                   | 6,840,081  |
| Transfer agent, account maintenance and shareholder<br>services fees (Note 3) .....            | 3,050,451                                    | 870,085  |
| Administration fees (Note 3) .....   | 2,236,018                                    | 829,619  |
| Registration and filing fees .....   | 424,586                                      | 287,127  |
| Custodian and bank service fees .....  | 375,527                                      | 117,884  |
| Fund accounting fees (Note 3) .....  | 327,200                                      | 125,452  |
| Postage and supplies .....   | 226,110                                      | 84,640   |
| Trustees' fees and expenses .....  | 112,603                                      | 112,603  |
| Professional fees .....  | 99,962                                       | 82,802   |
| Printing of shareholder reports .....  | 132,266                                      | 43,921   |
| Compliance service fees (Note 3) .....   | 89,392                                       | 27,204   |
| Insurance expense .....  | 66,719                                       | 14,314   |
| Other expenses .....   | 34,078                                       | 28,581   |
| Total Expenses .....   | <u>56,957,705</u>                            | <u>9,464,313</u>                                   |
| <b>NET INVESTMENT INCOME</b> .....   | <u>2,164,645</u>                             | <u>22,353,210</u>                                  |
| <b>REALIZED AND UNREALIZED GAINS (LOSSES) ON<br/>INVESTMENTS AND OPTION CONTRACTS (Note 4)</b> |  |  |
| Net realized gains (losses) from:  |  |  |
| Security transactions .....  | 1,022,837,564                                | 52,358,507   |
| Option contracts .....   | (1,057,179,191)                              | —  |
| Net change in unrealized appreciation (depreciation) on:                                       |  |  |
| Investments .....  | (60,548,943)                                 | 27,845,203   |
| Option contracts .....   | <u>302,121,068</u>                           | <u>—</u>   |
| <b>NET REALIZED AND UNREALIZED GAINS ON<br/>INVESTMENTS AND OPTION CONTRACTS</b> .....         | <u>207,230,498</u>                           | <u>80,203,710</u>                                  |
| <b>NET INCREASE IN NET ASSETS FROM OPERATIONS</b> .....  | <u>\$ 209,395,143</u>                        | <u>\$ 102,556,920</u>                              |

See accompanying notes to financial statements.

# Hussman Strategic Growth Fund

## Statements of Changes in Net Assets

|  | <b>Year<br/>Ended<br/>June 30,<br/>2010</b> | <b>Year<br/>Ended<br/>June 30,<br/>2009</b> |
|--|---|---|
| <b>FROM OPERATIONS</b>   |   |   |
| Net investment income .....  | \$ 2,164,645                                | \$ 10,748,413                               |
| Net realized gains (losses) from:  |   |   |
| Security transactions .....  | 1,022,837,564                               | (688,494,870)                               |
| Option contracts .....   | (1,057,179,191)                             | 330,850,635                                 |
| Net change in unrealized appreciation (depreciation) on:                                   |   |   |
| Investments .....  | (60,548,943)                                | 429,851,097                                 |
| Option contracts .....   | 302,121,068                                 | (250,709,448)                               |
| Net increase (decrease) in net assets resulting from operations .....                      | <u>209,395,143</u>                          | <u>(167,754,173)</u>                        |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>   |   |   |
| From net investment income .....   | (7,151,672)                                 | (7,024,520)                                 |
| From net realized gains .....  | —   | (442,790,095)                               |
| Decrease in net assets from distributions to shareholders .....                            | <u>(7,151,672)</u>                          | <u>(449,814,615)</u>                        |
| <b>FROM CAPITAL SHARE TRANSACTIONS</b>   |   |   |
| Proceeds from shares sold .....  | 3,031,392,017                               | 3,473,953,198                               |
| Net asset value of shares issued in reinvestment of<br>distributions to shareholders ..... | 5,351,985                                   | 362,131,353                                 |
| Proceeds from redemption fees collected (Note 1) .....                                     | 474,913                                     | 1,924,023                                   |
| Payments for shares redeemed .....   | <u>(2,029,932,592)</u>                      | <u>(1,519,635,649)</u>                      |
| Net increase in net assets from capital share transactions .....                           | <u>1,007,286,323</u>                        | <u>2,318,372,925</u>                        |
| <b>TOTAL INCREASE IN NET ASSETS</b> .....  | 1,209,529,794                               | 1,700,804,137                               |
| <b>NET ASSETS</b>  |   |   |
| Beginning of year .....  | 4,975,812,101                               | 3,275,007,964                               |
| End of year .....  | <u>\$ 6,185,341,895</u>                     | <u>\$ 4,975,812,101</u>                     |
| <b>UNDISTRIBUTED NET INVESTMENT INCOME</b>   | <u>\$ 2,163,942</u>                         | <u>\$ 7,150,969</u>                         |
| <b>CAPITAL SHARE ACTIVITY</b>  |   |   |
| Shares sold .....  | 233,800,402                                 | 258,930,556                                 |
| Shares reinvested .....  | 418,778                                     | 30,193,795                                  |
| Shares redeemed .....  | <u>(157,582,321)</u>                        | <u>(114,190,405)</u>                        |
| Net increase in shares outstanding .....   | 76,636,859                                  | 174,933,946                                 |
| Shares outstanding at beginning of year .....  | 383,161,430                                 | 208,227,484                                 |
| Shares outstanding at end of year .....  | <u>459,798,289</u>                          | <u>383,161,430</u>                          |

See accompanying notes to financial statements.

