# HUSSMAN INVESTMENT TRUST

## *Hussman Strategic International Equity Fund*

## Semi-Annual Report

December 31, 2009
(Unaudited)

**Hussman Investment Trust**

**Hussman Strategic International Equity Fund**

**Statement of Assets and Liabilities**

**December 31, 2009 (Unaudited)**

| | |
|---|---|
| **ASSETS** | |
| Receivable for capital shares sold | $ 1,912,579 |
| **NET ASSETS** | $ 1,912,579 |
| Net assets consist of: | |
| Paid-in capital | $ 1,912,579 |
| Net assets | $ 1,912,579 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) | 191,258 |
| Net asset value, offering price and redemption price per share (Note 1) | $ 10.00 |

See accompanying notes to financial statements.

**Hussman Investment Trust**

**Hussman Strategic International Equity Fund**

**Statement of Changes in Net Assets (Unaudited)**

| | Period Ended December 31, 2009 [a] |
|---|---|
| **FROM CAPITAL SHARE TRANSACTIONS** | |
| Proceeds from shares sold | $ 1,912,579 |
| Increase in net assets from capital share transactions | 1,912,579 |
| **TOTAL INCREASE IN NET ASSETS** | 1,912,579 |
| **NET ASSETS** | |
| Beginning of period | - |
| End of period | $ 1,912,579 |
| **CAPITAL SHARE ACTIVITY** | |
| Shares sold | 191,258 |
| Shares outstanding, beginning of period | - |
| Shares outstanding, end of period | 191,258 |

[a] The Fund commenced operations on December 31, 2009.

See accompanying notes to financial statements.

**Hussman Investment Trust**

**Hussman Strategic International Equity Fund**

**Financial Highlights (Unaudited)**

**Per Share Data and Ratios for a Share Outstanding Throughout the Period**

| | Period Ended December 31, 2009 [a] |
|---|---|
| Net asset value at beginning of period | $ 10.00 |
| Net asset value at end of period | $ 10.00 |
| Total return | 0.00% |
| Net assets at end of period (000's) | $ 1,913 |

[a] The Fund commenced operations on December 31, 2009.

See accompanying notes to financial statements.

## 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Hussman Strategic International Equity Fund (the "Fund") is a 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. The Fund is authorized to issue an unlimited number of shares. The Fund commenced operations on December 31, 2009.

The Fund's investment objective is to provide long-term capital appreciation, with added emphasis on the protection of capital during unfavorable market conditions. The Fund invests primarily in equity securities of non-U.S. issuers.

**Securities and Options Valuation** — The Fund's 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 U.S. 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. Because the value of foreign securities may be materially affected by events occurring before the Fund's pricing time but after the close of the primary markets or exchanges on which such securities are traded, its portfolio securities may be priced at their fair value as determined by an independent pricing service approved by the Board of Trustees. As a result, the prices of securities used to calculate the Fund's NAV may differ from quoted or published prices for the same securities. Values of foreign securities are translated from the local currency into U.S. dollars using currency exchange rates supplied by a pricing quotation service.

Pursuant to valuation 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. 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 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 Board of Trustees will review and monitor the methods used by such services to assure itself that securities are appropriately valued. 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 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

The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in these securities.

As of December 31, 2009, the Fund did not own any portfolio securities.

**Futures Contracts and Option Transactions** — The 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. The 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 enter into forward foreign currency contracts to hedge against the adverse impact of changes in foreign exchange rates on its investments and transactions in foreign securities.

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.

**Swap Agreements** — Swaps are individually negotiated agreements that can be structured to adjust the Fund's exposure to particular markets, countries, geographic regions or industry sectors. In a typical swap of the type used by the Fund, the Fund and a counterparty agree to make payments to each other based on changes in the value of a specified stock index in exchange for payments by the Fund of a specified interest rate (typically, a floating rate), applied to a stated or "notional" amount. Because swaps are over-the-counter transactions, they are subject to counterparty risk. For example, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. Swap agreements also may be considered to be illiquid. The Fund's use of swaps generally will be limited to equity swaps through which the Fund seeks to hedge its investment exposure.

