



# HUSSMAN INVESTMENT TRUST

HUSSMAN STRATEGIC GROWTH FUND

HUSSMAN STRATEGIC TOTAL RETURN FUND

HUSSMAN STRATEGIC INTERNATIONAL FUND

HUSSMAN STRATEGIC DIVIDEND VALUE FUND

## **ANNUAL REPORT**

**June 30, 2012**

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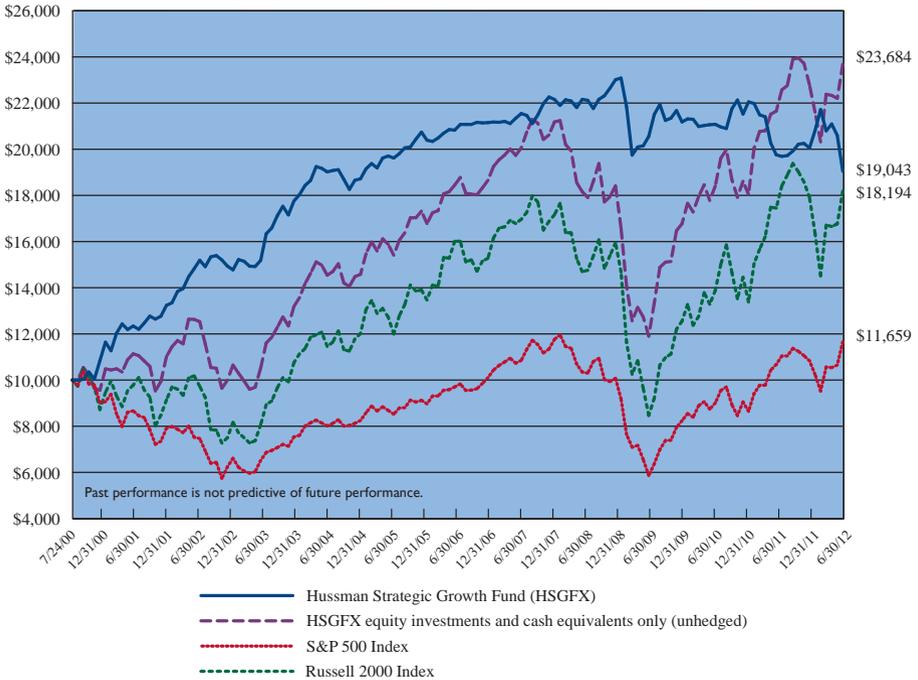
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## HUSSMAN STRATEGIC GROWTH FUND

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> (Unaudited)



### Average Annual Total Returns

For Periods Ended June 30, 2012

|   | 1 Year  | 3 Years | 5 Years | 10 Years | Since Inception <sup>(c)</sup> |
|---|---------|---------|---------|----------|--------------------------------|
| Hussman Strategic Growth Fund <sup>(b)(d)</sup> | (5.97%) | (3.73%) | (2.39%) | 2.47%    | 5.55%                          |
| S&P 500 Index                                   | 5.45%   | 16.40%  | 0.22%   | 5.33%    | 1.29%                          |
| Russell 2000 Index                              | (2.08%) | 17.80%  | 0.54%   | 7.00%    | 5.14%                          |

<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% for the fiscal year ended June 30, 2012. The expense ratio as disclosed in the November 1, 2011 prospectus was also 1.05%.

# HUSSMAN STRATEGIC TOTAL RETURN FUND

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



## Average Annual Total Returns

For Periods Ended June 30, 2012

|   | 1 Year | 3 Years | 5 Years | Since Inception <sup>(b)</sup> |
|---|--------|---------|---------|--------------------------------|
| Hussman Strategic Total Return Fund <sup>(a)(c)</sup> | 4.14%  | 5.02%   | 7.14%   | 6.82%                          |
| Barclays U.S. Aggregate Bond Index <sup>(d)</sup>     | 7.47%  | 6.93%   | 6.79%   | 5.37%                          |

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

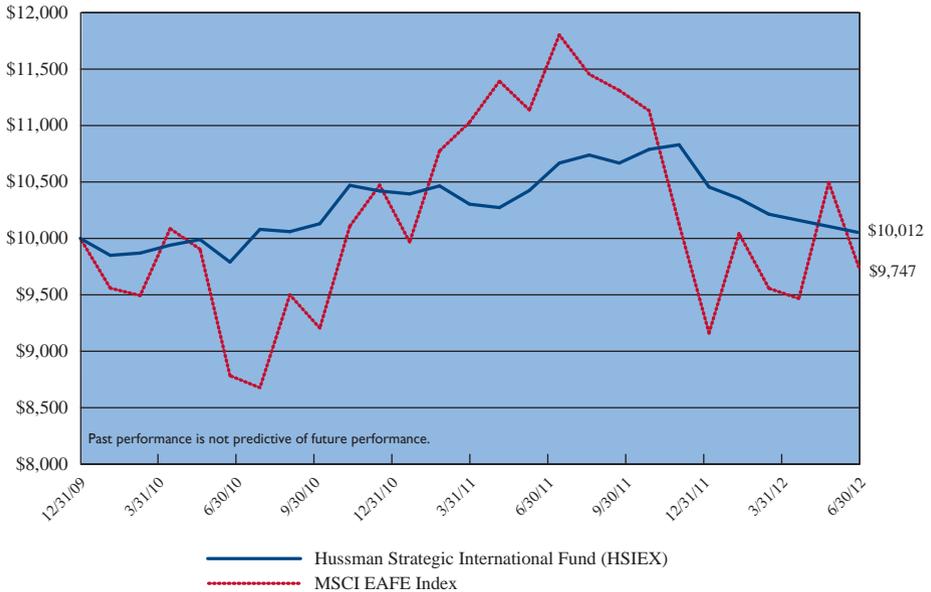
<sup>(b)</sup> The Fund commenced operations on September 12, 2002.

<sup>(c)</sup> The Fund's expense ratio was 0.63% for the fiscal year ended June 30, 2012. The expense ratio as disclosed in the November 1, 2011 prospectus was 0.72%.

<sup>(d)</sup> The Barclays 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. The Fund does not invest solely in securities included in the Barclays U.S. Aggregate Bond Index and may invest in other types of bonds, common stocks and etc.

# HUSSMAN STRATEGIC INTERNATIONAL FUND

**Comparison of the Change in Value of a \$10,000 Investment in  
Hussman Strategic International Fund versus the MSCI EAFE Index (Unaudited)**



## Average Annual Total Returns

For Periods Ended June 30, 2012

|  | 1 Year   | Since Inception <sup>(b)</sup> |
|--|----------|--------------------------------|
| Hussman Strategic International Fund <sup>(a)(c)</sup> | (6.14%)  | 0.05%                          |
| MSCI EAFE Index <sup>(d)</sup>                         | (13.83%) | (1.02%)                        |

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

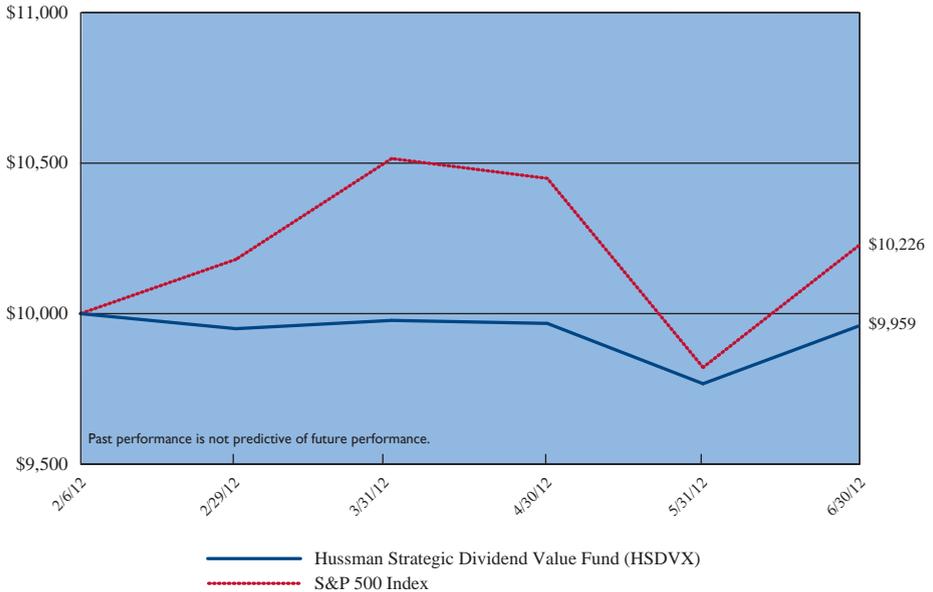
<sup>(b)</sup> The Fund commenced operations on December 31, 2009.

<sup>(c)</sup> The Fund's expense ratio was 1.93% for the fiscal year ended June 30, 2012. The expense ratio as disclosed in the November 1, 2011 prospectus was 2.08%.

<sup>(d)</sup> The MSCI EAFE (Europe, Australasia, and Far East) Index is a free float weighted capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. As of June 30, 2012, the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. The Fund may not invest in all of the countries represented in the MSCI EAFE Index and may invest in securities that are not included in the MSCI EAFE Index.

# HUSSMAN STRATEGIC DIVIDEND VALUE FUND

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



| <b>Total Return</b>                                     |                                |
|---|--------------------------------|
| For Period Ended June 30, 2012                          |                                |
|   | Since Inception <sup>(c)</sup> |
| Hussman Strategic Dividend Value Fund <sup>(b)(d)</sup> | (0.41%)                        |
| S&P 500 Index   | 2.26%                          |

<sup>(a)</sup> Hussman Strategic Dividend Value Fund invests primarily in securities of U.S. issuers but may invest in stocks of foreign companies. There are no restrictions as to the market capitalization of companies. The S&P 500 Index is believed to be the appropriate broad-based securities market index against which to compare the Fund's long-term performance. However, the Fund invests in securities that are not included in the S&P 500 Index, and may vary its exposure to market fluctuations depending on market conditions.

<sup>(b)</sup> The Fund's return does 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 February 6, 2012.

<sup>(d)</sup> The Adviser has contractually agreed to defer its fee and/or to absorb or reimburse a portion of the Fund's expenses until at least February 1, 2015 to the extent necessary to limit the Fund's ordinary operating expenses to an amount not exceeding 1.25% annually of the Fund's average daily net assets. The gross expense ratio as disclosed in the February 1, 2012 prospectus was 2.25% (excluding acquired fund fees and expenses).

**Dear Shareholder,**

For the fiscal year ended June 30, 2012, Strategic Growth Fund lost -5.97%, Strategic Total Return Fund achieved a total return of 4.14%, and Strategic International Fund lost -6.14%. For the period from February 6, 2012 through June 30, 2012, Strategic Dividend Value had a total return of -0.41%.

From the inception of Strategic Growth Fund on July 24, 2000 through June 30, 2012, the Fund achieved an average annual total return of 5.55%, compared with an average annual total return of 1.29% for the S&P 500 Index. An initial \$10,000 investment in the Fund on July 24, 2000 would have grown to \$19,043, compared with \$11,659 for the same investment in the S&P 500 Index. The deepest loss experienced by the Fund since inception was -22.31%, compared with a maximum loss of -55.25% for the S&P 500 Index. To put this difference in perspective, the S&P 500 Index had to advance by fully 73.61% from its 2009 low simply to reduce its loss from -55.25% to -22.31%. The mathematics of compounding are brutal for large losses, but are reasonably forgiving for more contained losses.

From the inception of Strategic Total Return Fund on September 12, 2002 through June 30, 2012, the Fund achieved an average annual total return of 6.82%, compared with an average annual total return of 5.37% for the Barclays U.S. Aggregate Bond Index. An initial \$10,000 investment in the Fund on September 12, 2002 would have grown to \$19,082, compared with \$16,698 for the same investment in the Barclays U.S. Aggregate Bond Index. The deepest loss experienced by the Fund since inception was -11.52%, compared with a maximum loss of -5.08% for the Barclays U.S. Aggregate Bond Index.

From the inception of Strategic International Fund on December 31, 2009 through June 30, 2012, the Fund achieved an average annual total return of 0.05%, compared with an average annual total return of -1.02% for the MSCI EAFE Index. An initial \$10,000 investment in the Fund on December 31, 2009 would have grown to \$10,012, compared with \$9,747 for the same investment in the MSCI EAFE Index. These returns were achieved with about one quarter of the volatility of the returns for the EAFE Index. During this period, the EAFE Index has declined by at least 19.61% on four separate occasions. In May 2010, the EAFE Index fell 19.61%. In October 2011, the EAFE Index fell 26.48%, recovered about half of that loss, then fell again by 25.59% from its prior peak. In June 2012, the EAFE Index fell 24.80%. Since the inception of Strategic International Fund, its maximum decline has been -9.59%.

# The Hussman Funds

## Letter to Shareholders *(continued)*

From the inception of Strategic Dividend Value Fund on February 6, 2012 through June 30, 2012, the Fund achieved a cumulative total return of -0.41%, compared with a total return of 2.26% for the S&P 500 Index. An initial \$10,000 investment in the Fund on February 6, 2012 would be valued at \$9,959 on June 30, 2012, compared with \$10,226 for the same investment in the S&P 500 Index. The deepest loss experienced by the Fund since inception was -2.82%, compared with a maximum loss of -9.58% for the S&P 500 Index.

Each of the Hussman Funds with at least a year of operating history has outperformed its respective benchmark since Fund inception, and our risks have remained well-contained. Still, the most recent market cycle has been unusually challenging. In recent years, the stock market has experienced a convulsive pattern of panic declines and liquidity-fueled relief rallies. In my view, the failure of the U.S. and other countries to meaningfully restructure bad debt following the 2008-2009 credit crisis left the global economy in a fragile recovery where job creation, aggregate demand, and income growth have been persistently sluggish.

In the face of repeated economic softening, central banks have responded with massive monetary interventions. These interventions have encouraged short-lived bursts in demand and employment, but only by flooding the global economy with near-zero interest money, prompting investors to reach for risky assets as an alternative, with little regard for valuations. The combination of elevated valuations, overextended price trends, increasing recession risk, and other factors has contributed to our defensive stance in both U.S. and international equities, where our estimates of prospective return/risk have become unusually negative in recent months.

In the bond market, the combination of aggressive monetary easing and accelerating difficulties in Europe have supported significant demand for U.S. Treasuries and corporate bonds, producing low yields that offer little in the way of long-term return prospects. Given the already depressed menu of prospective returns, the temptation to reach for yield by taking greater maturity risk or credit risk would amount to speculation. For that reason, Strategic Total Return Fund has maintained a conservative exposure to these risks. While this has resulted in somewhat lower total returns in the Fund over the most recent fiscal year, compared with the Barclays U.S. Aggregate Index, we believe that stronger long-term returns can be achieved by selectively accepting interest-rate and credit risk when it is more appropriately priced.