# Hussman Strategic Total Return Fund

## Statements of Changes in Net Assets

|  | <b>Year<br/>Ended<br/>June 30,<br/>2010</b> | <b>Year<br/>Ended<br/>June 30,<br/>2009</b> |
|--|---|---|
| <b>FROM OPERATIONS</b>   |   |   |
| Net investment income .....  | \$ 22,353,210                               | \$ 1,581,737                                |
| Net realized gains from security transactions .....  | 52,358,507                                  | 3,973,011                                   |
| Net change in unrealized appreciation (depreciation)<br>on investments .....               | <u>27,845,203</u>                           | <u>28,241,637</u>                           |
| Net increase in net assets resulting from operations .....                                 | <u>102,556,920</u>                          | <u>33,796,385</u>                           |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>   |   |   |
| From net investment income .....   | (19,991,520)                                | (315,708)                                   |
| From net realized gains .....  | <u>(18,352,276)</u>                         | <u>(21,886,570)</u>                         |
| Decrease in net assets from distributions to shareholders .....                            | <u>(38,343,796)</u>                         | <u>(22,202,278)</u>                         |
| <b>FROM CAPITAL SHARE TRANSACTIONS</b>   |   |   |
| Proceeds from shares sold .....  | 1,259,791,954                               | 906,369,367                                 |
| Net asset value of shares issued in reinvestment of<br>distributions to shareholders ..... | 33,519,756                                  | 19,366,504                                  |
| Proceeds from redemption fees collected (Note 1) .....                                     | 244,066                                     | 687,046                                     |
| Payments for shares redeemed .....   | <u>(496,374,834)</u>                        | <u>(245,390,922)</u>                        |
| Net increase in net assets from capital share transactions .....                           | <u>797,180,942</u>                          | <u>681,031,995</u>                          |
| <b>TOTAL INCREASE IN NET ASSETS</b> .....  | 861,394,066                                 | 692,626,102                                 |
| <b>NET ASSETS</b>  |   |   |
| Beginning of year .....  | 1,023,591,174                               | 330,965,072                                 |
| End of year .....  | <u>\$ 1,884,985,240</u>                     | <u>\$ 1,023,591,174</u>                     |
| <b>UNDISTRIBUTED NET INVESTMENT INCOME</b> .....   | \$ 3,367,648                                | \$ 41,247                                   |
| <b>CAPITAL SHARE ACTIVITY</b>  |   |   |
| Shares sold .....  | 104,030,315                                 | 78,248,845                                  |
| Shares reinvested .....  | 2,758,642                                   | 1,792,403                                   |
| Shares redeemed .....  | <u>(41,070,483)</u>                         | <u>(21,430,538)</u>                         |
| Net increase in shares outstanding .....   | 65,718,474                                  | 58,610,710                                  |
| Shares outstanding at beginning of year .....  | 86,219,179                                  | 27,608,469                                  |
| Shares outstanding at end of year .....  | <u>151,937,653</u>                          | <u>86,219,179</u>                           |

See accompanying notes to financial statements.

# Hussman Strategic Growth Fund

## Financial Highlights

*Selected Per Share Data and Ratios for a Share Outstanding Throughout Each Year*

|  | <b>Year<br/>Ended<br/>June 30,<br/>2010</b> | <b>Year<br/>Ended<br/>June 30,<br/>2009</b> | <b>Year<br/>Ended<br/>June 30,<br/>2008</b> | <b>Year<br/>Ended<br/>June 30,<br/>2007</b> | <b>Year<br/>Ended<br/>June 30,<br/>2006</b> |
|--|---|---|---|---|---|
| Net asset value at beginning of year .....                                     | \$ 12.99                                    | \$ 15.73                                    | \$ 15.85                                    | \$ 16.13                                    | \$ 15.90                                    |
| Income (loss) from investment operations:                                      |   |   |   |   |   |
| Net investment income .....  | 0.00 <sup>(a)</sup>                         | 0.03  | 0.04  | 0.14  | 0.08  |
| Net realized and unrealized gains (losses) on<br>investments and options ..... | 0.48  | (0.88)                                      | 0.55  | 0.16  | 0.69  |
| Total from investment operations .....   | <u>0.48</u>                                 | <u>(0.85)</u>                               | <u>0.59</u>                                 | <u>0.30</u>                                 | <u>0.77</u>                                 |
| Less distributions:  |   |   |   |   |   |
| Dividends from net investment income .....                                     | (0.02)                                      | (0.03)                                      | (0.09)                                      | (0.13)                                      | (0.05)                                      |
| Distributions from net realized gains .....                                    | —   | (1.87)                                      | (0.63)                                      | (0.46)                                      | (0.50)                                      |
| Total distributions .....  | <u>(0.02)</u>                               | <u>(1.90)</u>                               | <u>(0.72)</u>                               | <u>(0.59)</u>                               | <u>(0.55)</u>                               |
| Proceeds from redemption fees<br>collected (Note 1) .....                      | 0.00 <sup>(a)</sup>                         | 0.01  | 0.01  | 0.01  | 0.01  |
| Net asset value at end of year .....   | <u>\$ 13.45</u>                             | <u>\$ 12.99</u>                             | <u>\$ 15.73</u>                             | <u>\$ 15.85</u>                             | <u>\$ 16.13</u>                             |
| Total return <sup>(b)</sup> .....  | <u>3.68%</u>                                | <u>(4.35%)</u>                              | <u>3.84%</u>                                | <u>1.98%</u>                                | <u>5.05%</u>                                |
| Net assets at end of year (000's) .....  | <u>\$ 6,185,342</u>                         | <u>\$ 4,975,812</u>                         | <u>\$ 3,275,008</u>                         | <u>\$ 2,718,324</u>                         | <u>\$ 2,816,108</u>                         |
| Ratio of expenses to average net assets .....                                  | 1.05%                                       | 1.09%                                       | 1.11%                                       | 1.11%                                       | 1.14%                                       |
| Ratio of net investment income to<br>average net assets .....                  | 0.04%                                       | 0.28%                                       | 0.28%                                       | 0.91%                                       | 0.63%                                       |
| Portfolio turnover rate .....  | 111%  | 69%   | 150%  | 106%  | 63%   |

<sup>(a)</sup> Amount rounds to less than \$0.01 per share.

<sup>(b)</sup> Total return is a measure of the change in value of an investment in the Fund over the period covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

See accompanying notes to financial statements.

# Hussman Strategic Total Return Fund

## Financial Highlights

*Selected Per Share Data and Ratios for a Share Outstanding Throughout Each Year*