**Repurchase Agreements** — The Fund 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 Fund 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 Fund does 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.

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 the 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 the 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 the Fund is equal to the net asset value per share. However, shares of the Fund are generally subject to a redemption fee of 1.5%, payable to the Fund, if redeemed within sixty days of the date of purchase. During the period ended December 31, 2009, no redemption fees were collected.

**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** — Distributions to shareholders arising from net investment income are declared and paid annually. 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. There were no distributions to shareholders during the period ended December 31, 2009.

**Security 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 the Fund or solely to another series of the Trust are allocated among the Fund and other series of the Trust based on relative net assets or the nature of the expense.

**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 those estimates.

**Federal Income Tax** — It is the 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 the 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. The Fund intends to qualify as a regulated investment company with respect to the year ending June 30, 2010.

In order to avoid imposition of a Federal excise tax applicable to regulated investment companies, it is also the 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.

## 2. 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 Fund's administrator, transfer agent and fund accounting agent.

### Advisory Agreement

Under the terms of an Advisory Agreement between the Trust and the Adviser, the Fund pays a fee, which is computed and accrued daily and paid monthly, at annual rates of 1.00% of the first $1 billion of average daily net assets; 0.95% of the next $2 billion of such assets; and 0.90% of such assets over $3 billion, less any fee reductions.

The Adviser has contractually agreed to reduce its advisory fees or to absorb the Fund's operating expenses to the extent necessary so that the Fund's ordinary operating expenses do not exceed an amount equal to 2.00% annually of its average daily net assets. This Expense Limitation Agreement remains in effect until at least December 31, 2012. Any fee reductions or expense reimbursements by the Adviser, either before or after December 31, 2012, are subject to repayment by the Fund provided that such repayment does not result in the Fund's expenses exceeding the 2.00% annual limitation and provided further that the expenses which are the subject of the repayment were incurred within three years of such repayment.

### 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.

Under the terms of the Administration Agreement, Ultimus receives a monthly fee from the Fund 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 minimum monthly fee of $2,000 per month.

**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 Fund. For these services, Ultimus receives a monthly base fee of $3,000, 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 assets in excess of $500 million. In addition, the Fund reimburses Ultimus for certain out-of-pocket expenses incurred in obtaining valuations of the Fund's portfolio securities.

**Transfer Agent and Shareholder Services Agreement**
Under the terms of a Transfer Agent and Shareholder Services Agreement, Ultimus maintains the records of each shareholder's account, answers shareholders' inquiries concerning their accounts, processes purchases and redemptions of the Fund's shares, acts as dividend and distribution disbursing agent and performs other shareholder service functions. For these services, Ultimus receives a fee from the Fund, payable monthly, of $22 annually for each direct account and $12 annually for certain accounts established through financial intermediaries, subject to a minimum monthly fee of $1,500. In addition, the Fund pays certain out-of-pocket expenses incurred by Ultimus including, but not limited to, postage and supplies.

For shareholder accounts held through financial intermediaries, the Fund may, in some cases, compensate these intermediaries for providing certain account maintenance and shareholder services, at an annual rate of not more than $10 per account.

**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 Trust pays Ultimus a base fee of $1,250 per month, plus an asset-based fee computed at annual rates of .005% of the average value of its aggregate daily net assets in excess of $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. The Fund pays its proportionate share of such fee along with the other series of the Trust. In addition, the Trust reimburses Ultimus for reasonable out-of-pocket expenses, if any, incurred in connection with these services.

## 5. CONTINGENCIES AND COMMITMENTS

The Fund indemnifies the Trust's officers and Trustees for certain liabilities that may arise from their performance of their duties to the Fund. Additionally, in the normal course of business the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Trust believes the risk of loss to be remote.

## 6. SUBSEQUENT EVENTS

The Fund is 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 nonrecognized subsequent events that must be disclosed to keep the financial statements from being misleading, the Fund is 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. In addition, the Fund is required to disclose the date through which subsequent events have been evaluated. Management has evaluated subsequent events through the issuance of these financial statements on February 24, 2010 and has noted no such events.