### **Notes on an extraordinary market cycle**

As disciplined investors, we try to validate every aspect of our investment strategy in historical data. The last several years have been trying in that respect. As a result of conditions related to the global credit crisis of 2008-2009, we have implemented two changes to our hedging approach. One of these resulted from a proactive effort to make our approach more robust to extreme outcomes, even though our existing approach was performing quite well in real time. A second, smaller change was remedial, to reduce the cost of hedging with index put options in an environment where major central bank interventions have become commonplace.

Undoubtedly, our largest challenge emerged during the credit crisis in 2008-2009. While we had anticipated much of that crisis, and avoided much of the market's losses as a result, it became clear by late-2008 that the events that were unfolding were outside of anything seen in the post-war period on which our existing methods were based. At that time, the existing hedging model used by Strategic Growth Fund was performing quite well in real-time. In fact, one dollar invested in Strategic Growth Fund at inception had, by March 2009, grown to four times the value of a dollar invested in the S&P 500 Index. The Fund was ahead of the S&P 500 Index, with dramatically lower risk, on every standard and non-standard performance horizon.

Still, I was becoming concerned about whether the market's return/risk prospects should be estimated from the standpoint of post-war data or Depression-era data. Taking our existing hedging methods to Depression-era data, I found that they performed acceptably from the standpoint of overall returns, with much smaller losses than a passive buy-and-hold approach, but they still allowed several very deep interim losses even when trend-following methods were emphasized. The stock market lost about 85% of its value in the Depression (requiring a seven-fold gain to break-even). By 1931, even after the stock market had declined to very attractive valuations from a post-war perspective, it still lost another two-thirds of its value in less than a year. I viewed the potential losses to be intolerable, and worked to solve that "two data sets" problem.

I insisted that our hedging approach should perform well even in the most extreme conditions. The simple phrase for this is "stress testing," but that phrase makes the effort seem very clean and clinical, and understates the uncertainty of that period. After testing many alternative approaches, our requirements were satisfied when we developed much more robust "ensemble methods" to estimate market return and risk prospects. Unfortunately, this was achieved only after missing a substantial rebound in the stock market.

# The Hussman Funds

## Letter to Shareholders *(continued)*

More recently, we introduced a smaller change in our hedging approach, by restricting the set of periods in which Strategic Growth Fund establishes “staggered strike” hedge positions (which raise the strike price of our index put options to protect more strongly against market weakness). In an environment where central banks have attempted to provide the equivalent of free “put options” to investors, paying additional premiums for real ones resulted in a loss in the value more frequently than would have occurred in the past. In Strategic Growth Fund, this time-decay resulted in a modest but persistent tendency of the Fund to decline during extended liquidity-driven market advances. The additional restrictions reserve our most defensive stance for conditions that have historically been associated with awful market outcomes, without compromising the returns that those positions have typically contributed over the complete market cycle. As I have noted in the Hussman Funds weekly commentaries, conditions since March 2, 2012 have been extreme enough to survive these restrictions, and we have established a defensive stance in recent months that I do not expect us to require frequently or maintain indefinitely.

The Hussman Funds seek to achieve strong returns over the complete market cycle (bull market and bear market combined), with smaller periodic losses than experienced by a passive “buy-and-hold” investment approach. Given this goal, it is important to evaluate the performance of Strategic Growth Fund from a full cycle perspective:

| Period                     | Cycle                         | HSGFX Return<br>Cumulative,<br>Annual | SPX Return<br>Cumulative,<br>Annual | HSGFX<br>Deepest<br>Loss | SPX<br>Deepest<br>Loss |
|----------------------------|-------------------------------|---------------------------------------|-------------------------------------|--------------------------|------------------------|
| 07/24/2000 -<br>10/09/2007 | Bull Peak to<br>Bull Peak     | 119.79%,<br>11.54%                    | 20.70%,<br>2.64%                    | -6.98%                   | -47.41%                |
| 10/09/2002 -<br>03/09/2009 | Bear Trough to<br>Bear Trough | 37.95%,<br>5.14%                      | -1.25%,<br>-0.20%                   | -21.45%                  | -55.25%                |
| 10/09/2007 -<br>08/17/2012 | Bull Peak to<br>Bull Peak     | -17.05%,<br>-3.78%                    | 0.90%,<br>0.18%                     | -22.31%                  | -55.25%                |

*Cycle dates other than Fund inception date (07/24/2000) correspond to peaks and troughs of Standard & Poors 500 Index (SPX), using total returns.*

As a result of the significant challenges we’ve faced during the most recent market cycle, the cumulative shortfall of Strategic Growth Fund versus the S&P 500 Index during this cycle has been nearly 18% (-3.95% annually). Meanwhile, the Fund has experienced a fraction of the loss endured by the S&P 500 during major declines. Undoubtedly, performance windows that include 2009 through early-2010 will carry the ghost of our “miss” during that period for some time. We don’t suggest that investors

# The Hussman Funds

## Letter to Shareholders *(continued)*

should overlook that period, but it is important to recognize that our defensiveness reflected the necessity of stress-testing our methods against Depression-era data, and does not reflect the stance that investors should expect the Fund to adopt in future cycles, even under identical conditions and evidence.

Due to the Fund's ability to hedge potential market declines, performance comparisons to the S&P 500 are often very favorable toward the Fund when the performance window comprises a peak-to-trough decline for the S&P 500. Conversely, performance comparisons are often unfavorable toward the Fund when the performance window comprises a trough-to-peak advance for the S&P 500.

For example, measured over the peak-to-trough period from July 24, 2000 through March 9, 2009, Strategic Growth Fund achieved a cumulative total return of 105.57% (8.71% annually) compared with a cumulative loss for the S&P 500 Index of -45.99% (-6.89% annually). In contrast, measured over the trough-to-peak period from October 9, 2002 through August 17, 2012, Strategic Growth Fund achieved a cumulative total return of 22.34% (2.07%) compared with a cumulative gain for the S&P 500 Index of 122.65% (8.46%). In both cases, return comparisons can be distorted by the choice of performance window. Measuring across market cycles, either peak-to-peak or trough-to-trough, helps to minimize these effects. Even over shorter horizons, performance comparisons are likely to be less distorted by evaluating performance between two intermediate-term market peaks or two intermediate-term market troughs, rather than choosing a period that comprises a trough-to-peak market advance or a peak-to-trough market decline.

### **Portfolio composition**

As of June 30, 2012, Strategic Growth Fund had net assets of \$4,936,808,483, and held 116 stocks in a wide variety of industries. The largest sector holdings as a percentage of net assets were health care (33.1%), consumer discretionary (24.1%), consumer staples (17.5%), and information technology (17.3%). The smallest sector weights were in energy (3.4%), telecommunications (1.4%), financials (1.0%), and materials (0.8%).

Strategic Growth Fund's holdings of individual stocks as of June 30, 2012 were valued at \$4,866,437,440. Against these stock positions, the Fund held 26,500 option combinations (long put option/short call option) on the S&P 500 Index, 8,000 option combinations on the Russell 2000 Index and 2,000 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, 2012, the S&P 500 Index closed at 1,362.16, while the Russell 2000 Index and the

# The Hussman Funds

## Letter to Shareholders *(continued)*

Nasdaq 100 Index closed at 798.49 and 2,615.72, respectively. The Fund's total hedge therefore represented a short position of \$4,771,660,000, an amount equal to 98.05% of the dollar value of the Fund's long investment positions in individual stocks.

Strategic Growth Fund's hedging positions are intended to provide a hedge against the effect of general market fluctuations on the Fund's portfolio during periods where we view the expected return/risk profile of the stock market to be unfavorable. However, the Fund's hedging strategy does not eliminate market risk or provide complete protection against adverse movements in the prices of individual securities or sectors in which the Fund invests. The Fund may experience a loss even when it is "fully hedged" if the returns of the stocks held by the Fund fall short of the returns of the securities and financial instruments used to hedge or if the exercise prices of the Fund's call and put option hedges differ, so that the combined loss on these options during a market advance exceeds the gain on the underlying stock index.

Though the performance of Strategic Growth Fund's diversified portfolio cannot be attributed to any narrow group of stocks, the following holdings achieved gains in excess of \$20 million during the fiscal year ended June 30, 2012: Biogen Idec, Panera Bread, AutoZone, Amgen, and eBay. Holdings with losses in excess of \$20 million during this same period were BMC Software, Research in Motion, Dell, Best Buy, Endo Health Solutions, Illumina, SunPower, and First Solar.

Strategic Growth Fund continues to be very manageable, with substantial flexibility to respond to changing market conditions, low market impact of trading, and commission costs well below estimated industry averages. 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 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 on its stock transactions was 1.3 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, 2012 was 1.05%. 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 1.68%.

# The Hussman Funds

## Letter to Shareholders *(continued)*

As of June 30, 2012, Strategic Total Return Fund had net assets of \$2,621,064,847. Treasury notes, Treasury bonds, Treasury Inflation-Protected Securities (TIPS) and money market funds represented 83.4% of the Fund's net assets. Shares of exchange-traded funds, precious metals shares, energy shares and utility shares accounted for 1.5%, 13.5%, 0.7% and 0.9% of net assets, respectively.

In Strategic Total Return Fund, during the fiscal year ended June 30, 2012, portfolio gains in excess of \$10 million were achieved in U.S. Treasury Note (1.75%, due 5/31/2016), U.S. Treasury Note (2.125%, due 8/15/2021), Randgold Resources ADR, and Newmont Mining. Holdings with losses in excess of \$5 million during this same period were Barrick Gold and Agnico-Eagle Mines.

As of June 30, 2012, Strategic International Fund had net assets of \$87,719,728 and held 106 stocks in a wide variety of industries. The largest sector holdings as a percent of net assets were in consumer discretionary (10.6%), health care (10.4%), consumer staples (9.4%), telecommunications (9.1%), information technology (8.5%), and industrials (5.6%). The smallest sector weights were in utilities (3.0%), energy (1.8%) and materials (1.6%). Shares of exchange-traded funds (ETFs) and money market funds accounted for 6.3% and 28.8% of net assets, respectively. The total value of equities and exchange-traded funds held by the Fund was \$58,094,909.

In order to hedge the impact of general market fluctuations, as of June 30, 2012 Strategic International Fund held 150 option combinations (long put option/short call option) on the S&P 500 Index, and was short 750 futures on the Euro STOXX 50 Index and 150 futures on the FTSE 100 Index. The combined notional value of these hedges was \$55,015,858, an amount equal to 94.7% of the value of equity and ETF shares held by the Fund. When the Fund is in a hedged investment position, the primary driver of Fund returns is expected to be the difference in performance between the stocks owned by the Fund and the indices that are used to hedge.

While Strategic International Fund is widely diversified and its performance is affected by numerous investment positions, the hedging strategy of the Fund was primarily responsible for the reduced sensitivity of the Fund to market fluctuations from the Fund's inception through June 30, 2012. Individual equity holdings having portfolio gains in excess of \$175,000 during the fiscal year ended June 30, 2012 included Bunzl, Alimentation Couche-Tard, Next plc, and Novo Nordisk A/S. Holdings with portfolio losses in excess of \$300,000 during this same period included Yamada Denki, Mobistar, Abengoa, Enel S.P.A, Telecom Argentina, and Norbert Dentressangle.

# The Hussman Funds

## Letter to Shareholders *(continued)*

As of June 30, 2012, Strategic Dividend Value Fund had net assets of \$4,998,194, and held 67 stocks in a wide variety of industries. The largest sector holdings as a percentage of net assets were consumer staples (15.4%), health care (13.5%), consumer discretionary (10.7%), and information technology (9.1%). The smallest sector weights were in energy (5.9%), industrials (2.4%), materials (2.0%), and financials (1.1%).

Strategic Dividend Value Fund's holdings of individual stocks as of June 30, 2012 were valued at \$3,002,575. Against these stock positions, the Fund also held 10 option combinations (long put option/short call option) on the S&P 500. The combined notional value of these hedges was \$1,362,160, an amount equal to 45.4% of the value of equity investments held by the Fund.

Supplementary information including quarterly returns and equity-only performance is available on the Hussman Funds website: [www.hussmanfunds.com](http://www.hussmanfunds.com).

### **Present conditions**

In recent months, our measures of leading economic pressures have indicated the likelihood of an oncoming U.S. recession. Our view is based on the analysis of leading/coincident/lagging indicators, as well as more statistical methods that extract "unobserved components" from a broad range of economic indicators. The weakness developing in the most leading components of U.S. data closely reflects accelerating weakness in European data. European output continues in its steepest contraction since 2009.

In my view, the repeated monetary interventions of recent years have been an attempt to contain the unfinished effect of the 2008-2009 economic downturn. I believe that the global economy is moving into another recession because policy-makers have not effectively addressed the debt problems that produced the first one, leaving the economy unusually vulnerable to aftershocks.

To understand where we are, it is helpful to understand how we got here. In the U.S., lawmakers repealed the Glass-Steagall Act in 1999, removing the firewall between traditional banking and more speculative activities, and allowing those activities to have the effective protection of the U.S. government. This combination, in my view, helped to encourage speculation that resulted in a U.S. housing bubble and subsequent mortgage crisis. In Europe, a currency union was created without adequate control on the government deficits of individual countries, allowing peripheral European countries to run large budget deficits and finance them at the same interest rates as their stronger neighbors. The global recession and collapse

# The Hussman Funds

## Letter to Shareholders *(continued)*

of employment in 2008-2009 increased the strains on government revenues, while governments attempted to avoid the restructuring of bad debt by rescuing private lenders at public expense. As a result, government debt has increased dramatically both in the U.S. and in Europe.

The failure of policy makers to restructure bad debt resulted in the worst of both worlds - an economy where banks were relieved of the need for transparency (thanks to accounting changes by the Financial Accounting Standards Board in 2009), while homeowners strapped with large mortgage obligations saw very little in terms of debt restructuring. In Europe, the inability of individual countries to control their own monetary policies created significant political strains as weaker European countries sought bailout funds from their stronger neighbors, and difficult government spending reductions were imposed.

Economies can retreat from excessive debt burdens in three ways. One is "austerity," where spending is restricted in the attempt to reduce deficits and keep debt burdens from growing as fast as the economy grows. The difficulty with austerity is that it is often self-defeating because economic growth slows and tax revenues often decline enough to offset the reduced spending. A second approach is "monetization," where the central bank creates currency and bank reserves in order to purchase and effectively retire government debt. This approach may be expedient in the short-term, but can lead to severe inflationary effects in the longer-term. A final approach is "debt restructuring," where bad debts are written down or swapped for a direct ownership claim on some other asset (known as "debt-equity swaps"). This approach can detach the economy from the burden of prior debts, but it is most contentious politically because it requires lenders to take losses or accept changes in the structure of their claims.