|  | <b>Year<br/>Ended<br/>June 30,<br/>2010</b> | <b>Year<br/>Ended<br/>June 30,<br/>2009</b> | <b>Year<br/>Ended<br/>June 30,<br/>2008</b> | <b>Year<br/>Ended<br/>June 30,<br/>2007</b> | <b>Year<br/>Ended<br/>June 30,<br/>2006</b> |
|--|---|---|---|---|---|
| Net asset value at beginning of year .....                                       | \$ 11.87                                    | \$ 11.99                                    | \$ 10.92                                    | \$ 11.30                                    | \$ 10.94                                    |
| Income from investment operations:   |   |   |   |   |   |
| Net investment income .....  | 0.18  | 0.05  | 0.24  | 0.32  | 0.32  |
| Net realized and unrealized gains on investments<br>and foreign currencies ..... | 0.69  | 0.35  | 1.59  | 0.06  | 0.65  |
| Total from investment operations .....   | <u>0.87</u>                                 | <u>0.40</u>                                 | <u>1.83</u>                                 | <u>0.38</u>                                 | <u>0.97</u>                                 |
| Less distributions:  |   |   |   |   |   |
| Dividends from net investment income .....                                       | (0.16)                                      | (0.01)                                      | (0.23)                                      | (0.33)                                      | (0.31)                                      |
| Distributions from net realized gains .....                                      | (0.17)                                      | (0.53)                                      | (0.54)                                      | (0.43)                                      | (0.30)                                      |
| Total distributions .....  | <u>(0.33)</u>                               | <u>(0.54)</u>                               | <u>(0.77)</u>                               | <u>(0.76)</u>                               | <u>(0.61)</u>                               |
| Proceeds from redemption fees collected (Note 1) ..                              | 0.00 <sup>(a)</sup>                         | 0.02  | 0.01  | 0.00 <sup>(a)</sup>                         | 0.00 <sup>(a)</sup>                         |
| Net asset value at end of year .....   | <u>\$ 12.41</u>                             | <u>\$ 11.87</u>                             | <u>\$ 11.99</u>                             | <u>\$ 10.92</u>                             | <u>\$ 11.30</u>                             |
| Total return <sup>(b)</sup> .....  | <u>7.44%</u>                                | <u>3.94%</u>                                | <u>17.23%</u>                               | <u>3.46%</u>                                | <u>9.01%</u>                                |
| Net assets at end of year (000's) .....  | <u>\$ 1,884,985</u>                         | <u>\$ 1,023,591</u>                         | <u>\$ 330,965</u>                           | <u>\$ 174,480</u>                           | <u>\$ 158,735</u>                           |
| Ratio of net expenses to average<br>net assets <sup>(c)</sup> .....              | 0.67%                                       | 0.75%                                       | 0.90%                                       | 0.90%                                       | 0.90%                                       |
| Ratio of net investment income to<br>average net assets .....                    | 1.59%                                       | 0.26%                                       | 2.05%                                       | 2.86%                                       | 2.94%                                       |
| Portfolio turnover rate .....  | 69%   | 36%   | 212%  | 41%   | 55%   |

<sup>(a)</sup> Amount rounds to less than \$0.01 per share.

<sup>(b)</sup> Total return is a measure of the change in value of an investment in the Fund over the period covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(c)</sup> Absent investment advisory fee reductions and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 0.92% for the year ended June 30, 2006.

See accompanying notes to financial statements.

# Hussman Investment Trust

## Notes to Financial Statements

June 30, 2010

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund (each, a “Fund”, and collectively, the “Funds”) are diversified series of Hussman Investment Trust (the “Trust”), which is registered under the Investment Company Act of 1940 as an open-end management investment company. Each Fund is authorized to issue an unlimited number of shares. Hussman Strategic Growth Fund commenced operations on July 24, 2000. Hussman Strategic Total Return Fund commenced operations on September 12, 2002.

Hussman Strategic Growth Fund’s investment objective is to provide long-term capital appreciation, with added emphasis on protection of capital during unfavorable market conditions.

Hussman Strategic Total Return Fund’s investment objective is to provide long-term total return from income and capital appreciation, with added emphasis on protection of capital during unfavorable market conditions.

**Securities and Options Valuation** — The Funds’ portfolio securities are valued at market value as of the close of regular trading on the New York Stock Exchange (“NYSE”) (normally, 4:00 Eastern time) on each business day the NYSE is open. Securities, other than options, listed on the NYSE or other exchanges are valued on the basis of their last sale prices on the exchanges on which they are primarily traded. However, if the last sale price on the NYSE is different than the last sale price on any other exchange, the NYSE price will be used. If there are no sales on that day, the securities are valued at the last bid price on the NYSE or other primary exchange for that day. Securities traded on a foreign stock exchange are valued based upon the closing price on the principal exchange where the security is traded. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. If there are no sales on that day, the securities are valued at the last bid price as reported by NASDAQ. Securities traded in over-the-counter markets, other than NASDAQ quoted securities, are valued at the last sales price, or if there are no sales on that day, at the mean of the closing bid and asked prices. Values of foreign securities are translated from the local currency into U.S. dollars using currency exchange rates supplied by an independent pricing quotation service.

Pursuant to procedures approved by the Board of Trustees, options traded on a national securities exchange are valued at prices between the closing bid and ask prices determined by Hussman Econometrics Advisors, Inc. (the “Adviser”) to most closely reflect market value as of the time of computation of net asset value. As of June 30, 2010, all options held by Hussman Strategic Growth Fund have been valued in this manner. Options not traded on a national securities exchange or board of trade, but for which over-the-counter market quotations are readily available, are valued at

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

the mean of their closing bid and ask prices. Futures contracts and options thereon, which are traded on commodities exchanges, are valued at their daily settlement value as of the close of such commodities exchanges.

Fixed income securities not traded or dealt in upon any securities exchange but for which over-the-counter market quotations are readily available generally are valued at the mean of their closing bid and asked prices. Fixed income securities may also be valued on the basis of prices provided by an independent pricing service. The fair value of securities with remaining maturities of 60 days or less may be determined in good faith by the Board of Trustees to be represented by amortized cost value, absent unusual circumstances.

In the event that market quotations are not readily available or are determined by the Adviser to not be reflective of fair market value due to market events or developments, securities and options are valued at fair value as determined by the Adviser in accordance with procedures adopted by the Board of Trustees. Such methods of fair valuation may include, but are not limited to: multiple of earnings, multiple of book value, discount from market of a similar freely traded security, purchase price of security, subsequent private transactions in the security or related securities, or a combination of these and other factors.

Accounting principles generally accepted in the United States ("GAAP") establish a single authoritative definition of fair value, set out a framework for measuring fair value and require additional disclosures about fair value measurement.

Various inputs are used in determining the value of each of the Fund's investments. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs
- Level 3 – significant unobservable inputs

For example, options contracts purchased and written by Hussman Strategic Growth Fund are classified as Level 2 since they are valued at prices between the closing bid and ask prices determined by the Adviser to most closely reflect market value. U.S. Treasury obligations held by Hussman Strategic Total Return Fund are classified as Level 2 since values are based on prices provided by an independent pricing service that utilizes various "other significant observable inputs" including bid and ask quotations, prices of similar securities and interest rates, among other factors. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. The inputs used to measure the value of a particular security may fall into more than one level of the

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement of that security is derived to fall is the lowest level input that is significant to the fair value measurements in its entirety.