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## OTHER INFORMATION (Unaudited)

A description of the policies and procedures the Fund uses 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 Fund votes proxies relating to portfolio securities during the period ending June 30, 2010 will be available without charge upon request on or before August 31, 2010 by calling toll-free 1-800-HUSSMAN, or on the SEC's website at http://www.sec.gov.

The Trust will file a complete listing of portfolio holdings of the Fund with the SEC as of the end of the first and third quarters of each fiscal year on Form N-Q. These filings will be 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**
**Hussman Strategic International Equity Fund**
**Approval of Investment Advisory Agreement (Unaudited)**

The Board of Trustees, including the Independent Trustees voting separately, reviewed and approved the Fund's Advisory Agreement with the Adviser at an in-person meeting held on June 12, 2008, at which all of the Trustees were present.

The Independent Trustees were advised by and met separately with independent counsel in connection with their review and consideration of the Advisory Agreement. In addition, they requested such information from the Adviser as they deemed reasonably necessary to evaluate the terms of the Advisory Agreement and to determine whether approval of the Agreement was in the best interests of the Fund and its shareholders. The Trustees considered various factors, including, among others, the nature and extent of the services to be provided by the Adviser and the fees proposed to be charged for those services.

The Trustees evaluated and reviewed the services required to be provided by the Adviser under the Advisory Agreement and the qualifications and capability of the Adviser to provide those services. In this regard, the Independent Trustees reviewed the background, education and experience of the Adviser’s key investment and operational personnel. They also considered the ability of the Adviser to render the full range of investment advisory and other related services required by the Fund and to provide high quality services, as well as the Adviser’s ability to maintain an effective compliance program and to coordinate administrative and other services provided to the Fund by its various service providers. The Independent Trustees determined that the Adviser was well-qualified to provide services to the Fund and to manage its assets in accordance with the Fund’s investment policies, and considered it significant that the Adviser had invested a great deal of time and attention towards the planning and development of the investment program and operations of the Fund, not only through modeling and research, but through testing to help assure the efficiency of the Fund's trading and operations.

In reviewing the fees payable under the Advisory Agreement, the Independent Trustees reviewed the advisory fee rates proposed to be paid by the Fund and compared them to the advisory fees of similar mutual funds. They also compared the expected total operating expense ratio of the Fund with the expense ratios of representative funds with similar investment objectives, taking into account the agreement of the Adviser to limit the ordinary operating expenses of the Fund by waiving its fee or absorbing Fund expenses. The Independent Trustees concluded that, based upon the investment strategy of the Fund and the anticipated complexity of the investment management services that will be associated with management of the Fund’s investment portfolio, the proposed advisory fees to be paid by the Fund were fair and reasonable. In this regard, the Independent Trustees took cognizance of the fact that the proposed advisory fee schedule contained several breakpoints that will allow shareholders to benefit from lower advisory fee rates to the extent that there is growth in the assets of the Fund.

With respect to the advisory fees that would be paid by the Fund, the Independent Trustees concluded that, although these fees were in the higher range of the fees paid by many other funds that invest in foreign equity securities, the investment process and techniques that will be used by the Adviser in pursuing the Fund's investment program are more sophisticated and complex than those generally used by other advisers of other funds that invest in foreign equities. The Independent Trustees also noted that the scope of services to be provided by the Adviser would exceed the scope of services associated with the Adviser's management of Hussman Strategic Growth Fund, but that the advisory fee schedule would be the same as that of Hussman Strategic Growth Fund. In addition, they concluded that the Adviser's agreement to limit overall operating expenses of the Fund through fee reductions and expense reimbursements should enable the Fund to maintain a competitive overall expense ratio during the term of that agreement. The Independent Trustees did not review and consider the profitability of the Adviser with regards to its management of the Fund and did not evaluate whether the Adviser derives any ancillary benefits from its relationship with the Fund because the Fund has not yet commenced operations.

No single factor was considered in isolation or to be determinative to the decision of the Trustees to approve the Advisory Agreement. Rather, the Trustees concluded, in light of a weighing and balancing of all factors considered, that the approval of the Advisory Agreement would be in the best interests of the Fund and its shareholders.