In the next several years, it seems inescapable that the U.S. and Europe will require a combination of all three approaches. In my view, the likelihood of addressing global debt problems without significant economic and political turbulence is quite low. The primary question is whether losses and debt restructuring will be imposed on lenders who voluntarily accepted the risks, or whether the losses will instead be inflicted on the public through austerity and inflation. My impression is that the answer will be a combination of all of these, and that the ability to navigate a broad range of potential outcomes will be required. Meanwhile, I remain skeptical that central bank interventions targeted at making investors feel "wealthier" will have much real economic effect, or will durably reduce the need for difficult economic adjustments.

# The Hussman Funds

## Letter to Shareholders *(continued)*

With regard to stock market valuations, we presently estimate that the S&P 500 is likely to achieve a total return (nominal) of only 4.5% annually during the coming ten years. While prospective returns have been lower at certain points in the past 15 years, these low prospective returns were invariably followed by steep market declines that ultimately provided better opportunities to accept market risk in the pursuit of long-term returns. Valuations appear less elevated on measures that emphasize near-term earnings estimates, but these estimates reflect corporate profit margins that are nearly 70% above their long-term norm (a fact that appears closely related to depressed savings rates and unsustainably large government budget deficits).

Equally important, as detailed in the weekly comments on the Hussman Funds website, numerous syndromes of market conditions have emerged in recent months that have historically been associated with unusually negative market outcomes, on average. Indeed, since March 2012, our estimates of prospective return/risk in the stock market have remained among the most negative 1% of all historical observations. It is possible that market outcomes will be benign or even favorable in the present instance, but I have no basis for that expectation.

Presently, 10-year Treasury bonds yield just 1.7%, while 30-year bonds yield 2.8%, and the Dow Jones Corporate Bond Index yields just 3.1%. At these levels, very small changes in yield can easily wipe out one or more years of prospective interest earnings. While further declines in yield are possible, bond market investors will have to rely on very precise timing in order to retain the resulting gains. For that reason, I view exposure to long-term bonds as largely speculative, and the average duration of the bond portfolio in Strategic Total Return has been limited to slightly less than two years.

In short, the menu of prospective returns appears quite unattractive for long-term investors. This is not just an unfortunate accident, but is an environment that has been actively engineered by monetary policies that have flooded the global financial system with zero-interest currency and reserves. It is understandably difficult to remain conservative in an environment where yields are low, but where recent market returns have been positive and defensiveness has not been rewarding. On this point, it may be helpful to remember that bear market declines typically erase more than half of the preceding bull market advance. Indeed, the 2008-2009 stock market decline wiped out not only all of the total return achieved by the S&P 500 Index during the preceding bull market advance, but also erased the entire total return that the S&P 500 Index had achieved, in excess of Treasury bills, from June 1995 onward.

# The Hussman Funds

## Letter to Shareholders *(continued)*

Despite the challenges of the most recent market cycle, I continue to believe that the correct response to the 2008-2009 shock was to fortify our methods against significant future strains, instead of taking false comfort in the belief that central banks will permanently hold those strains at bay. That is exactly what we have done. The recent period of underperformance has been frustrating, but these challenges have also motivated the development of robust adjustments to our hedging approach that I believe are well-suited to resume our performance advantage in future market cycles.

I remain grateful for your trust.

John P. Hussman, Ph.D.

*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.

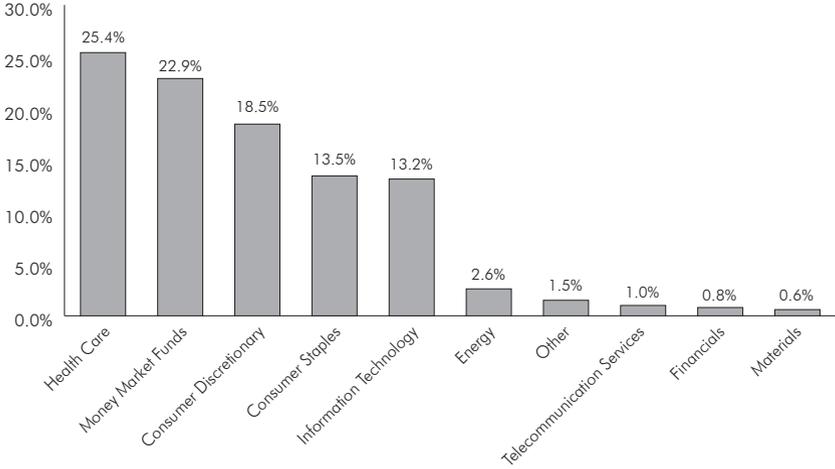
The Letter to Shareholders seeks to describe some of the adviser's current opinions and views of the financial markets. Although the adviser believes it has a reasonable basis for any opinions or views expressed, actual results may differ, sometimes significantly so, from those expected or expressed. 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 Funds' adviser with respect to those securities may change at any time.

# Hussman Strategic Growth Fund

## Portfolio Information

June 30, 2012 (Unaudited)

### Sector Allocation (% of Total Investments and Money Market Funds)

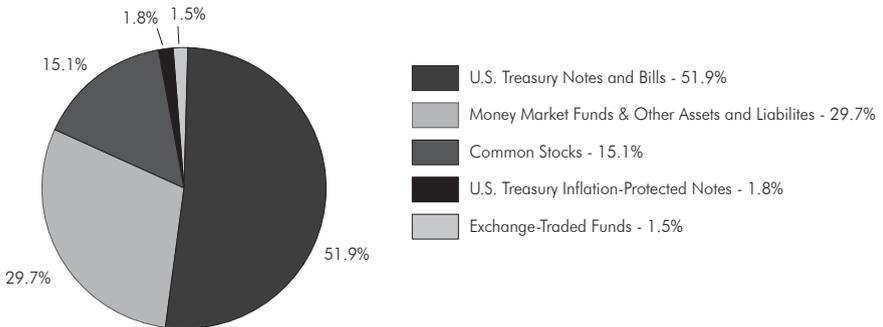


# Hussman Strategic Total Return Fund

## Portfolio Information

June 30, 2012 (Unaudited)

### Asset Allocation (% of Net Assets)

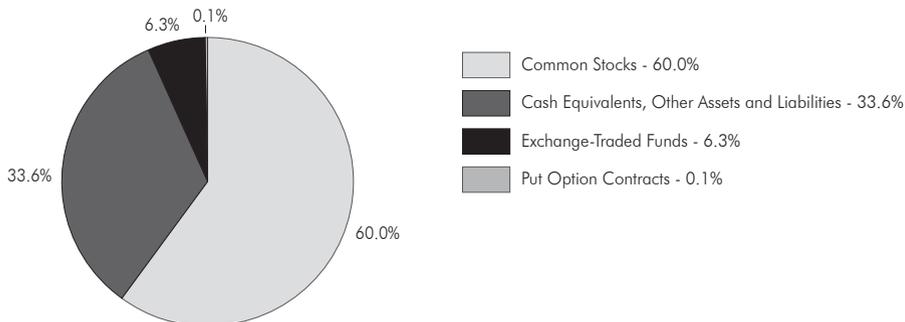


# Hussman Strategic International Fund

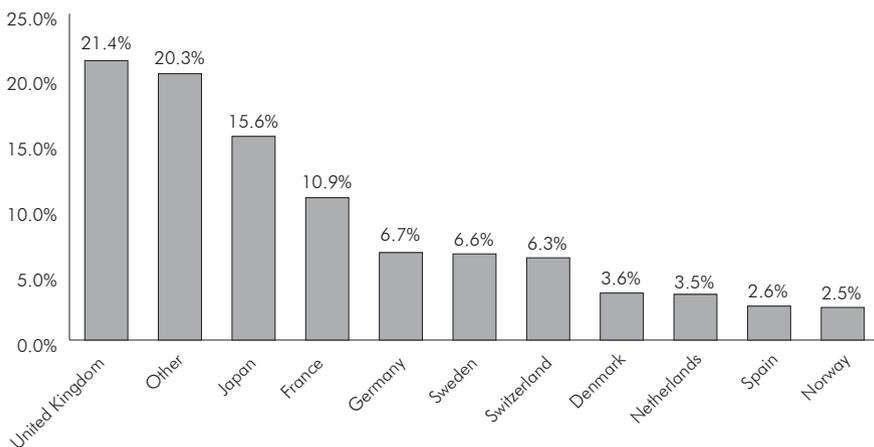
## Portfolio Information

June 30, 2012 (Unaudited)

### Asset Allocation (% of Net Assets)



### Country Allocation (% of Equity Holdings)

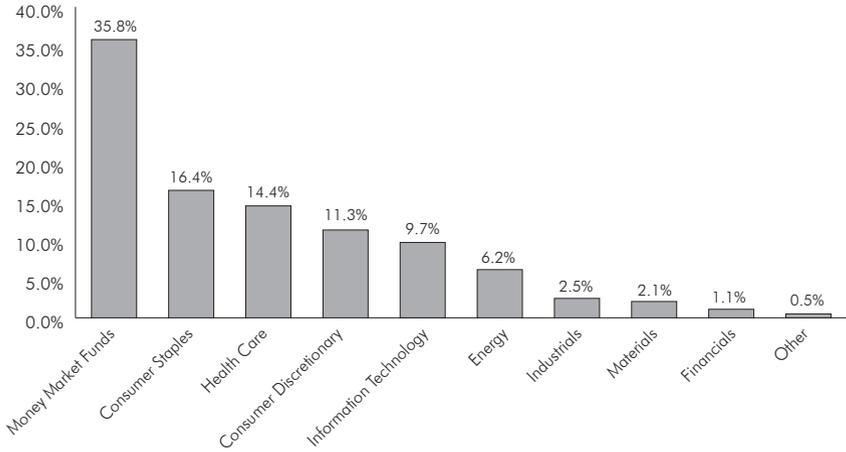


# Hussman Strategic Dividend Value Fund

## Portfolio Information

June 30, 2012 (Unaudited)

### Sector Allocation (% of Total Investments and Money Market Funds)



# Hussman Strategic Growth Fund

## Schedule of Investments

June 30, 2012

### COMMON STOCKS — 98.6%

Shares

Value

#### Consumer Discretionary — 24.1%

##### Diversified Consumer Services — 1.4%

|   |           |                   |
|---|-----------|-------------------|
| Coinstar, Inc. <sup>(a)</sup> . . . . .                 | 500,000   | \$ 34,330,000     |
| DeVry, Inc. . . . .                                     | 250,000   | 7,742,500         |
| H&R Block, Inc. . . . .                                 | 1,500,000 | 23,970,000        |
| ITT Educational Services, Inc. <sup>(a)</sup> . . . . . | 55,000    | 3,341,250         |
|   |           | <u>69,383,750</u> |

##### Hotels, Restaurants & Leisure — 7.9%

|   |           |                    |
|---|-----------|--------------------|
| Cheesecake Factory, Inc. (The) <sup>(a)</sup> . . . . . | 2,292,000 | 73,252,320         |
| Darden Restaurants, Inc. . . . .                        | 500,000   | 25,315,000         |
| Jack in the Box, Inc. <sup>(a)</sup> . . . . .          | 1,673,000 | 46,643,240         |
| McDonald's Corp. . . . .                                | 650,000   | 57,544,500         |
| Panera Bread Co. - Class A <sup>(a)</sup> . . . . .     | 775,000   | 108,066,000        |
| PF Chang's China Bistro, Inc. . . . .                   | 500,000   | 25,735,000         |
| Starbucks Corp. . . . .                                 | 1,000,000 | 53,320,000         |
|   |           | <u>389,876,060</u> |

##### Leisure Equipment & Products — 0.7%

|                      |           |            |
|----------------------|-----------|------------|
| Mattel, Inc. . . . . | 1,000,000 | 32,440,000 |
|----------------------|-----------|------------|

##### Media — 3.1%

|  |           |                    |
|--|-----------|--------------------|
| Comcast Corp. - Class A . . . . .                      | 1,050,000 | 33,568,500         |
| DIRECTV - Class A <sup>(a)</sup> . . . . .             | 550,000   | 26,851,000         |
| DISH Network Corp. - Class A . . . . .                 | 2,000,000 | 57,100,000         |
| McClatchy Co. (The) - Class A <sup>(a)</sup> . . . . . | 143,000   | 314,600            |
| McGraw-Hill Cos., Inc. (The) . . . . .                 | 750,000   | 33,750,000         |
|  |           | <u>151,584,100</u> |

##### Multiline Retail — 3.6%

|                                    |           |                    |
|------------------------------------|-----------|--------------------|
| Family Dollar Stores, Inc. . . . . | 693,000   | 46,070,640         |
| Kohl's Corp. . . . .               | 1,000,000 | 45,490,000         |
| Target Corp. . . . .               | 1,500,000 | 87,285,000         |
|                                    |           | <u>178,845,640</u> |