The following is a summary of the inputs used to value each Fund's investments and other financial instruments as of June 30, 2010 by security type:

### Hussman Strategic Growth Fund

|                                  | Level 1                 | Level 2               | Level 3     | Total                   |
|----------------------------------|-------------------------|-----------------------|-------------|-------------------------|
| Common Stocks .....              | \$ 5,591,444,103        | \$ —                  | \$ —        | \$ 5,591,444,103        |
| Put Option Contracts .....       | —                       | 374,593,000           | —           | 374,593,000             |
| Money Market Funds .....         | 508,615,580             | —                     | —           | 508,615,580             |
| Written Call Option Contracts .. | —                       | (227,616,000)         | —           | (227,616,000)           |
| Total .....                      | <u>\$ 6,100,059,683</u> | <u>\$ 146,977,000</u> | <u>\$ —</u> | <u>\$ 6,247,036,683</u> |

### Hussman Strategic Total Return Fund

|                                 | Level 1               | Level 2               | Level 3     | Total                   |
|---------------------------------|-----------------------|-----------------------|-------------|-------------------------|
| Common Stocks .....             | \$ 189,421,392        | \$ —                  | \$ —        | \$ 189,421,392          |
| U.S. Treasury Obligations ..... | —                     | 997,211,049           | —           | 997,211,049             |
| Exchange-Traded Funds .....     | 46,381,700            | —                     | —           | 46,381,700              |
| Money Market Funds .....        | <u>638,074,455</u>    | <u>—</u>              | <u>—</u>    | <u>638,074,455</u>      |
| Total .....                     | <u>\$ 873,877,547</u> | <u>\$ 997,211,049</u> | <u>\$ —</u> | <u>\$ 1,871,088,596</u> |

Each Fund's Schedule of Investments identifies the specific securities (by type of security and industry type) that comprise that Funds holdings within the Level 1 and Level 2 categories shown in the tables above. During the year ended June 30, 2010, the Funds did not have any significant transfers in and out of Level 1 or Level 2. In addition, the Funds did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during or as of the year ended June 30, 2010.

**Futures Contracts and Option Transactions** — Hussman Strategic Growth Fund may purchase and write put and call options on broad-based stock indices. The Fund may also purchase and write call and put options on individual securities. Hussman Strategic Total Return Fund may use financial futures contracts and related options to hedge against changes in the market value of its portfolio securities. The Fund may also purchase a foreign currency option to establish or modify the Fund's exposure to foreign currencies, or an interest rate futures contract to protect against a decline in the value of its portfolio.



# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

Hussman Strategic Growth Fund may use futures and options contracts for the purpose of seeking to reduce the overall investment risk that would otherwise be associated with the securities in which it invests. For example, the Fund may sell a stock index futures contract to hedge the risk of a general market or market sector decline that might adversely affect prices of the Fund's portfolio securities. To the extent there is a correlation between the Fund's portfolio and a particular stock index, the sale of futures contracts on that index could reduce the Fund's exposure to general market risk.

When a Fund writes an index option, an amount equal to the net premium (the premium less the commission) received by the Fund is recorded as a liability in the Fund's Statement of Assets and Liabilities and is subsequently valued. If an index option expires unexercised on the stipulated expiration date or if the Fund enters into a closing purchase transaction, it will realize a gain (or a loss if the cost of a closing purchase transaction exceeds the net premium received when the option is sold) and the liability related to such option will be eliminated. If an index option is exercised, the Fund will be required to pay the difference between the closing index value and the exercise price of the option. In this event, the proceeds of the sale will be increased by the net premium originally received and the Fund will realize a gain or loss.

**Repurchase Agreements** — The Funds may enter into repurchase agreements with certain banks or non-bank dealers. The value of the underlying securities collateralizing these agreements is monitored on a daily basis to ensure that the value of the collateral during the term of the agreements equals or exceeds the repurchase price plus accrued interest. If the bank or dealer defaults, realization of the collateral by the Fund may be delayed or limited, and the Funds may suffer a loss if the value of the collateral declines.

**Foreign Currency Translation** — Amounts denominated in or expected to settle in foreign currencies are translated into U.S. dollars based on exchange rates on the following basis:

- A. The market values of investment securities and other assets and liabilities are translated at the closing rate on the London Stock Exchange each day.
- B. Purchases and sales of investment securities and income and expenses are translated at the rate of exchange prevailing on the respective date of such transactions.
- C. The Funds do not isolate that portion of the results of operations caused by changes in foreign exchange rates on investments from those caused by changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

Reported net realized foreign exchange gains or losses arise from 1) purchases and sales of foreign currencies, 2) currency gains or losses realized between the trade and settlement dates on securities transactions and 3) the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Reported net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities that result from changes in exchange rates.

**Share Valuation and Redemption Fees** — The net asset value per share of each Fund is calculated as of the close of regular trading on the NYSE (normally 4:00 p.m., Eastern time) on each day that the NYSE is open for business. The net asset value per share of each Fund is calculated by dividing the total value of the Fund's assets, less its liabilities, by the number of its shares outstanding. The offering price and redemption price per share of each Fund is equal to the net asset value per share. However, shares of each Fund are generally subject to a redemption fee of 1.5%, payable to the applicable Fund, if redeemed within sixty days of the date of purchase. During the years ended June 30, 2010 and June 30, 2009, proceeds from redemption fees totaled \$474,913 and \$1,924,023, respectively, for Hussman Strategic Growth Fund and \$244,066 and \$687,046, respectively, for Hussman Strategic Total Return Fund.

**Investment Income** — Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date. Discounts and premiums on fixed income securities are amortized using the interest method.

**Distributions to Shareholders** — Dividends from net investment income, if any, are declared and paid annually to shareholders of Hussman Strategic Growth Fund and are declared and paid quarterly to shareholders of Hussman Strategic Total Return Fund. Net realized short-term capital gains, if any, may be distributed throughout the year and net realized long-term capital gains, if any, are generally distributed annually. The amount of distributions from net investment income and net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These "book/tax" differences are either temporary or permanent in nature and are primarily due to timing differences in the recognition of capital gains or losses for option transactions, losses deferred due to wash sales and treatment of foreign currency transactions.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

The tax character of distributions paid during the years ended June 30, 2010 and June 30, 2009 was as follows:

|                                     | Years Ended | Ordinary Income | Long-Term Capital Gains | Total Distributions |
|-------------------------------------|-------------|-----------------|-------------------------|---------------------|
| Hussman Strategic Growth Fund       | 6/30/10     | \$ 7,151,672    | \$ —                    | \$ 7,151,672        |
|                                     | 6/30/09     | \$ 50,652,965   | \$ 399,161,650          | \$ 449,814,615      |
| Hussman Strategic Total Return Fund | 6/30/10     | \$ 34,722,623   | \$ 3,621,173            | \$ 38,343,796       |
|                                     | 6/30/09     | \$ 14,043,798   | \$ 8,158,480            | \$ 22,202,278       |

**Securities Transactions** — For financial statement purposes, securities transactions are accounted for on trade date. Gains and losses on securities sold are determined on a specific identification basis.

**Common Expenses** — Expenses of the Trust not attributable solely to one of the Funds are allocated between the Funds based on relative net assets of each Fund or the nature of the expense and the relative applicability to each Fund.