##### Specialty Retail — 6.9%

|  |           |            |
|--|-----------|------------|
| Aéropostale, Inc. <sup>(a)</sup> . . . . .       | 4,402,000 | 78,487,660 |
| American Eagle Outfitters, Inc. . . . .          | 650,000   | 12,824,500 |
| AutoZone, Inc. <sup>(a)</sup> . . . . .          | 50,000    | 18,358,500 |
| Bed Bath & Beyond, Inc. <sup>(a)</sup> . . . . . | 1,200,000 | 74,160,000 |
| Best Buy Co., Inc. . . . .                       | 2,400,000 | 50,304,000 |
| Buckle, Inc. (The) . . . . .                     | 643,000   | 25,443,510 |
| GameStop Corp. - Class A . . . . .               | 1,112,000 | 20,416,320 |
| Gap, Inc. (The) . . . . .                        | 652,000   | 17,838,720 |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 98.6% (Continued)</b>              | <b>Shares</b> | <b>Value</b>       |
|---|---------------|--------------------|
| <b>Consumer Discretionary — 24.1% (Continued)</b>     |               |                    |
| <i>Specialty Retail — 6.9% (Continued)</i>            |               |                    |
| RadioShack Corp. . . . .                              | 1,000,000     | \$ 3,840,000       |
| Staples, Inc. . . . .                                 | 1,500,000     | 19,575,000         |
| TJX Cos., Inc. (The) . . . . .                        | 450,000       | 19,318,500         |
|   |               | <u>340,566,710</u> |
| <i>Textiles, Apparel &amp; Luxury Goods — 0.5%</i>    |               |                    |
| Under Armour, Inc. - Class A <sup>(a)</sup> . . . . . | 285,000       | 26,926,800         |
| <b>Consumer Staples — 17.5%</b>                       |               |                    |
| <i>Beverages — 4.3%</i>                               |               |                    |
| Coca-Cola Co. (The) . . . . .                         | 1,603,000     | 125,338,570        |
| PepsiCo, Inc. . . . .                                 | 1,250,000     | 88,325,000         |
|   |               | <u>213,663,570</u> |
| <i>Food &amp; Staples Retailing — 4.4%</i>            |               |                    |
| Kroger Co. (The) . . . . .                            | 1,650,000     | 38,263,500         |
| Sysco Corp. . . . .                                   | 650,000       | 19,376,500         |
| Walgreen Co. . . . .                                  | 3,000,000     | 88,740,000         |
| Wal-Mart Stores, Inc. . . . .                         | 1,000,000     | 69,720,000         |
|   |               | <u>216,100,000</u> |
| <i>Food Products — 2.3%</i>                           |               |                    |
| Campbell Soup Co. . . . .                             | 612,000       | 20,428,560         |
| ConAgra Foods, Inc. . . . .                           | 500,000       | 12,965,000         |
| General Mills, Inc. . . . .                           | 1,500,000     | 57,810,000         |
| Kellogg Co. . . . .                                   | 500,000       | 24,665,000         |
|   |               | <u>115,868,560</u> |
| <i>Household Products — 6.5%</i>                      |               |                    |
| Clorox Co. (The) . . . . .                            | 750,000       | 54,345,000         |
| Colgate-Palmolive Co. . . . .                         | 1,000,000     | 104,100,000        |
| Kimberly-Clark Corp. . . . .                          | 650,000       | 54,450,500         |
| Procter & Gamble Co. (The) . . . . .                  | 1,750,000     | 107,187,500        |
|   |               | <u>320,083,000</u> |
| <i>Personal Products — 0.0% <sup>(b)</sup></i>        |               |                    |
| Nu Skin Enterprises, Inc. - Class A . . . . .         | 4,000         | 187,600            |
| <b>Energy — 3.4%</b>                                  |               |                    |
| <i>Oil, Gas &amp; Consumable Fuels — 3.4%</i>         |               |                    |
| Chevron Corp. . . . .                                 | 500,000       | 52,750,000         |
| Exxon Mobil Corp. . . . .                             | 1,250,000     | 106,962,500        |
| Murphy Oil Corp. . . . .                              | 167,000       | 8,398,430          |
|   |               | <u>168,110,930</u> |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2012

### COMMON STOCKS — 98.6% (Continued)

|   | Shares    | Value              |
|---|-----------|--------------------|
| <b>Financials — 1.0%</b>                                      |           |                    |
| <i>Consumer Finance — 0.3%</i>                                |           |                    |
| American Express Co. . . . .                                  | 24,000    | \$ 1,397,040       |
| World Acceptance Corp. <sup>(a)</sup> . . . . .               | 210,000   | 13,818,000         |
|   |           | <u>15,215,040</u>  |
| <i>Insurance — 0.7%</i>                                       |           |                    |
| ACE Ltd. . . . .  | 250,000   | 18,532,500         |
| Chubb Corp. (The) . . . . .                                   | 250,000   | 18,205,000         |
|   |           | <u>36,737,500</u>  |
| <b>Health Care — 33.1%</b>                                    |           |                    |
| <i>Biotechnology — 6.1%</i>                                   |           |                    |
| Amgen, Inc. . . . .   | 1,250,000 | 91,300,000         |
| Biogen Idec, Inc. <sup>(a)</sup> . . . . .                    | 1,000,000 | 144,380,000        |
| Cubist Pharmaceuticals, Inc. <sup>(a)</sup> . . . . .         | 674,000   | 25,551,340         |
| Gilead Sciences, Inc. <sup>(a)</sup> . . . . .                | 650,000   | 33,332,000         |
| PDL BioPharma, Inc. . . . .                                   | 905,000   | 6,000,150          |
|   |           | <u>300,563,490</u> |
| <i>Health Care Equipment &amp; Supplies — 6.6%</i>            |           |                    |
| Align Technology, Inc. <sup>(a)</sup> . . . . .               | 751,000   | 25,128,460         |
| Baxter International, Inc. . . . .                            | 500,000   | 26,575,000         |
| Becton, Dickinson and Co. . . . .                             | 250,000   | 18,687,500         |
| Cyberonics, Inc. <sup>(a)</sup> . . . . .                     | 997,000   | 44,805,180         |
| Medtronic, Inc. . . . .                                       | 1,500,000 | 58,095,000         |
| St. Jude Medical, Inc. . . . .                                | 1,250,000 | 49,887,500         |
| Stryker Corp. . . . .   | 500,000   | 27,550,000         |
| Varian Medical Systems, Inc. <sup>(a)</sup> . . . . .         | 1,250,000 | 75,962,500         |
|   |           | <u>326,691,140</u> |
| <i>Health Care Providers &amp; Services — 6.9%</i>            |           |                    |
| Aetna, Inc. . . . .   | 650,000   | 25,200,500         |
| CIGNA Corp. . . . .   | 1,250,000 | 55,000,000         |
| Humana, Inc. . . . .  | 1,000,000 | 77,440,000         |
| Laboratory Corp. of America Holdings <sup>(a)</sup> . . . . . | 500,000   | 46,305,000         |
| UnitedHealth Group, Inc. . . . .                              | 1,453,000 | 85,000,500         |
| WellPoint, Inc. . . . .                                       | 800,000   | 51,032,000         |
|   |           | <u>339,978,000</u> |
| <i>Life Sciences Tools &amp; Services — 2.9%</i>              |           |                    |
| Harvard Bioscience, Inc. <sup>(a)</sup> . . . . .             | 1,000,000 | 3,770,000          |
| Illumina, Inc. <sup>(a)</sup> . . . . .                       | 810,000   | 32,715,900         |
| Life Technologies Corp. <sup>(a)</sup> . . . . .              | 1,000,000 | 44,990,000         |
| Waters Corp. <sup>(a)</sup> . . . . .                         | 750,000   | 59,602,500         |
|   |           | <u>141,078,400</u> |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2012

### COMMON STOCKS — 98.6% (Continued)

Shares

Value

#### Health Care — 33.1% (Continued)

##### Pharmaceuticals — 10.6%

|  |           |                    |
|--|-----------|--------------------|
| Abbott Laboratories                                | 350,000   | \$ 22,564,500      |
| AstraZeneca plc - ADR                              | 2,500,000 | 111,875,000        |
| Bristol-Myers Squibb Co.                           | 1,000,000 | 35,950,000         |
| Eli Lilly & Co.                                    | 2,250,000 | 96,547,500         |
| Endo Pharmaceuticals Holdings, Inc. <sup>(a)</sup> | 1,914,000 | 59,295,720         |
| Forest Laboratories, Inc. <sup>(a)</sup>           | 350,000   | 12,246,500         |
| Johnson & Johnson                                  | 1,750,000 | 118,230,000        |
| Novartis AG - ADR                                  | 500,000   | 27,950,000         |
| Pfizer, Inc.                                       | 1,000,000 | 23,000,000         |
| Shire plc - ADR                                    | 183,000   | 15,809,370         |
|  |           | <u>523,468,590</u> |

#### Information Technology — 17.3%

##### Communications Equipment — 2.7%

|  |           |                    |
|--|-----------|--------------------|
| ADTRAN, Inc.                           | 140,000   | 4,226,600          |
| Cisco Systems, Inc.                    | 6,000,000 | 103,020,000        |
| InterDigital, Inc.                     | 608,000   | 17,942,080         |
| Research In Motion Ltd. <sup>(a)</sup> | 1,000,000 | 7,390,000          |
|  |           | <u>132,578,680</u> |

##### Computers & Peripherals — 3.5%

|                                |           |                    |
|--------------------------------|-----------|--------------------|
| Dell, Inc. <sup>(a)</sup>      | 5,609,000 | 70,224,680         |
| NetApp, Inc. <sup>(a)</sup>    | 500,000   | 15,910,000         |
| QLogic Corp. <sup>(a)</sup>    | 1,250,000 | 17,112,500         |
| Synaptics, Inc. <sup>(a)</sup> | 2,340,000 | 66,994,200         |
|                                |           | <u>170,241,380</u> |

##### Electronic Equipment & Instruments — 0.0% <sup>(b)</sup>

|                               |        |         |
|-------------------------------|--------|---------|
| FUJIFILM Holdings Corp. - ADR | 49,400 | 928,720 |
|-------------------------------|--------|---------|

##### Internet Software & Services — 2.0%

|                           |           |                   |
|---------------------------|-----------|-------------------|
| eBay, Inc. <sup>(a)</sup> | 2,000,000 | 84,020,000        |
| j2 Global, Inc.           | 500,000   | 13,210,000        |
|                           |           | <u>97,230,000</u> |

##### IT Services — 0.4%

|   |         |                   |
|---|---------|-------------------|
| CACI International, Inc. - Class A <sup>(a)</sup> | 250,000 | 13,755,000        |
| Syntel, Inc.                                      | 90,000  | 5,463,000         |
|   |         | <u>19,218,000</u> |

##### Semiconductors & Semiconductor Equipment — 6.1%

|   |           |            |
|---|-----------|------------|
| Altera Corp.                            | 952,000   | 32,215,680 |
| Broadcom Corp. - Class A <sup>(a)</sup> | 2,000,000 | 67,600,000 |
| First Solar, Inc. <sup>(a)</sup>        | 430,000   | 6,475,800  |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 98.6% (Continued)</b>                                    | <b>Shares</b>    | <b>Value</b>            |
|---|------------------|-------------------------|
| <b>Information Technology — 17.3% (Continued)</b>                           |                  |                         |
| <i>Semiconductors &amp; Semiconductor Equipment — 6.1% (Continued)</i>      |                  |                         |
| Intel Corp. . . . .   | 5,000,000        | \$ 133,250,000          |
| Microchip Technology, Inc. . . . .  | 264,000          | 8,733,120               |
| SunPower Corp. <sup>(a)</sup> . . . . .                                     | 786,000          | 3,780,660               |
| Xilinx, Inc. . . . .  | 1,500,000        | 50,355,000              |
|   |                  | <u>302,410,260</u>      |
| <i>Software — 2.6%</i>  |                  |                         |
| Check Point Software Technologies Ltd. <sup>(a)</sup> . . . . .             | 309,000          | 15,323,310              |
| Microsoft Corp. . . . .   | 3,000,000        | 91,770,000              |
| Oracle Corp. . . . .  | 750,000          | 22,275,000              |
|   |                  | <u>129,368,310</u>      |
| <b>Materials — 0.8%</b>   |                  |                         |
| <i>Chemicals — 0.5%</i>   |                  |                         |
| BASF SE - ADR . . . . .   | 76,800           | 5,329,920               |
| CF Industries Holdings, Inc. . . . .  | 100,000          | 19,374,000              |
|   |                  | <u>24,703,920</u>       |
| <i>Paper &amp; Forest Products — 0.3%</i>                                   |                  |                         |
| International Paper Co. . . . .   | 519,000          | 15,004,290              |
| <b>Telecommunication Services — 1.4%</b>                                    |                  |                         |
| <i>Diversified Telecommunication Services — 0.8%</i>                        |                  |                         |
| AT&T, Inc. . . . .  | 500,000          | 17,830,000              |
| Verizon Communications, Inc. . . . .  | 500,000          | 22,220,000              |
|   |                  | <u>40,050,000</u>       |
| <i>Wireless Telecommunication Services — 0.6%</i>                           |                  |                         |
| China Mobile Ltd. - ADR . . . . .   | 500,000          | 27,335,000              |
| <b>Total Common Stocks</b> (Cost \$4,428,085,535) . . . . .                 |                  | <u>\$ 4,866,437,440</u> |
| <b>PUT OPTION CONTRACTS — 1.9%</b>  |                  |                         |
|   | <b>Contracts</b> | <b>Value</b>            |
| Nasdaq 100 Index Option, 09/22/2012 at \$1,800 . . . . .                    | 2,000            | \$ 708,000              |
| Russell 2000 Index Option, 09/22/2012 at \$620 . . . . .                    | 8,000            | 2,984,000               |
| S&P 500 Index Option, 09/22/2012 at \$1,330 . . . . .                       | 26,500           | 91,478,000              |
| <b>Total Put Option Contracts</b> (Cost \$114,708,944) . . . . .            |                  | <u>\$ 95,170,000</u>    |
| <b>Total Investments at Value — 100.5%</b> (Cost \$4,542,794,479) . . . . . |                  | <u>\$ 4,961,607,440</u> |

# Hussman Strategic Growth Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>MONEY MARKET FUNDS — 29.8%</b>   | <b>Shares</b> | <b>Value</b>            |
|---|---------------|-------------------------|
| Federated U.S. Treasury Cash Reserves Fund - Institutional Shares, 0.00% <sup>(c)</sup> .....     | 453,108,620   | \$ 453,108,620          |
| First American Treasury Obligations Fund - Class Y, 0.00% <sup>(c)</sup> .....                    | 1,018,511,654 | 1,018,511,654           |
| <b>Total Money Market Funds</b> (Cost \$1,471,620,274) .....                                      |               | <u>\$ 1,471,620,274</u> |
| <b>Total Investments and Money Market Funds at Value — 130.3%</b><br>(Cost \$6,014,414,753) ..... |               | \$ 6,433,227,714        |
| <b>Written Call Options — (27.1%)</b> .....   |               | (1,335,964,000)         |
| <b>Liabilities in Excess of Other Assets — (3.2%)</b> .....                                       |               | <u>(160,455,231)</u>    |
| <b>Net Assets — 100.0%</b> .....  |               | <u>\$ 4,936,808,483</u> |

ADR - American Depositary Receipt.

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

<sup>(b)</sup> Percentage rounds to less than 0.1%

<sup>(c)</sup> Variable rate security. The rate shown is the 7-day effective yield as of June 30, 2012.

See accompanying notes to financial statements.

# Hussman Strategic Growth Fund

## Schedule of Open Written Option Contracts

June 30, 2012

| <b>WRITTEN CALL OPTION CONTRACTS</b>                    | <b>Contracts</b> | <b>Value of Options</b> | <b>Premiums Received</b> |
|---|------------------|-------------------------|--------------------------|
| Nasdaq 100 Index Option,<br>09/22/2012 at \$1,800 ..... | 2,000            | \$ 162,692,000          | \$ 147,597,351           |
| Russell 2000 Index Option,<br>09/22/2012 at \$620 ..... | 8,000            | 143,592,000             | 118,389,404              |
| S&P 500 Index Option,<br>07/21/2012 at \$950 .....      | 6,500            | 267,280,000             | 238,541,391              |
| S&P 500 Index Option,<br>07/21/2012 at \$980 .....      | 20,000           | 762,400,000             | 673,973,510              |
| <b>Total Written Option Contracts</b> .....             |                  | <u>\$ 1,335,964,000</u> | <u>\$ 1,178,501,656</u>  |

See accompanying notes to financial statements.

# Hussman Strategic Total Return Fund

## Schedule of Investments

June 30, 2012

### COMMON STOCKS — 15.1%

|   | Shares    | Value                 |
|---|-----------|-----------------------|
| <b>Energy — 0.7%</b>                                      |           |                       |
| <i>Oil, Gas &amp; Consumable Fuels — 0.7%</i>             |           |                       |
| NuStar Energy L.P. . . . .                                | 89,000    | \$ 4,796,210          |
| ONEOK Partners L.P. . . . .                               | 144,000   | 7,740,000             |
| Williams Partners L.P. . . . .                            | 85,000    | 4,440,400             |
|   |           | <u>16,976,610</u>     |
| <b>Materials — 13.5%</b>                                  |           |                       |
| <i>Metals &amp; Mining — 13.5%</i>                        |           |                       |
| Agnico-Eagle Mines Ltd. . . . .                           | 1,170,000 | 47,338,200            |
| AngloGold Ashanti Ltd. - ADR . . . . .                    | 1,250,000 | 42,925,000            |
| Barrick Gold Corp. . . . .                                | 2,100,000 | 78,897,000            |
| Compañía de Minas Buenaventura S.A. - ADR . . . . .       | 450,000   | 17,091,000            |
| Goldcorp, Inc. . . . .                                    | 1,030,000 | 38,707,400            |
| Gold Fields Ltd. . . . .                                  | 1,500,000 | 19,215,000            |
| Harmony Gold Mining Co. Ltd. - ADR . . . . .              | 1,000,000 | 9,400,000             |
| Newmont Mining Corp. . . . .                              | 1,570,000 | 76,160,700            |
| Randgold Resources Ltd. - ADR . . . . .                   | 275,000   | 24,752,750            |
| Stillwater Mining Co. <sup>(a)</sup> . . . . .            | 10,000    | 85,400                |
|   |           | <u>354,572,450</u>    |
| <b>Utilities — 0.9%</b>                                   |           |                       |
| <i>Electric Utilities — 0.4%</i>                          |           |                       |
| American Electric Power Co., Inc. . . . .                 | 1,000     | 39,900                |
| Duke Energy Corp. . . . .                                 | 1,000     | 23,060                |
| Edison International . . . . .                            | 1,000     | 46,200                |
| Energy Corp. . . . .                                      | 14,000    | 950,460               |
| Exelon Corp. . . . .                                      | 1,000     | 37,620                |
| FirstEnergy Corp. . . . .                                 | 83,000    | 4,082,770             |
| NextEra Energy, Inc. . . . .                              | 1,000     | 68,810                |
| Pepco Holdings, Inc. . . . .                              | 55,000    | 1,076,350             |
| Pinnacle West Capital Corp. . . . .                       | 23,000    | 1,190,020             |
| PPL Corp. . . . .   | 1,000     | 27,810                |
| UNS Energy Corp. . . . .                                  | 56,000    | 2,150,960             |
|   |           | <u>9,693,960</u>      |
| <i>Multi-Utilities — 0.5%</i>                             |           |                       |
| Ameren Corp. . . . .                                      | 1,000     | 33,540                |
| Dominion Resources, Inc. . . . .                          | 16,000    | 864,000               |
| DTE Energy Co. . . . .                                    | 67,000    | 3,975,110             |
| Public Service Enterprise Group, Inc. . . . .             | 250,000   | 8,125,000             |
| SCANA Corp. . . . .                                       | 37,000    | 1,770,080             |
|   |           | <u>14,767,730</u>     |
| <b>Total Common Stocks</b> (Cost \$399,319,044) . . . . . |           | <u>\$ 396,010,750</u> |

# Hussman Strategic Total Return Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>U.S. TREASURY OBLIGATIONS — 53.7%</b>  | <b>Par Value</b> | <b>Value</b>            |
|---|------------------|-------------------------|
| <b>U.S. Treasury Bills <sup>(b)</sup> — 19.1%</b>                               |                  |                         |
| 0.125%, due 11/29/2012 .....  | \$ 500,000,000   | \$ 499,734,500          |
| <b>U.S. Treasury Inflation-Protected Notes — 1.8%</b>                           |                  |                         |
| 2.00%, due 07/15/2014 .....   | 30,512,750       | 32,350,655              |
| 2.50%, due 01/15/2029 .....   | 10,715,500       | 14,897,053              |
|   |                  | <u>47,247,708</u>       |
| <b>U.S. Treasury Notes — 32.8%</b>  |                  |                         |
| 0.75%, due 06/15/2014 .....   | 300,000,000      | 302,531,400             |
| 2.25%, due 03/31/2016 .....   | 200,000,000      | 212,718,800             |
| 2.00%, due 04/30/2016 .....   | 150,000,000      | 158,226,600             |
| 1.75%, due 05/31/2016 .....   | 100,000,000      | 104,578,100             |
| 3.00%, due 08/31/2016 .....   | 75,000,000       | 82,371,075              |
|   |                  | <u>860,425,975</u>      |
| <b>Total U.S. Treasury Obligations</b> (Cost \$1,369,319,683) .....             |                  | <u>\$ 1,407,408,183</u> |
| <b>EXCHANGE-TRADED FUNDS — 1.5%</b>   |                  |                         |
|   | <b>Shares</b>    | <b>Value</b>            |
| CurrencyShares British Pound Sterling Trust <sup>(a)</sup> <sup>(c)</sup> ..... | 100,000          | \$ 15,514,000           |
| CurrencyShares Swiss Franc Trust <sup>(a)</sup> <sup>(c)</sup> .....            | 125,000          | 12,978,750              |
| SPDR DB International Government Inflation-Protected Bond ETF ...               | 160,000          | 9,420,800               |
| <b>Total Exchange-Traded Funds</b> (Cost \$35,949,165) .....                    |                  | <u>\$ 37,913,550</u>    |
| <b>Total Investments at Value — 70.3%</b> (Cost \$1,804,587,892) ..             |                  | <u>\$ 1,841,332,483</u> |

# Hussman Strategic Total Return Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>MONEY MARKET FUNDS — 29.7%</b>   | <b>Shares</b> | <b>Value</b>            |
|---|---------------|-------------------------|
| Federated U.S. Treasury Cash Reserves Fund - Institutional Shares, 0.00% <sup>(d)</sup> . . . . .     | 232,800,521   | \$ 232,800,521          |
| First American Treasury Obligations Fund - Class Y, 0.00% <sup>(d)</sup> . . . . .                    | 545,702,082   | 545,702,082             |
| <b>Total Money Market Funds</b> (Cost \$778,502,603) . . . . .  |               | <u>\$ 778,502,603</u>   |
| <b>Total Investments and Money Market Funds at Value — 100.0%</b><br>(Cost \$2,583,090,495) . . . . . |               | \$ 2,619,835,086        |
| <b>Other Assets in Excess of Liabilities — 0.0%</b> . . . . .   |               | <u>1,229,761</u>        |
| <b>Net Assets — 100.0%</b> . . . . .  |               | <u>\$ 2,621,064,847</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> For federal income tax purposes, structured as a grantor trust.

<sup>(d)</sup> Variable rate security. The rate shown is the 7-day effective yield as of June 30, 2012.

See accompanying notes to financial statements.

# Hussman Strategic International Fund

## Schedule of Investments

June 30, 2012

| <b>COMMON STOCKS — 60.0%</b>                            | <b>Shares</b> | <b>Value</b>     |
|---|---------------|------------------|
| <b>Argentina — 0.4%</b>                                 |               |                  |
| Telecom Argentina S.A. - ADR . . . . .                  | 28,000        | \$ 330,680       |
| <b>Australia — 1.4%</b>                                 |               |                  |
| Cochlear Ltd. <sup>(a)</sup> . . . . .                  | 3,000         | 203,737          |
| Telstra Corp. Ltd. - ADR . . . . .                      | 54,000        | 1,017,900        |
|   |               | <u>1,221,637</u> |
| <b>Belgium — 0.3%</b>                                   |               |                  |
| Mobistar S.A. . . . .                                   | 8,000         | <u>273,771</u>   |
| <b>Brazil — 0.6%</b>                                    |               |                  |
| Telefônica Brasil S.A. - ADR . . . . .                  | 23,000        | <u>569,020</u>   |
| <b>Canada — 0.9%</b>                                    |               |                  |
| Alimentation Couche-Tard, Inc. - Class B . . . . .      | 5,000         | 218,352          |
| Tim Hortons, Inc. - ADR . . . . .                       | 10,000        | 526,400          |
|   |               | <u>744,752</u>   |
| <b>Chile — 0.2%</b>                                     |               |                  |
| Embotelladora Andina S.A. - Class B - ADR . . . . .     | 200           | 6,460            |
| Eneris S.A. - ADR . . . . .                             | 8,000         | 149,600          |
|   |               | <u>156,060</u>   |
| <b>China — 1.5%</b>                                     |               |                  |
| Mindray Medical International Ltd. - ADR . . . . .      | 22,500        | 681,525          |
| NetEase.com, Inc. - ADR <sup>(b)</sup> . . . . .        | 8,000         | 470,800          |
| Yue Yuen Industrial (Holdings) Ltd. - ADR . . . . .     | 12,000        | 188,520          |
|   |               | <u>1,340,845</u> |
| <b>Denmark — 2.4%</b>                                   |               |                  |
| H. Lundbeck A/S <sup>(a)</sup> . . . . .                | 45,000        | 929,838          |
| Novo Nordisk A/S - ADR . . . . .                        | 3,000         | 436,020          |
| William Demant Holding A/S <sup>(a) (b)</sup> . . . . . | 8,000         | 719,118          |
|   |               | <u>2,084,976</u> |
| <b>Finland — 1.2%</b>                                   |               |                  |
| Elisa Oyj <sup>(a)</sup> . . . . .                      | 20,000        | 402,771          |
| Tieto Oyj <sup>(a)</sup> . . . . .                      | 40,000        | 639,239          |
|   |               | <u>1,042,010</u> |
| <b>France — 7.2%</b>                                    |               |                  |
| Alten <sup>(a)</sup> . . . . .                          | 12,000        | 333,374          |
| Casino Guichard-Perrachon S.A. <sup>(a)</sup> . . . . . | 7,750         | 681,259          |
| Cegid Group <sup>(a)</sup> . . . . .                    | 10,000        | 190,076          |
| Christian Dior S.A. <sup>(a)</sup> . . . . .            | 4,000         | 550,144          |

# Hussman Strategic International Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 60.0% (Continued)</b>             | <b>Shares</b> | <b>Value</b>     |
|--|---------------|------------------|
| <b>France — 7.2% (Continued)</b>                     |               |                  |
| Danone S.A. <sup>(a)</sup> .....                     | 13,000        | \$ 807,959       |
| Fromageries Bel S.A. ....                            | 90            | 20,559           |
| Iliad S.A. <sup>(a)</sup> .....                      | 5,500         | 796,478          |
| Infotel S.A. <sup>(a)</sup> .....                    | 3,066         | 225,260          |
| L'Oréal S.A. <sup>(a)</sup> .....                    | 3,600         | 421,247          |
| Metropole Television S.A. <sup>(a)</sup> .....       | 17,500        | 230,110          |
| Norbert Dentressangle S.A. <sup>(a)</sup> .....      | 8,000         | 507,587          |
| Sanofi-Aventis - ADR .....                           | 27,100        | 1,023,838        |
| Total S.A. - ADR .....                               | 12,500        | 561,875          |
|  |               | <u>6,349,766</u> |
| <b>Germany — 3.2%</b>                                |               |                  |
| Axel Springer AG <sup>(a)</sup> .....                | 6,000         | 257,801          |
| CENTROTEC Sustainable AG <sup>(a)</sup> .....        | 10,000        | 164,778          |
| Deutsche Telekom AG <sup>(a)</sup> .....             | 60,000        | 657,609          |
| SAP AG - ADR .....                                   | 16,300        | 967,568          |
| United Internet AG <sup>(a)</sup> .....              | 45,000        | 773,649          |
|  |               | <u>2,821,405</u> |
| <b>India — 0.5%</b>                                  |               |                  |
| Wipro Ltd. - ADR .....                               | 50,000        | 459,000          |
| <b>Italy — 1.7%</b>                                  |               |                  |
| Enel S.P.A. <sup>(a)</sup> .....                     | 125,000       | 403,634          |
| Eni S.P.A. - ADR .....                               | 10,000        | 425,200          |
| Luxottica Group S.P.A. <sup>(a)</sup> .....          | 10,000        | 349,206          |
| Recordati S.P.A. <sup>(a)</sup> .....                | 40,000        | 285,386          |
|  |               | <u>1,463,426</u> |
| <b>Japan — 10.4%</b>                                 |               |                  |
| ABC-MART, Inc. <sup>(a)</sup> .....                  | 13,000        | 486,403          |
| AEON Co. Ltd. <sup>(a)</sup> .....                   | 40,000        | 498,523          |
| Central Japan Railway Co. <sup>(a)</sup> .....       | 35            | 275,655          |
| DeNA Co. Ltd. <sup>(a)</sup> .....                   | 12,000        | 315,858          |
| Don Quijote Co. Ltd. <sup>(a)</sup> .....            | 20,000        | 688,804          |
| KDDI Corp. <sup>(a)</sup> .....                      | 95            | 612,837          |
| Komeri Co. Ltd. <sup>(a)</sup> .....                 | 20,000        | 525,129          |
| K's Holdings Corp. <sup>(a)</sup> .....              | 14,000        | 409,217          |
| Mochida Pharmaceutical Co. Ltd. <sup>(a)</sup> ..... | 50,000        | 575,922          |
| NAFCO Co. Ltd. <sup>(a)</sup> .....                  | 1,700         | 29,671           |
| Nippon Telegraph and Telephone Corp. - ADR .....     | 20,000        | 462,800          |
| Nitori Holdings Co. Ltd. <sup>(a)</sup> .....        | 2,000         | 189,118          |
| Nomura Research Institute Ltd. <sup>(a)</sup> .....  | 20,000        | 440,111          |