**Accounting 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

**Federal Income Tax** — It is each Fund's policy to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code. As provided therein, in any fiscal year in which a Fund so qualifies and distributes at least 90% of its taxable net income, the Fund (but not its shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

In order to avoid imposition of a federal excise tax applicable to regulated investment companies, it is each Fund's intention to declare and pay as dividends in each calendar year at least 98% of its net investment income (earned during the calendar year) and 98% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts from prior years.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

The following information is computed on a tax basis for each item as of June 30, 2010:

|  | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> |
|--|--|--|
| Cost of portfolio investments .....        | <u>\$ 5,992,164,704</u>                      | <u>\$ 1,812,842,317</u>                            |
| Gross unrealized appreciation .....        | \$ 478,055,825                               | \$ 62,608,039                                      |
| Gross unrealized depreciation .....        | <u>(445,456,766)</u>                         | <u>(4,361,760)</u>                                 |
| Net unrealized appreciation .....          | \$ 32,599,059                                | \$ 58,246,279                                      |
| Undistributed ordinary income .....        | 2,163,942                                    | 13,888,266   |
| Undistributed long-term gains .....        | —  | 23,360,030   |
| Capital loss carryforwards .....           | (375,427,325)                                | —  |
| Other temporary differences .....          | <u>—</u>                                     | <u>(700,899)</u>                                   |
| Total accumulated earnings (deficit) ..... | <u>\$ (340,664,324)</u>                      | <u>\$ 94,793,676</u>                               |

The difference between the federal income tax cost of portfolio investments and their financial statement cost is due to certain timing differences in the recognition of capital gains or losses under income tax regulations and GAAP. These “book/tax” differences are temporary in nature and are primarily due to option transactions, losses deferred due to wash sales and differing treatments of realized and unrealized gains and losses on exchange-traded funds taxed as grantor trusts.

As of June 30, 2010, Hussman Strategic Growth Fund has capital loss carryforwards for federal income tax purposes of \$375,427,325, which expire June 30, 2018. These capital loss carryforwards may be utilized in future years to offset net realized capital gains prior to distributing such gains to shareholders.

For the year ended June 30, 2010, Hussman Strategic Total Return Fund reclassified \$964,711 of accumulated net realized gains from security transactions against undistributed net investment income on its Statement of Assets and Liabilities due to differing treatments of realized gains and losses on exchange-traded funds taxed as grantor trusts. Such reclassification, the result of permanent differences between financial statement and income tax reporting requirements, has no effect on the Fund’s total net assets or net asset value per share.

Each Fund recognizes the tax benefits or expenses of uncertain tax positions only when the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has reviewed each Fund’s tax positions taken on federal income tax returns for all open tax years (tax years ended June 30, 2006 through June 30, 2010) and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

### **2. INVESTMENT TRANSACTIONS**

During the year ended June 30, 2010, cost of purchases and proceeds from sales and maturities of investment securities, other than short-term investments and U.S. government securities, amounted to \$5,753,010,628 and \$6,000,844,918, respectively, for Hussman Strategic Growth Fund and \$699,044,752 and \$589,136,951, respectively, for Hussman Strategic Total Return Fund.

### **3. TRANSACTIONS WITH AFFILIATES**

One of the Trustees and certain officers of the Trust are affiliated with the Adviser or with Ultimus Fund Solutions, LLC ("Ultimus"), the Funds' administrator, transfer agent and fund accounting agent.

#### **Advisory Agreement**

Effective July 13, 2009, under the terms of an Advisory Agreement between the Trust and the Adviser, Hussman Strategic Growth Fund pays the Adviser a fee, which is computed and accrued daily and paid monthly, at annual rates of 0.95% of the first \$2 billion of its average daily net assets; 0.90% of the next \$3 billion of such assets; and 0.85% of such assets in excess of \$5 billion. Effective July 13, 2009, under the terms of a separate Advisory Agreement between the Trust and the Adviser, Hussman Strategic Total Return Fund pays the Adviser a fee, which is computed and accrued daily and paid monthly, at annual rates of 0.50% of the first \$1 billion of its average daily net assets and 0.45% of such assets in excess of \$1 billion.

Prior to July 13, 2009, Hussman Strategic Growth Fund paid a fee, which was computed and accrued daily and paid monthly, at annual rates of 1.00% of the first \$1 billion of its average daily net assets; 0.95% of the next \$2 billion of such assets; and 0.90% of such assets in excess of \$3 billion. Prior to July 13, 2009, Hussman Strategic Total Return Fund paid the Adviser a fee, which was computed and accrued daily and paid monthly, at annual rates of 0.55% of the first \$500 million of its average daily net assets and 0.50% of such assets in excess of \$500 million.

#### **Administration Agreement**

Under the terms of an Administration Agreement, Ultimus supplies executive, administrative and regulatory services to the Trust, supervises the preparation of tax returns, and coordinates the preparation of reports to shareholders and reports to and filings with the Securities and Exchange Commission ("SEC") and state securities authorities.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

Under the terms of the Administration Agreement, Ultimus receives a monthly fee from each Fund computed at annual rates of 0.075% of the Fund's average daily net assets up to \$500 million; 0.05% of the next \$1.5 billion of such assets; 0.04% of the next \$1 billion of such assets; 0.03% of the next \$2 billion of such assets; and 0.025% of such assets in excess of \$5 billion, subject to a per Fund minimum monthly fee of \$2,000.

### **Fund Accounting Agreement**

Under the terms of a Fund Accounting Agreement between the Trust and Ultimus, Ultimus calculates the daily net asset value per share and maintains the financial books and records of the Funds. For these services, Ultimus receives from each Fund a monthly base fee of \$2,500, plus an asset-based fee computed at annual rates of 0.01% of the Fund's average daily net assets up to \$500 million and 0.005% of such net assets in excess of \$500 million. In addition, the Funds reimburse Ultimus for certain out-of-pocket expenses incurred in obtaining valuations of the Funds' portfolio securities.

### **Transfer Agent and Shareholder Services Agreement**

Under the terms of a Transfer Agent and Shareholder Services Agreement between the Trust and Ultimus, Ultimus maintains the records of each shareholder's account, answers shareholders' inquiries concerning their accounts, processes purchases and redemptions of each Fund's shares, acts as dividend and distribution disbursing agent, and performs other shareholder service functions. For these services, Ultimus receives from each Fund a fee, payable monthly, of \$22 annually for each direct account and \$12 annually for certain accounts established through financial intermediaries, subject to a per Fund minimum fee of \$1,500 per month. For the year ended June 30, 2010, such fees paid by Hussman Strategic Growth Fund and Hussman Strategic Total Return were \$1,586,998 and \$344,963, respectively. In addition, the Funds reimburse Ultimus for certain out-of-pocket expenses, including, but not limited to, postage and supplies.