# Hussman Strategic International Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 60.0% (Continued)</b>                           | <b>Shares</b> | <b>Value</b>     |
|--|---------------|------------------|
| <b>Japan — 10.4% (Continued)</b>                                   |               |                  |
| Ryohin Keikaku Co. Ltd. <sup>(a)</sup> . . . . .                   | 13,000        | \$ 706,662       |
| Sundrug Co. Ltd. <sup>(a)</sup> . . . . .                          | 25,000        | 814,045          |
| Takeda Pharmaceutical Co. Ltd. <sup>(a)</sup> . . . . .            | 10,500        | 476,720          |
| Trend Micro, Inc. <sup>(a)</sup> . . . . .                         | 15,000        | 441,905          |
| United Arrows Ltd. <sup>(a)</sup> . . . . .                        | 25,000        | 625,012          |
| Yamada Denki Co. Ltd. <sup>(a)</sup> . . . . .                     | 10,000        | 511,984          |
|  |               | <u>9,086,376</u> |
| <b>Mexico — 1.1%</b>   |               |                  |
| América Móvil S.A.B. de C.V. - Series A - ADR . . . . .            | 24,700        | 644,176          |
| Gruma S.A.B. de C.V. - ADR <sup>(b)</sup> . . . . .                | 32,400        | 320,112          |
|  |               | <u>964,288</u>   |
| <b>Netherlands — 2.3%</b>  |               |                  |
| ASML Holding N.V. . . . .  | 12,000        | 617,040          |
| Royal Dutch Shell plc - Class A - ADR . . . . .                    | 8,000         | 539,440          |
| Unilever N.V. - ADR . . . . .                                      | 27,000        | 900,450          |
|  |               | <u>2,056,930</u> |
| <b>New Zealand — 1.2%</b>  |               |                  |
| Chorus Ltd. <sup>(b)</sup> . . . . .                               | 16,000        | 199,838          |
| Telecom Corp. of New Zealand Ltd. - ADR . . . . .                  | 92,500        | 872,275          |
|  |               | <u>1,072,113</u> |
| <b>Norway — 1.7%</b>   |               |                  |
| Tomra Systems ASA <sup>(a)</sup> . . . . .                         | 95,000        | 807,770          |
| Yara International ASA <sup>(a)</sup> . . . . .                    | 15,000        | 656,353          |
|  |               | <u>1,464,123</u> |
| <b>Spain — 1.7%</b>  |               |                  |
| Abengoa S.A. <sup>(a)</sup> . . . . .                              | 25,000        | 331,316          |
| Industria de Diseño Textil S.A. (Inditex) <sup>(a)</sup> . . . . . | 5,000         | 516,860          |
| Red Eléctrica Corp. S.A. <sup>(a)</sup> . . . . .                  | 15,000        | 654,725          |
|  |               | <u>1,502,901</u> |
| <b>Sweden — 3.1%</b>   |               |                  |
| Alfa Laval AB <sup>(a)</sup> . . . . .                             | 25,000        | 428,349          |
| Axfood AB <sup>(a)</sup> . . . . .                                 | 13,000        | 413,399          |
| Clas Ohlson AB - B Shares <sup>(a)</sup> . . . . .                 | 55,000        | 767,235          |
| Hennes & Mauritz AB - B Shares <sup>(a)</sup> . . . . .            | 14,100        | 506,081          |
| NIBE Industrier AB - B Shares <sup>(a)</sup> . . . . .             | 30,000        | 410,301          |
| Securitas AB - B Shares <sup>(a)</sup> . . . . .                   | 25,000        | 194,382          |
|  |               | <u>2,719,747</u> |
| <b>Switzerland — 2.9%</b>  |               |                  |
| Nestlé S.A. - ADR . . . . .  | 8,800         | 525,712          |
| Novartis AG - ADR . . . . .  | 14,000        | 782,600          |

# Hussman Strategic International Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 60.0% (Continued)</b>                | <b>Shares</b> | <b>Value</b>         |
|---|---------------|----------------------|
| <b>Switzerland — 2.9% (Continued)</b>                   |               |                      |
| Roche Holding Ltd. - ADR .....                          | 19,000        | \$ 821,180           |
| SGS S.A. <sup>(a)</sup> .....                           | 100           | 187,513              |
| Swisscom AG - ADR .....                                 | 6,000         | 240,360              |
|   |               | <u>2,557,365</u>     |
| <b>Taiwan — 1.1%</b>                                    |               |                      |
| Advanced Semiconductor Engineering, Inc. - ADR .....    | 50,000        | 203,500              |
| Taiwan Semiconductor Manufacturing Co. Ltd. - ADR ..... | 55,000        | 767,800              |
|   |               | <u>971,300</u>       |
| <b>United Kingdom — 13.0%</b>                           |               |                      |
| AstraZeneca plc - ADR .....                             | 16,000        | 716,000              |
| BHP Billiton plc - ADR .....                            | 13,000        | 743,470              |
| BT Group plc - ADR .....                                | 10,000        | 331,800              |
| Dairy Crest Group plc <sup>(a)</sup> .....              | 70,000        | 362,584              |
| Enscopl - Class A .....                                 | 2,500         | 117,425              |
| GlaxoSmithKline plc - ADR .....                         | 19,500        | 888,615              |
| Greggs plc <sup>(a)</sup> .....                         | 90,000        | 710,930              |
| Interserve plc <sup>(a)</sup> .....                     | 64,000        | 313,474              |
| Marks & Spencer Group plc <sup>(a)</sup> .....          | 40,000        | 203,972              |
| Mitie Group plc <sup>(a)</sup> .....                    | 175,000       | 713,629              |
| N Brown Group plc <sup>(a)</sup> .....                  | 50,000        | 191,842              |
| National Grid plc - ADR .....                           | 13,000        | 688,870              |
| Next plc <sup>(a)</sup> .....                           | 15,000        | 753,133              |
| PayPoint plc .....                                      | 335           | 3,693                |
| Reckitt Benckiser Group plc - ADR .....                 | 75,000        | 789,750              |
| Sage Group plc (The) <sup>(a)</sup> .....               | 150,000       | 652,799              |
| Scottish and Southern Energy plc <sup>(a)</sup> .....   | 35,000        | 763,493              |
| Smith & Nephew plc - ADR .....                          | 12,500        | 624,875              |
| Ted Baker plc .....                                     | 7,500         | 105,826              |
| Vodafone Group plc - ADR .....                          | 19,000        | 535,420              |
| William Morrison Supermarkets plc <sup>(a)</sup> .....  | 160,000       | 667,601              |
| WS Atkins plc <sup>(a)</sup> .....                      | 45,000        | 486,137              |
|   |               | <u>11,365,338</u>    |
| <b>Total Common Stocks</b> (Cost \$53,228,430) .....    |               | <u>\$ 52,617,829</u> |

# Hussman Strategic International Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>EXCHANGE-TRADED FUNDS — 6.3%</b>   | <b>Shares</b>    | <b>Value</b>         |
|---|------------------|----------------------|
| iShares MSCI Belgium Index Fund . . . . .   | 100,000          | \$ 1,152,000         |
| iShares MSCI Germany Index Fund . . . . .   | 53,500           | 1,059,300            |
| iShares MSCI Sweden Index Fund . . . . .  | 43,000           | 1,107,250            |
| iShares MSCI Switzerland Index Fund . . . . .   | 48,000           | 1,099,680            |
| iShares MSCI United Kingdom Index Fund . . . . .  | 65,000           | 1,058,850            |
| <b>Total Exchange-Traded Funds</b> (Cost \$5,542,637) . . . . .                                   |                  | <u>\$ 5,477,080</u>  |
| <b>PUT OPTION CONTRACTS — 0.1%</b>  | <b>Contracts</b> | <b>Value</b>         |
| S&P 500 Index Option, 09/22/2012 at \$1,150<br>(Cost \$283,699) . . . . .                         | 150              | \$ 110,400           |
| <b>Total Investments at Value — 66.4%</b> (Cost \$59,054,766) . . . . .                           |                  | <u>\$ 58,205,309</u> |
| <b>MONEY MARKET FUNDS — 28.8%</b>   | <b>Shares</b>    | <b>Value</b>         |
| Northern Institutional Treasury Portfolio, 0.02% <sup>(d)</sup><br>(Cost \$25,292,425) . . . . .  | 25,292,425       | \$ 25,292,425        |
| <b>Total Investments and Money Market Funds at Value — 95.2%</b><br>(Cost \$84,347,191) . . . . . |                  | \$ 83,497,734        |
| <b>Written Call Options — (3.6%)</b> . . . . .  |                  | (3,194,850)          |
| <b>Other Assets in Excess of Liabilities — 8.4%</b> . . . . .                                     |                  | <u>7,416,844</u>     |
| <b>Net Assets — 100.0%</b> . . . . .  |                  | <u>\$ 87,719,728</u> |

ADR - American Depositary Receipt.

<sup>(a)</sup> Fair value priced (Note 1). Fair valued securities totaled \$30,847,714 at June 30, 2012, representing 35.2% of net assets.

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

<sup>(c)</sup> Variable rate security. The rate shown is the 7-day effective yield as of June 30, 2012.

See accompanying notes to financial statements.

# Hussman Strategic International Fund

## Summary of Common Stocks by Sector and Industry

June 30, 2012

| Sector                                   | Industry   | % of<br>Net Assets |
|--|--|--------------------|
| <b>Consumer Discretionary — 10.6%</b>    |  |                    |
|  | Hotels, Restaurants & Leisure . . . . .            | 0.6%               |
|  | Internet & Catalog Retail . . . . .                | 0.2%               |
|  | Media . . . . .                                    | 0.6%               |
|  | Multi-line Retail . . . . .                        | 2.9%               |
|  | Specialty Retail . . . . .                         | 5.2%               |
|  | Textiles, Apparel & Luxury Goods . . . . .         | 1.1%               |
| <b>Consumer Staples — 9.4%</b>           |  |                    |
|  | Beverages . . . . .                                | 0.0%               |
|  | Food & Staples Retailing . . . . .                 | 3.8%               |
|  | Food Products . . . . .                            | 4.2%               |
|  | Household Products . . . . .                       | 0.9%               |
|  | Personal Products . . . . .                        | 0.5%               |
| <b>Energy — 1.8%</b>                     |  |                    |
|  | Energy Equipment & Services . . . . .              | 0.1%               |
|  | Oil, Gas & Consumable Fuels . . . . .              | 1.7%               |
| <b>Health Care — 10.4%</b>               |  |                    |
|  | Health Care Equipment & Supplies . . . . .         | 2.5%               |
|  | Pharmaceuticals . . . . .                          | 7.9%               |
| <b>Industrials — 5.6%</b>                |  |                    |
|  | Air Freight & Logistics . . . . .                  | 0.6%               |
|  | Building Products . . . . .                        | 0.7%               |
|  | Commercial Services & Supplies . . . . .           | 2.0%               |
|  | Construction & Engineering . . . . .               | 0.7%               |
|  | Machinery . . . . .                                | 0.5%               |
|  | Professional Services . . . . .                    | 0.8%               |
|  | Road & Rail . . . . .                              | 0.3%               |
| <b>Information Technology — 8.5%</b>     |  |                    |
|  | Internet Software & Services . . . . .             | 1.8%               |
|  | IT Services . . . . .                              | 1.6%               |
|  | Semiconductors & Semiconductor Equipment . . . . . | 1.8%               |
|  | Software . . . . .                                 | 3.3%               |
| <b>Materials — 1.6%</b>                  |  |                    |
|  | Chemicals . . . . .                                | 0.8%               |
|  | Metals & Mining . . . . .                          | 0.8%               |
| <b>Telecommunication Services — 9.1%</b> |  |                    |
|  | Diversified Telecommunication Services . . . . .   | 6.7%               |
|  | Wireless Telecommunication Services . . . . .      | 2.4%               |
| <b>Utilities — 3.0%</b>                  |  |                    |
|  | Electric Utilities . . . . .                       | 2.2%               |
|  | Multi-Utilities . . . . .                          | 0.8%               |
|  |  | 60.0%              |

See accompanying notes to financial statements.

# Hussman Strategic International Fund

## Schedule of Futures Contracts

June 30, 2012

| <b>FUTURES CONTRACTS</b>      | <b>Expiration Date</b> | <b>Contracts</b> | <b>Aggregate Market Value of Contracts</b> | <b>Unrealized Depreciation</b> |
|-------------------------------|------------------------|------------------|--|--------------------------------|
| Dollar Index Future . . . . . | 09/17/2012             | 150              | <u>\$ 12,268,500</u>                       | <u>\$ (146,515)</u>            |

See accompanying notes to financial statements.

# Hussman Strategic International Fund

## Schedule of Open Written Option Contracts

June 30, 2012

| <b>WRITTEN CALL OPTION CONTRACTS</b>                 | <b>Contracts</b> | <b>Value of Options</b> | <b>Premiums Received</b> |
|--|------------------|-------------------------|--------------------------|
| S&P 500 Index Option,<br>09/22/2012 at \$1,150 ..... | 150              | \$ 3,194,850            | \$ 2,684,801             |

See accompanying notes to financial statements.

# Hussman Strategic International Fund

## Schedule of Futures Contracts Sold Short

June 30, 2012

| <b>FUTURES CONTRACTS SOLD SHORT</b>             | <b>Expiration Date</b> | <b>Contracts</b> | <b>Aggregate Market Value of Contracts</b> | <b>Unrealized Depreciation</b> |
|---|------------------------|------------------|--|--------------------------------|
| Euro STOXX 50 Index Future . . .                | 09/21/2012             | 750              | \$ 21,518,066                              | \$ (1,392,625)                 |
| FTSE 100 Index Future . . . . .                 | 09/21/2012             | 150              | 13,024,431                                 | (352,409)                      |
| <b>Total Futures Contracts Sold Short</b> ..... |                        |                  | \$ 34,542,497                              | \$ (1,745,034)                 |

See accompanying notes to financial statements.

# Hussman Strategic Dividend Value Fund

## Schedule of Investments

June 30, 2012

| <b>COMMON STOCKS — 60.1%</b>                    | <b>Shares</b> | <b>Value</b>   |
|---|---------------|----------------|
| <b>Consumer Discretionary — 10.7%</b>           |               |                |
| <i>Diversified Consumer Services — 1.7%</i>     |               |                |
| H&R Block, Inc. . . . .                         | 2,000         | \$ 31,960      |
| Strayer Education, Inc. . . . .                 | 500           | 54,510         |
|   |               | <u>86,470</u>  |
| <i>Hotels, Restaurants &amp; Leisure — 2.3%</i> |               |                |
| Carnival Corp. . . . .                          | 1,000         | 34,270         |
| Darden Restaurants, Inc. . . . .                | 750           | 37,972         |
| McDonald's Corp. . . . .                        | 500           | 44,265         |
|   |               | <u>116,507</u> |
| <i>Internet &amp; Catalog Retail — 0.9%</i>     |               |                |
| Nutrisystem, Inc. . . . .                       | 4,000         | 46,240         |
| <i>Leisure Equipment &amp; Products — 1.2%</i>  |               |                |
| Hasbro, Inc. . . . .                            | 1,750         | 59,273         |
| <i>Media — 1.0%</i>                             |               |                |
| Meredith Corp. . . . .                          | 1,500         | 47,910         |
| <i>Multiline Retail — 1.6%</i>                  |               |                |
| Kohl's Corp. . . . .                            | 1,000         | 45,490         |
| Target Corp. . . . .                            | 600           | 34,914         |
|   |               | <u>80,404</u>  |
| <i>Specialty Retail — 2.0%</i>                  |               |                |
| Best Buy Co., Inc. . . . .                      | 1,500         | 31,440         |
| RadioShack Corp. . . . .                        | 3,500         | 13,440         |
| Staples, Inc. . . . .                           | 4,000         | 52,200         |
|   |               | <u>97,080</u>  |
| <b>Consumer Staples — 15.4%</b>                 |               |                |
| <i>Beverages — 2.2%</i>                         |               |                |
| Coca-Cola Co. (The) . . . . .                   | 750           | 58,642         |
| PepsiCo, Inc. . . . .                           | 750           | 52,995         |
|   |               | <u>111,637</u> |
| <i>Food &amp; Staples Retailing — 5.1%</i>      |               |                |
| Kroger Co. (The) . . . . .                      | 1,500         | 34,785         |
| Safeway, Inc. . . . .                           | 3,000         | 54,450         |
| SUPERVALU, INC. . . . .                         | 4,000         | 20,720         |
| Sysco Corp. . . . .                             | 1,000         | 29,810         |
| Walgreen Co. . . . .                            | 1,500         | 44,370         |
| Wal-Mart Stores, Inc. . . . .                   | 1,000         | 69,720         |
|   |               | <u>253,855</u> |

# Hussman Strategic Dividend Value Fund

## Schedule of Investments *(continued)*

June 30, 2012

### COMMON STOCKS — 60.1% (Continued)

Shares

Value

#### Consumer Staples — 15.4% (Continued)

##### Food Products — 4.0%

|                          |       |                |
|--------------------------|-------|----------------|
| Campbell Soup Co. ....   | 2,000 | \$ 66,760      |
| ConAgra Foods, Inc. .... | 1,000 | 25,930         |
| General Mills, Inc. .... | 750   | 28,905         |
| H.J. Heinz Co. ....      | 500   | 27,190         |
| Kellogg Co. ....         | 1,000 | 49,330         |
|                          |       | <u>198,115</u> |

##### Household Products — 3.5%

|                                 |     |                |
|---------------------------------|-----|----------------|
| Clorox Co. (The) ....           | 500 | 36,230         |
| Colgate-Palmolive Co. ....      | 500 | 52,050         |
| Kimberly-Clark Corp. ....       | 500 | 41,885         |
| Procter & Gamble Co. (The) .... | 750 | 45,938         |
|                                 |     | <u>176,103</u> |

##### Personal Products — 0.6%

|                          |       |        |
|--------------------------|-------|--------|
| Avon Products, Inc. .... | 2,000 | 32,420 |
|--------------------------|-------|--------|

#### Energy — 5.9%

##### Oil, Gas & Consumable Fuels — 5.9%

|                         |       |                |
|-------------------------|-------|----------------|
| BP plc - ADR ....       | 1,400 | 56,756         |
| Chevron Corp. ....      | 500   | 52,750         |
| ConocoPhillips ....     | 750   | 41,910         |
| Exxon Mobil Corp. ....  | 500   | 42,785         |
| Marathon Oil Corp. .... | 1,000 | 25,570         |
| Murphy Oil Corp. ....   | 1,200 | 60,348         |
| Phillips 66 ....        | 375   | 12,465         |
|                         |       | <u>292,584</u> |

#### Financials — 1.1%

##### Diversified Financial Services — 1.1%

|                      |     |        |
|----------------------|-----|--------|
| CME Group, Inc. .... | 200 | 53,622 |
|----------------------|-----|--------|

#### Health Care — 13.5%

##### Biotechnology — 0.7%

|                  |     |        |
|------------------|-----|--------|
| Amgen, Inc. .... | 500 | 36,520 |
|------------------|-----|--------|

##### Health Care Equipment & Supplies — 4.2%

|                                 |       |                |
|---------------------------------|-------|----------------|
| Baxter International, Inc. .... | 1,000 | 53,150         |
| Becton, Dickinson and Co. ....  | 750   | 56,063         |
| Medtronic, Inc. ....            | 1,200 | 46,476         |
| St. Jude Medical, Inc. ....     | 1,400 | 55,874         |
|                                 |       | <u>211,563</u> |

# Hussman Strategic Dividend Value Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 60.1% (Continued)</b>                   | <b>Shares</b> | <b>Value</b>   |
|--|---------------|----------------|
| <b>Health Care — 13.5% (Continued)</b>                     |               |                |
| <i>Health Care Providers &amp; Services — 1.4%</i>         |               |                |
| Lincare Holdings, Inc. . . . .                             | 2,000         | \$ 68,040      |
| <i>Pharmaceuticals — 7.2%</i>                              |               |                |
| Abbott Laboratories . . . . .                              | 1,000         | 64,470         |
| AstraZeneca plc - ADR . . . . .                            | 1,000         | 44,750         |
| Eli Lilly & Co. . . . .                                    | 1,000         | 42,910         |
| Johnson & Johnson . . . . .                                | 1,000         | 67,560         |
| Merck & Co., Inc. . . . .                                  | 1,500         | 62,625         |
| Novartis AG - ADR . . . . .                                | 1,000         | 55,900         |
| Pfizer, Inc. . . . .                                       | 1,000         | 23,000         |
|  |               | <u>361,215</u> |
| <b>Industrials — 2.4%</b>                                  |               |                |
| <i>Electrical Equipment — 1.0%</i>                         |               |                |
| Emerson Electric Co. . . . .                               | 1,000         | 46,580         |
| <i>Industrial Conglomerates — 0.9%</i>                     |               |                |
| 3M Co. . . . .   | 500           | 44,800         |
| <i>Machinery — 0.5%</i>                                    |               |                |
| Illinois Tool Works, Inc. . . . .                          | 500           | 26,445         |
| <b>Information Technology — 9.1%</b>                       |               |                |
| <i>Communications Equipment — 0.9%</i>                     |               |                |
| Comtech Telecommunications Corp. . . . .                   | 1,500         | 42,870         |
| <i>Electronic Equipment &amp; Instruments — 0.7%</i>       |               |                |
| Molex, Inc. . . . .  | 1,500         | 35,910         |
| <i>Semiconductors &amp; Semiconductor Equipment — 6.6%</i> |               |                |
| Analog Devices, Inc. . . . .                               | 1,000         | 37,670         |
| Applied Materials, Inc. . . . .                            | 2,500         | 28,650         |
| Intel Corp. . . . .  | 2,500         | 66,625         |
| Linear Technology Corp. . . . .                            | 1,500         | 46,995         |
| Maxim Integrated Products, Inc. . . . .                    | 2,000         | 51,280         |
| Microchip Technology, Inc. . . . .                         | 1,500         | 49,620         |
| Xilinx, Inc. . . . .                                       | 1,500         | 50,355         |
|  |               | <u>331,195</u> |
| <i>Software — 0.9%</i>                                     |               |                |
| Microsoft Corp. . . . .                                    | 1,500         | 45,885         |

# Hussman Strategic Dividend Value Fund

## Schedule of Investments *(continued)*

June 30, 2012

| <b>COMMON STOCKS — 60.1% (Continued)</b>   | <b>Shares</b> | <b>Value</b> |
|--|---------------|--------------|
| <b>Materials — 2.0%</b>  |               |              |
| Chemicals — 0.8%   |               |              |
| Scotts Miracle-Gro Co. (The) - Class A .....   | 1,000         | \$ 41,120    |
| Metals & Mining — 1.2%   |               |              |
| Newmont Mining Corp. ....  | 1,200         | 58,212       |
| <b>Total Common Stocks</b> (Cost \$3,032,937) .....  |               | \$ 3,002,575 |
| <b>PUT OPTION CONTRACTS — 0.4%</b>   |               |              |
| <b>Contracts</b>   |               |              |
| <b>Value</b>   |               |              |
| S&P 500 Index Option, 09/22/2012 at \$1,280 (Cost \$47,613) ...                                  | 10            | \$ 22,130    |
| <b>Total Investments at Value — 60.5%</b> (Cost \$3,080,550) .....                               |               | \$ 3,024,705 |
| <b>MONEY MARKET FUNDS — 33.8%</b>  |               |              |
| <b>Shares</b>  |               |              |
| <b>Value</b>   |               |              |
| Federated U.S. Treasury Cash Reserves Fund -<br>Institutional Shares, 0.00% <sup>(a)</sup> ..... | 489,806       | \$ 489,806   |
| First American Treasury Obligations Fund - Class Y, 0.00% <sup>(a)</sup> .....                   | 1,197,050     | 1,197,050    |
| <b>Total Money Market Funds</b> (Cost \$1,686,856) .....   |               | \$ 1,686,856 |
| <b>Total Investments and Money Market Funds at Value — 94.3%</b><br>(Cost \$4,767,406) .....     |               | \$ 4,711,561 |
| <b>Written Call Options — (2.0%)</b> .....   |               | (97,770)     |
| <b>Other Assets in Excess of Liabilities — 7.7%</b> .....  |               | 384,403      |
| <b>Net Assets — 100.0%</b> .....   |               | \$ 4,998,194 |

ADR - American Depository Receipt.

<sup>(a)</sup> Variable rate security. The rate shown is the 7-day effective yield as of June 30, 2012.

See accompanying notes to financial statements.

# Hussman Strategic Dividend Value Fund

## Schedule of Open Written Option Contracts

June 30, 2012

| <b>WRITTEN CALL OPTION CONTRACTS</b>                 | <b>Contracts</b> | <b>Value of<br/>Options</b> | <b>Premiums<br/>Received</b> |
|--|------------------|-----------------------------|------------------------------|
| S&P 500 Index Option,<br>09/22/2012 at \$1,280 ..... | 10               | <u>\$ 97,770</u>            | <u>\$ 75,987</u>             |

See accompanying notes to financial statements.

# Hussman Investment Trust

## Statements of Assets and Liabilities

June 30, 2012

|  | <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 . . . . .  | \$ 4,542,794,479                             | \$ 1,804,587,892                                   |
| At value (Note 1) . . . . .  | \$ 4,961,607,440                             | \$ 1,841,332,483                                   |
| Investments in money market funds . . . . .  | 1,471,620,274                                | 778,502,603  |
| Cash . . . . .   | 500,000                                      | —  |
| Dividends and interest receivable . . . . .  | 3,593,064                                    | 3,098,874  |
| Receivable for investment securities sold . . . . .  | 68,864,901                                   | —  |
| Receivable for capital shares sold . . . . .   | 2,784,775                                    | 2,765,304  |
| Other assets . . . . .   | 96,676                                       | 92,738   |
| Total Assets . . . . .   | <u>6,509,067,130</u>                         | <u>2,625,792,002</u>                               |
| <b>LIABILITIES</b>   |  |  |
| Dividends payable . . . . .  | —  | 631,631  |
| Written call options, at value (Notes 1 and 4) (premiums received<br>\$1,178,501,656) . . . . .                    | 1,335,964,000                                | —  |
| Payable for investment securities purchased . . . . .  | 226,477,004                                  | —  |
| Payable for capital shares redeemed . . . . .  | 5,099,811                                    | 2,580,004  |
| Accrued investment advisory fees (Note 3) . . . . .  | 3,788,332                                    | 1,009,314  |
| Payable to administrator (Note 3) . . . . .  | 413,700                                      | 194,450  |
| Payable to Trustees . . . . .  | 28,500                                       | 28,500   |
| Other accrued expenses . . . . .   | 487,300                                      | 283,256  |
| Total Liabilities . . . . .  | <u>1,572,258,647</u>                         | <u>4,727,155</u>                                   |
| <b>NET ASSETS</b> . . . . .  | <u>\$ 4,936,808,483</u>                      | <u>\$ 2,621,064,847</u>                            |
| Net assets consist of:   |  |  |
| Paid-in capital . . . . .  | \$ 6,259,110,835                             | \$ 2,549,768,566                                   |
| Undistributed/(Distributions in excess of) net investment income . . . . .   | 19,930,127                                   | (530,673)  |
| Accumulated undistributed net realized<br>gains (losses) from security transactions and option contracts . . . . . | (1,603,583,096)                              | 35,082,363   |
| Net unrealized appreciation on investments and option contracts . . . . .  | 261,350,617                                  | 36,744,591   |
| <b>NET ASSETS</b> . . . . .  | <u>\$ 4,936,808,483</u>                      | <u>\$ 2,621,064,847</u>                            |
| Shares of beneficial interest outstanding (unlimited number of shares<br>authorized, no par value) . . . . .       | <u>429,808,451</u>                           | <u>211,800,195</u>                                 |
| Net asset value, offering price and redemption price per share <sup>(a)</sup><br>(Note 1) . . . . .                | <u>\$ 11.49</u>                              | <u>\$ 12.38</u>                                    |

<sup>(a)</sup> Redemption fee may apply to redemptions of shares held for 60 days or less.

See accompanying notes to financial statements.

# Hussman Investment Trust

## Statements of Assets and Liabilities *(continued)*

June 30, 2012

|   | <b>Hussman<br/>Strategic<br/>International Fund</b> | <b>Hussman<br/>Strategic Dividend<br/>Value Fund</b> |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| Investments in securities:  |   |  |
| At acquisition cost   | \$ 59,054,766                                       | \$ 3,080,550   |
| At value (Note 1)   | \$ 58,205,309                                       | \$ 3,024,705   |
| Investments in money market funds   | 25,292,425  | 1,686,856  |
| Cash denominated in foreign currency (Cost \$41,430) (Note 1)   | 41,358  | —  |
| Dividends receivable  | 243,232   | 4,412  |
| Receivable for capital shares sold  | 320,516   | 361,200  |
| Receivable from Adviser (Note 3)  | —   | 24,827   |
| Net unrealized appreciation on forward currency exchange contracts (Note 6)                                       | 70  | —  |
| Variation margin receivable (Notes 1 and 4)   | 4,643,610   | —  |
| Margin deposits for futures contracts (Cost \$4,777,912) (Notes 1 and 4)  | 4,831,520   | —  |
| Other assets  | 32,200  | 40,885   |
| Total Assets  | <u>93,610,240</u>                                   | <u>5,142,885</u>                                     |
| <b>LIABILITIES</b>  |   |  |
| Dividends payable   | —   | 310  |
| Written call options, at value (Notes 1 and 4) (premiums received \$2,684,801 and \$75,987, respectively)         | 3,194,850   | 97,770   |
| Payable for capital shares redeemed   | 988,486   | 11   |
| Accrued investment advisory fees (Note 3)   | 72,072  | —  |
| Payable to administrator (Note 3)   | 10,985  | 3,400  |
| Payable to Trustees   | 28,500  | 28,500   |
| Variation margin payable (Notes 1 and 4)  | 1,525,657   | —  |
| Other accrued expenses  | 69,962  | 14,700   |
| Total Liabilities   | <u>5,890,512</u>                                    | <u>144,691</u>                                       |
| <b>NET ASSETS</b>   | <u>\$ 87,719,728</u>                                | <u>\$ 4,998,194</u>                                  |
| Net assets consist of:  |   |  |
| Paid-in capital   | \$ 92,900,056                                       | \$ 5,031,279   |
| Undistributed/(Distributions in excess of) net investment income  | (220,459)   | 3  |
| Accumulated undistributed net realized gains (losses) from security transactions and option and futures contracts | (1,785,750)   | 44,540   |
| Net unrealized appreciation (depreciation) on:  |   |  |
| Investment securities   | (676,158)   | (30,362)   |
| Option contracts  | (683,348)   | (47,266)   |
| Futures contracts   | (1,891,549)   | —  |
| Translation of assets and liabilities in foreign currencies   | 76,936  | —  |
| <b>NET ASSETS</b>   | <u>\$ 87,719,728</u>                                | <u>\$ 4,998,194</u>                                  |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value)                   | 9,060,910   | 503,687  |
| Net asset value, offering price and redemption price per share <sup>(a)</sup> (Note 1)                            | <u>\$ 9.68</u>                                      | <u>\$ 9.92</u>                                       |

<sup>(a)</sup> Redemption fee may apply to redemptions of shares held for 60 days or less.