For shareholder accounts held through financial intermediaries, the Funds may, in some cases, compensate these intermediaries for providing certain account maintenance and shareholder services. During the year ended June 30, 2010, Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund paid \$1,463,453 and \$525,122, respectively, to financial intermediaries for such services.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

### Compliance Consulting Agreement

Under the terms of a Compliance Consulting Agreement between the Trust and Ultimus, Ultimus provides an individual to serve as the Trust's Chief Compliance Officer and to administer the Trust's compliance policies and procedures. For these services, the Funds pay Ultimus a base fee of \$15,000 per annum, plus an asset-based fee computed at annual rates of .005% of the average value of the Trust's aggregate daily net assets from \$100 million to \$500 million, .0025% of such assets from \$500 million to \$1 billion and .00125% of such assets in excess of \$1 billion. Each Fund pays its proportionate share of such fee along with the other series of the Trust. In addition, the Funds reimburse Ultimus for reasonable out-of-pocket expenses, if any, incurred in connection with these services.

### 4. DERIVATIVES TRANSACTIONS

Transactions in option contracts written by Hussman Strategic Growth Fund during the year ended June 30, 2010 were as follows:

|   | <b>Option<br/>Contracts</b> | <b>Option<br/>Premiums</b> |
|---|-----------------------------|----------------------------|
| Options outstanding at beginning of year .....            | 54,000                      | \$ 506,291,976             |
| Options written .....                                     | 362,500                     | 4,383,395,673              |
| Options cancelled in a closing purchase transaction ..... | (361,500)                   | (4,568,330,969)            |
| Options outstanding at end of year .....                  | <u>55,000</u>               | <u>\$ 321,356,680</u>      |

No options contracts were written by Hussman Strategic Total Return Fund during the year ended June 30, 2010.

The locations in the Statements of Assets and Liabilities of Hussman Strategic Growth Fund's derivative positions are as follows:

| Type of Derivative           | Location                           | Fair Value        |                       | Gross Notional Amount Outstanding June 30, 2010 |
|------------------------------|------------------------------------|-------------------|-----------------------|---|
|                              |                                    | Asset Derivatives | Liability Derivatives |   |
| Index put options purchased  | Investments in securities at value | \$ 374,593,000    | \$ —                  | \$ 5,668,000,000                                |
| Index call options purchased | Investments in securities at value | —                 | —                     | —   |
| Index call options written   | Written call options, at value     | —                 | (227,616,000)         | (5,668,000,000)                                 |

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2010

The average monthly net notional amount of option contracts during the year ended June 30, 2010 was \$1,366,500,000 for Hussman Strategic Growth Fund.

Transactions in derivative instruments during the year ended June 30, 2010 by Hussman Strategic Growth Fund are recorded in the following locations in the Statements of Operations:

| Type of Derivative           | Location  | Realized Gains (Losses) | Location   | Change in Unrealized Gains (Losses) |
|------------------------------|---|-------------------------|--|-------------------------------------|
| Index put options purchased  | Net realized gains (losses) from option contracts | \$ (604,402,135)        | Net change in unrealized appreciation (depreciation) on option contracts | \$ 197,961,364                      |
| Index call options purchased | Net realized gains (losses) from option contracts | 154,186,368             | Net change in unrealized appreciation (depreciation) on option contracts | —                                   |
| Index call options written   | Net realized gains (losses) from option contracts | (606,963,424)           | Net change in unrealized appreciation (depreciation) on option contracts | 104,159,704                         |

### 5. BANK LINE OF CREDIT

Hussman Strategic Growth Fund has an unsecured \$10,000,000 bank line of credit. Hussman Strategic Total Return Fund has an unsecured bank line of credit in the amount of \$2,000,000. Borrowings under these arrangements bear interest at a rate determined by the lending bank at the time of borrowing. During the year ended June 30, 2010, the Funds did not borrow under their respective lines of credit.

### 6. CONTINGENCIES AND COMMITMENTS

The Trust's officers and Trustees are entitled to indemnification from the Funds for certain liabilities that may arise from their performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown, as this would involve potential claims for indemnification for losses that may or may not be incurred in the future. However, based on experience, the Trust believes the risk of loss to be remote.



June 30, 2010

## **7. RECENT ACCOUNTING PRONOUNCEMENT**

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements." ASU No. 2010-06 amends FASB Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU No. 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009 and others for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. Management is currently evaluating the impact ASU No. 2010-06 will have on each Fund's financial statement disclosures.

## **8. SUBSEQUENT EVENTS**

The Funds are required to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statement of Assets and Liabilities. For non-recognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Funds are required to disclose the nature of the event as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. Management has evaluated subsequent events through the date of issuance of these financial statements and has noted no such events except as reflected in the following paragraph.

Effective as of July 1, 2010, the advisory fee paid to the Adviser by Hussman Strategic Growth Fund was reduced to the following annual rates: 0.90% of the first \$5 billion of average daily net assets and 0.85% of such assets over \$5 billion.

# Hussman Investment Trust Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of  
Hussman Investment Trust

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Hussman Investment Trust (comprising Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund) (collectively, the "Funds") as of June 30, 2010, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of June 30, 2010, by correspondence with the custodian and broker. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund and Hussman Strategic International Equity Fund of Hussman Investment Trust as of June 30, 2010, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst + Young LLP*

Cincinnati, Ohio  
August 25, 2010

# Hussman Investment Trust

## About Your Fund's Expenses *(Unaudited)*

We believe it is important for you to understand the impact of costs on your investment. As a shareholder of the Funds, you incur two types of costs: (1) transaction costs, which may include redemption fees; and (2) ongoing costs, including management fees and other Fund expenses. The following examples are intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. A mutual fund's ongoing costs are expressed as a percentage of its average net assets. This figure is known as the expense ratio.

The examples below are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period (January 1, 2010 – June 30, 2010).

The table on the following page illustrates each Fund's costs in two ways:

Actual fund return – This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from each Fund's actual return, and the third column shows the dollar amount of operating expenses that would have been paid by an investor who started the period with \$1,000 invested in that Fund. You may use the information here, together with the amount of your investment, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), and then multiply the result by the number given for the applicable Fund under the heading "Expenses Paid During Period."

Hypothetical 5% return – This section is intended to help you compare each Fund's ongoing costs with those of other mutual funds. It assumes that each Fund had an annual return of 5% before expenses during the period shown. In this case, because the return used is not each Fund's actual return, the results do not illustrate the actual expenses associated with your investment. However, the example is useful in making comparisons because the SEC requires all mutual funds to provide an example of fund expenses based on a 5% annual return. You can assess each Fund's ongoing costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other mutual funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

# Hussman Investment Trust

## About Your Fund's Expenses (Unaudited) (continued)

More information about each Fund's expenses, including annual expense ratios for the past five years, can be found elsewhere in this report. For additional information on operating expenses and other shareholder costs, please refer to each Fund's prospectus.

### Hussman Strategic Growth Fund

|   | Beginning<br>Account Value<br>January 1, 2010 | Ending<br>Account Value<br>June 30, 2010 | Expenses Paid<br>During Period* |
|---|---|--|---------------------------------|
| Based on Actual Fund Return                                 | \$1,000.00                                    | \$1,052.40                               | \$5.29                          |
| Based on Hypothetical 5% Annual<br>Return (before expenses) | \$1,000.00                                    | \$1,019.64                               | \$5.21                          |

\* Expenses are equal to Hussman Strategic Growth Fund's annualized expense ratio of 1.04% for the period, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

### Hussman Strategic Total Return Fund

|   | Beginning<br>Account Value<br>January 1, 2010 | Ending<br>Account Value<br>June 30, 2010 | Expenses Paid<br>During Period* |
|---|---|--|---------------------------------|
| Based on Actual Fund Return                                 | \$1,000.00                                    | \$1,042.30                               | \$3.34                          |
| Based on Hypothetical 5% Annual<br>Return (before expenses) | \$1,000.00                                    | \$1,021.52                               | \$3.31                          |

\* Expenses are equal to Hussman Strategic Total Return Fund's annualized expense ratio of 0.66% for the period, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

# Hussman Investment Trust

## Board of Trustees and Officers *(Unaudited)*

Overall responsibility for management of the Funds rests with the Board of Trustees. The Trustees serve during the lifetime of the Trust and until its termination, or until death, resignation, retirement or removal. The Trustees, in turn, elect the officers of the Trust to supervise the day-to-day operations of the Funds. The officers are elected for annual terms. The following are the Trustees and executive officers of the Trust:

| Trustee                  | Address  | Age | Position Held with the Trust           | Length of Time Served |
|--------------------------|--|-----|--|-----------------------|
| *John P. Hussman, Ph. D. | 5136 Dorsey Hall Drive<br>Ellicott City, MD 21042              | 47  | President and Trustee                  | Since June 2000       |
| David C. Anderson        | 916 North Oak Park Avenue<br>Oak Park, IL 60302                | 59  | Trustee                                | Since June 2000       |
| Nelson F. Freeburg       | 9320 Grove Park Cove<br>Germantown, TN 38139                   | 58  | Trustee                                | Since June 2000       |
| William H. Vanover       | 36800 Woodward Avenue, Suite 200<br>Bloomfield Hills, MI 48304 | 63  | Trustee                                | Since June 2000       |
| Robert G. Dorsey         | 225 Pictoria Drive<br>Cincinnati, OH 45246                     | 53  | Vice President                         | Since June 2000       |
| Mark J. Seger            | 225 Pictoria Drive<br>Cincinnati, OH 45246                     | 48  | Treasurer                              | Since June 2000       |
| John F. Splain           | 225 Pictoria Drive<br>Cincinnati, OH 45246                     | 53  | Secretary and Chief Compliance Officer | Since June 2000       |

\* Dr. Hussman, as an affiliated person of the Adviser, is an "interested person" of the Trust within the meaning of Section 2(a)(19) of the Investment Company Act of 1940.

Each Trustee oversees three portfolios of the Trust. The principal occupations during the past five years of the Trustees and executive officers of the Trust and public directorships (if any) currently held by the Trustees are set forth below:

John P. Hussman, Ph.D. is Chairman, President and Treasurer of the Adviser. He was an Adjunct Assistant Professor of Economics and International Finance at the University of Michigan and the Michigan Business School from 1992 until 1999.

David C. Anderson is Network Administrator for Hephzibah Children's Association (a child welfare organization).

# Hussman Investment Trust

## Board of Trustees and Officers *(Unaudited) (continued)*

Nelson F. Freeburg is President and owner of Formula Research, Inc. (a financial newsletter publication). He is also owner of Freeburg Properties LLC, Freeburg Development LLC and Chickasaw Land & Investment Company.

William H. Vanover is Investment Officer for Planning Alternatives, Ltd. (a registered investment adviser).

Robert G. Dorsey is a Managing Director of Ultimus Fund Solutions, LLC (the Trust's administrator and transfer agent) and Ultimus Fund Distributors, LLC (the Trust's principal underwriter).

Mark J. Seger is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.

John F. Splain is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC.

Additional information about members of the Board of Trustees and executive officers is available in the Statement of Additional Information ("SAI") of each Fund. To obtain a free copy of the SAI, please call 1-800-487-7626.

## Federal Tax Information *(Unaudited)*

In accordance with federal tax requirements, the following provides shareholders with information concerning distributions from ordinary income and net realized gains made by the Funds during the fiscal year ended June 30, 2010. Certain dividends paid by the Funds may be subject to a maximum tax rate of 15%, as provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund intend to designate up to a maximum amount of \$7,151,672 and \$34,722,623, respectively, as taxed at a maximum rate of 15%. Hussman Strategic Total Return Fund intends to designate \$3,621,173 as long-term gain distributions. For the fiscal year ended June 30, 2010, 65% and 12%, respectively, of the dividends paid from ordinary income by Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund qualified for the dividends received deduction for corporations.

As required by federal regulations, complete information will be computed and reported in conjunction with your 2010 Form 1099-DIV.

# Hussman Investment Trust

## Other Information *(Unaudited)*

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A description of the policies and procedures the Funds use to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-800-HUSSMAN (1-800-487-7626), or on the SEC's website at <http://www.sec.gov>. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free 1-800-HUSSMAN, or on the SEC's website at <http://www.sec.gov>.

The Trust files a complete listing of portfolio holdings for each Fund with the SEC as of the end of the first and third quarters of each fiscal year on Form N-Q. The filings are available upon request, by calling 1-800-HUSSMAN (1-800-487-7626). You may also obtain copies of these filings on the SEC's website at <http://www.sec.gov>. The Trust's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited)*

The Board of Trustees of Hussman Investment Trust, with the Trustees who are not “interested persons,” as defined by the Investment Company Act of 1940, of the Trust (the “Independent Trustees”) voting separately, have reviewed and annually approved the continuance of each Fund’s Investment Advisory Agreement (the “Agreements”) with the Adviser. The most recent approval of the Agreements took place at a meeting held on June 18, 2010, at which all of the Trustees were present in person.

The Independent Trustees were advised by independent counsel of their responsibilities in determining whether to approve the continuance of the Agreements, and the Independent Trustees requested such information from the Adviser as they deemed reasonably necessary to evaluate the terms of the Agreements and whether the Agreements continue to be in the best interests of the Funds and their shareholders. The Trustees reviewed: (i) the nature, extent and quality of the services provided by the Adviser; (ii) the investment performance of the Funds; (iii) the costs of the services provided and the profits realized by the Adviser from its relationship with the Funds; (iv) the extent to which economies of scale may be realized as the Funds grow; and (v) whether fee levels reflect any such economies of scale for the benefit of the Funds’ shareholders. The Trustees reviewed the background, qualifications, education and experience of the Adviser’s investment professionals and support personnel. The Trustees also discussed and considered the quality of shareholder communications, administrative duties, and other services provided by the Adviser to the Trust, the Adviser’s compliance program, and the Adviser’s role in coordinating such services and programs. The Independent Trustees were advised and supported by independent counsel experienced in securities matters throughout the process. Prior to voting, the Independent Trustees reviewed the proposed continuances of the Agreements with management and also met in a private session with counsel at which no representatives of the Adviser were present.

The Adviser provided the Board with extensive information to assist the Trustees in analyzing both the absolute and risk-adjusted returns of the Funds over various periods. The Funds’ returns were compared to the returns of relevant indices and a selected peer group of other mutual funds. These analyses and comparisons showed that, since the inception of Hussman Strategic Growth Fund, the Fund’s stock selection has substantially outperformed the returns of the S&P 500 Index and the Russell 2000 Index, and that the Fund’s hedging strategies have generally been successful in enhancing the total returns of the Fund while substantially reducing volatility. Based upon their review, the Trustees found that, since inception, Hussman Strategic Growth Fund has outperformed relevant securities indices with substantially less downside risk than a passive investment approach, and that certain more recent periods of moderated performance due to hedging have been consistent with the investment objective of



# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

the Fund, and commensurate with the reduction in risk achieved. The Trustees, when reviewing the performance of Hussman Strategic Total Return, took note that the Fund's average annual total return of 7.41% from inception on September 12, 2002 through May 31, 2010 compared favorably to the 5.14% return of the Barclays Capital U.S. Aggregate Bond Index.

In reviewing the advisory fees and total expense ratios of the Funds, the Trustees were provided with comparative expense and advisory fee information for peer groups of mutual funds categorized both by fund size and by investment style. The Trustees took note of the fact that the effective advisory fee rate and expense ratio of each Fund are considerably less than the averages for peer group funds investing in similar securities. The Trustees also took note of the fact that, since each Fund's inception, its effective advisory fee and its expense ratio have declined as a result of revised advisory fee breakpoints and economies of scale in certain expenses of the Funds. The Adviser and the Trustees agreed to an additional reduction in the advisory fee payable by Hussman Strategic Growth Fund, effective July 1, 2010. The Adviser offered this fee reduction, consistent with its prior fee reduction initiatives, to lower expenses for the benefit of shareholders as the Fund grows. The advisory fee paid by Hussman Strategic Growth Fund had been calculated at the annual rates of 0.95% on the first \$2 billion of the Fund's average daily net assets, 0.90% on the next 3 billion of such assets, and 0.85% on such assets in excess of \$5 billion. Effective July 1, 2010, the advisory fee was reduced to 0.90% on the first \$5 billion of the Fund's average daily net assets and 0.85% on such assets over \$5 billion. The Trustees concluded that, based upon the investment strategy and the long-term performance of Hussman Strategic Growth Fund, the advisory fees to be paid by the Fund are fair and reasonable. The Trustees noted that the fee revisions will result in an immediate reduction of \$1,000,000 annually in the advisory fees paid by Hussman Strategic Growth Fund, further resulting in a decline in the Fund's effective advisory fee ratio (based on the Fund's net assets at the time of the Board meeting) from 0.92% to 0.89%. It was noted that further growth in net assets of Hussman Strategic Growth Fund would result in even further decline in the effective advisory fee rate. It was the consensus of the Independent Trustees that the breakpoints reflected in the new advisory fee schedule proposed by the Adviser are appropriate and allow Hussman Strategic Growth Fund to participate in economies of scale commensurate with asset growth.

The Trustees reviewed a recent balance sheet of the Adviser, a statement of the Adviser's revenues and expenses with respect to the Funds for the year ended December 31, 2009 and for the quarter ended March 31, 2010, and an analysis of the Adviser's profitability with respect to each Fund covering the years 2007, 2008 and 2009. The Independent Trustees concluded, with respect to each Fund, that the Adviser's profitability

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

was not excessive given the high quality and scope of services provided by the Adviser and the long-term investment performance of the Funds. The Trustees also reviewed the Funds' brokerage costs and noted that the brokerage commissions negotiated by the Adviser on behalf of the Funds are significantly less than industry averages.

The Independent Trustees concluded that: (i) based on a careful review of the investment performance and risk characteristics of the Funds, the effectiveness of the Funds in achieving their stated objectives, and the services provided by the Adviser, the Adviser has provided high quality services to the Funds; (ii) in their view, the nature of the services required by the Funds are broader and more sophisticated than those required by most investment companies because of the nature of the Funds' investment programs, which involve extensive risk-management activities; (iii) the effective advisory fee rate of 0.89% for Hussman Strategic Growth Fund, based upon current asset levels, compares favorably to the average advisory fees for other "long-short" funds, as categorized by Morningstar, and, when compared to hedge funds offering similar investment programs, the Fund is much less expensive; (iv) the effective advisory fee rate of 0.48% for Hussman Strategic Total Return Fund, based upon current asset levels, compares favorably to the average advisory fee of other funds of similar size investing in similar securities; (v) the scope and quality of services provided by the Adviser, which exceed the norm, support the appropriateness of the advisory fees payable by the Funds; (vi) each Fund has participated in economies of scale of expenses under its advisory fee structure, and Hussman Strategic Growth Fund can be expected to realize further benefits through the new advisory fee breakpoints that have been proposed by the Adviser and can be expected to further lower the effective advisory fee rate of such Fund; (vii) Hussman Strategic Growth Fund has one of the lowest total expense ratios among funds classified by Morningstar as "long-short" funds, and the total expense ratio for Hussman Strategic Total Return Fund is considerably less than the average for "conservative allocation" funds tracked by Morningstar; and (viii) the Adviser has adopted a brokerage placement policy which seeks to obtain best execution and low commissions on all of the Funds' brokerage transactions, and does not direct transactions to obtain "soft dollar" services, which has significantly benefited the Funds by reducing transaction costs (which are not reflected in the expense ratios) and increasing the investment returns of the Funds.

No single factor was considered in isolation or to be determinative to the decision of the Independent Trustees to approve continuance of the Agreements. Rather, the Trustees concluded, in light of a weighing and balancing of all factors considered, that the advisory fees payable by the Funds under the Agreements are fair and reasonable, and determined that it would be in the best interests of each Fund and its shareholders to renew the Agreements for an additional annual period.

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