See accompanying notes to financial statements.

# Hussman Investment Trust

## Statements of Operations

For the Year Ended June 30, 2012

|   | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> |
|---|--|--|
| <b>INVESTMENT INCOME</b>  |  |  |
| Dividends . . . . .   | \$ 94,937,609                                | \$ 7,944,124                                       |
| Foreign withholding taxes on dividends . . . . .  | (403,809)                                    | (295,799)  |
| Interest . . . . .  | —  | 23,811,947   |
| Total Income . . . . .  | <u>94,533,800</u>                            | <u>31,460,272</u>                                  |
| <b>EXPENSES</b>   |  |  |
| Investment advisory fees (Note 3) . . . . .   | 49,654,968                                   | 12,298,524   |
| Transfer agent, account maintenance and shareholder services fees (Note 3) . . . . .            | 4,457,945                                    | 1,806,221  |
| Administration fees (Note 3) . . . . .  | 2,263,885                                    | 1,381,182  |
| Custodian and bank service fees . . . . .   | 402,487                                      | 179,320  |
| Fund accounting fees (Note 3) . . . . .   | 332,466                                      | 187,217  |
| Postage and supplies . . . . .  | 230,424                                      | 118,662  |
| Registration and filing fees . . . . .  | 135,659                                      | 200,274  |
| Trustees' fees and expenses . . . . .   | 89,080                                       | 89,080   |
| Professional fees . . . . .   | 112,699                                      | 74,969   |
| Printing of shareholder reports . . . . .   | 114,092                                      | 58,952   |
| Compliance service fees (Note 3) . . . . .  | 87,713                                       | 44,248   |
| Insurance expense . . . . .   | 81,061                                       | 35,164   |
| Other expenses . . . . .  | 33,160                                       | 26,723   |
| Total Expenses . . . . .  | <u>57,995,639</u>                            | <u>16,500,536</u>                                  |
| <b>NET INVESTMENT INCOME</b> . . . . .  | <u>36,538,161</u>                            | <u>14,959,736</u>                                  |
| <b>REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND OPTION CONTRACTS (Note 4)</b>      |  |  |
| Net realized gains (losses) from:   |  |  |
| Security transactions . . . . .   | 563,424,602                                  | 57,669,581   |
| Option contracts . . . . .  | (543,293,601)                                | —  |
| Net change in unrealized appreciation (depreciation) on:  |  |  |
| Investments . . . . .   | (394,867,285)                                | 22,231,505   |
| Option contracts . . . . .  | (6,376,918)                                  | —  |
| <b>NET REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS AND OPTION CONTRACTS</b> . . . . . | <u>(381,113,202)</u>                         | <u>79,901,086</u>                                  |
| <b>NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b> . . . . .                | <u>\$ (344,575,041)</u>                      | <u>\$ 94,860,822</u>                               |

See accompanying notes to financial statements.

# Hussman Investment Trust

## Statements of Operations *(continued)*

For the Year Ended June 30, 2012<sup>(a)</sup>

|  | Hussman<br>Strategic<br>International Fund | Hussman<br>Strategic Dividend<br>Value Fund |
|--|--|---|
| <b>INVESTMENT INCOME</b>   |  |   |
| Dividend income . . . . .  | \$ 1,949,747                               | \$ 39,647                                   |
| Foreign withholding taxes on dividends . . . . .   | (172,977)                                  | (372)                                       |
| Total Income . . . . .   | <u>1,776,770</u>                           | <u>39,275</u>                               |
| <b>EXPENSES</b>  |  |   |
| Investment advisory fees (Note 3) . . . . .  | 986,175 <sup>(b)</sup>                     | 17,297                                      |
| Professional fees . . . . .  | 117,069                                    | 17,937                                      |
| Trustees' fees and expenses . . . . .  | 89,080                                     | 45,252                                      |
| Registration and filing fees . . . . .   | 89,531                                     | 11,037                                      |
| Administration fees (Note 3) . . . . .   | 61,187                                     | 4,828                                       |
| Custodian fees . . . . .   | 51,510                                     | 2,980                                       |
| Transfer agent, account maintenance and shareholder services<br>fees (Note 3) . . . . .                    | 48,601                                     | 3,665                                       |
| Fund accounting fees (Note 3) . . . . .  | 44,212                                     | 6,123                                       |
| Pricing fees . . . . .   | 28,877                                     | 430   |
| Printing of shareholder reports . . . . .  | 20,596                                     | 8,356                                       |
| Postage and supplies . . . . .   | 9,370                                      | 1,857                                       |
| Compliance service fees (Note 3) . . . . .   | 6,013                                      | 1,901                                       |
| Insurance expense . . . . .  | 1,295                                      | —   |
| Other expenses . . . . .   | 27,869                                     | 1,037                                       |
| Total Expenses . . . . .   | <u>1,581,385</u>                           | <u>122,700</u>                              |
| Less fee reductions by the Adviser (Note 3) . . . . .  | —  | (101,079)                                   |
| Net Expenses . . . . .   | <u>1,581,385</u>                           | <u>21,621</u>                               |
| <b>NET INVESTMENT INCOME</b> . . . . .   | <u>195,385</u>                             | <u>17,654</u>                               |
| <b>REALIZED AND UNREALIZED GAINS (LOSSES) ON<br/>INVESTMENTS AND OPTION AND FUTURES CONTRACTS (Note 4)</b> |  |   |
| Net realized gains (losses) from:  |  |   |
| Security transactions . . . . .  | (950,813)                                  | 20,145                                      |
| Option contracts . . . . .   | (2,314,920)                                | 24,395                                      |
| Futures contracts . . . . .  | 3,269,020                                  | —   |
| Foreign currency transactions . . . . .  | (842,231)                                  | —   |
| Net change in unrealized appreciation (depreciation) on:   |  |   |
| Investments . . . . .  | (2,906,677)                                | (30,362)                                    |
| Option contracts . . . . .   | (433,138)                                  | (47,266)                                    |
| Futures contracts . . . . .  | (1,347,693)                                | —   |
| Foreign currency translation . . . . .   | (4,152)                                    | —   |
| <b>NET REALIZED AND UNREALIZED LOSSES ON INVESTMENTS<br/>AND OPTION AND FUTURES CONTRACTS</b> . . . . .    | <u>(5,530,604)</u>                         | <u>(33,088)</u>                             |
| <b>NET DECREASE IN NET ASSETS RESULTING FROM<br/>OPERATIONS</b> . . . . .                                  | <u>\$ (5,335,219)</u>                      | <u>\$ (15,434)</u>                          |

<sup>(a)</sup> Except for Hussman Strategic Dividend Value Fund which represents the period from the commencement of operations (February 6, 2012) through June 30, 2012.

<sup>(b)</sup> Includes \$167,834 of prior years' investment advisory fee reductions recouped by the Adviser (Note 3).

See accompanying notes to financial statements.

# Hussman Strategic Growth Fund

## Statements of Changes in Net Assets

|  | <b>Year<br/>Ended<br/>June 30,<br/>2012</b> | <b>Year<br/>Ended<br/>June 30,<br/>2011</b> |
|--|---|---|
| <b>FROM OPERATIONS</b>   |   |   |
| Net investment income .....  | \$ 36,538,161                               | \$ 23,894,935                               |
| Net realized gains (losses) from:  |   |   |
| Security transactions .....  | 563,424,602                                 | 1,023,661,028                               |
| Option contracts .....   | (543,293,601)                               | (2,038,117,631)                             |
| Net change in unrealized appreciation (depreciation) on:                                   |   |   |
| Investments .....  | (394,867,285)                               | 789,181,664                                 |
| Option contracts .....   | (6,376,918)                                 | (392,897,290)                               |
| Net decrease in net assets resulting from operations .....                                 | <u>(344,575,041)</u>                        | <u>(594,277,294)</u>                        |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>   |   |   |
| From net investment income .....   | <u>(28,671,281)</u>                         | <u>(14,114,668)</u>                         |
| <b>FROM CAPITAL SHARE TRANSACTIONS</b>   |   |   |
| Proceeds from shares sold .....  | 1,927,540,093                               | 2,590,660,391                               |
| Net asset value of shares issued in reinvestment of<br>distributions to shareholders ..... | 18,603,304                                  | 10,023,895                                  |
| Proceeds from redemption fees collected (Note 1) .....                                     | 585,804                                     | 546,677                                     |
| Payments for shares redeemed .....   | <u>(2,280,740,502)</u>                      | <u>(2,534,114,790)</u>                      |
| Net increase (decrease) in net assets from capital share transactions ..                   | <u>(334,011,301)</u>                        | <u>67,116,173</u>                           |
| <b>TOTAL DECREASE IN NET ASSETS</b> .....  | (707,257,623)                               | (541,275,789)                               |
| <b>NET ASSETS</b>  |   |   |
| Beginning of year .....  | 5,644,066,106                               | 6,185,341,895                               |
| End of year .....  | <u>\$ 4,936,808,483</u>                     | <u>\$ 5,644,066,106</u>                     |
| <b>UNDISTRIBUTED NET INVESTMENT INCOME</b> .....   | <u>\$ 19,930,127</u>                        | <u>\$ 11,944,209</u>                        |
| <b>CAPITAL SHARE ACTIVITY</b>  |   |   |
| Shares sold .....  | 156,657,290                                 | 203,808,819                                 |
| Shares reinvested .....  | 1,496,645                                   | 815,614                                     |
| Shares redeemed .....  | <u>(187,989,838)</u>                        | <u>(204,778,368)</u>                        |
| Net decrease in shares outstanding .....   | (29,835,903)                                | (153,935)                                   |
| Shares outstanding at beginning of year .....  | 459,644,354                                 | 459,798,289                                 |
| Shares outstanding at end of year .....  | <u>429,808,451</u>                          | <u>459,644,354</u>                          |

See accompanying notes to financial statements.

# Hussman Strategic Total Return Fund

## Statements of Changes in Net Assets

|  | Year<br>Ended<br>June 30,<br>2012 | Year<br>Ended<br>June 30,<br>2011 |
|--|-----------------------------------|-----------------------------------|
| <b>FROM OPERATIONS</b>   |                                   |                                   |
| Net investment income  | \$ 14,959,736                     | \$ 14,156,089                     |
| Net realized gains from security transactions  | 57,669,581                        | 103,765,444                       |
| Net change in unrealized appreciation<br>(depreciation) on investments               | 22,231,505                        | (43,492,926)                      |
| Net increase in net assets resulting from operations                                 | <u>94,860,822</u>                 | <u>74,428,607</u>                 |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>   |                                   |                                   |
| From net investment income   | (15,398,805)                      | (22,867,054)                      |
| From net realized gains  | <u>(52,505,352)</u>               | <u>(102,020,396)</u>              |
| Decrease in net assets from distributions to shareholders                            | <u>(67,904,157)</u>               | <u>(124,887,450)</u>              |
| <b>FROM CAPITAL SHARE TRANSACTIONS</b>   |                                   |                                   |
| Proceeds from shares sold  | 1,201,863,512                     | 1,314,006,299                     |
| Net asset value of shares issued in reinvestment<br>of distributions to shareholders | 57,836,822                        | 107,590,729                       |
| Proceeds from redemption fees collected (Note 1)                                     | 341,140                           | 318,293                           |
| Payments for shares redeemed   | <u>(1,005,222,085)</u>            | <u>(917,152,925)</u>              |
| Net increase in net assets from capital share transactions                           | <u>254,819,389</u>                | <u>504,762,396</u>                |
| <b>TOTAL INCREASE IN NET ASSETS</b>  | 281,776,054                       | 454,303,553                       |
| <b>NET ASSETS</b>  |                                   |                                   |
| Beginning of year  | 2,339,288,793                     | 1,884,985,240                     |
| End of year  | <u>\$ 2,621,064,847</u>           | <u>\$ 2,339,288,793</u>           |
| <b>UNDISTRIBUTED/(DISTRIBUTIONS IN EXCESS OF)<br/>NET INVESTMENT INCOME</b>          |                                   |                                   |
|  | <u>\$ (530,673)</u>               | <u>\$ 605,424</u>                 |
| <b>CAPITAL SHARE ACTIVITY</b>  |                                   |                                   |
| Shares sold  | 96,216,875                        | 105,936,628                       |
| Shares reinvested  | 4,664,381                         | 8,766,346                         |
| Shares redeemed  | <u>(81,041,045)</u>               | <u>(74,680,643)</u>               |
| Net increase in shares outstanding   | 19,840,211                        | 40,022,331                        |
| Shares outstanding at beginning of year  | 191,959,984                       | 151,937,653                       |
| Shares outstanding at end of year  | <u>211,800,195</u>                | <u>191,959,984</u>                |

See accompanying notes to financial statements.

# Hussman Strategic International Fund

## Statements of Changes in Net Assets

|  | Year<br>Ended<br>June 30,<br>2012 | Year<br>Ended<br>June 30,<br>2011 |
|--|-----------------------------------|-----------------------------------|
| <b>FROM OPERATIONS</b>   |                                   |                                   |
| Net investment income  | \$ 195,385                        | \$ 250,889                        |
| Net realized gains (losses) from:  |                                   |                                   |
| Security transactions  | (950,813)                         | 917,714                           |
| Option contracts   | (2,314,920)                       | (908,388)                         |
| Futures contracts  | 3,269,020                         | (270,219)                         |
| Foreign currency transactions  | (842,231)                         | 187,065                           |
| Net change in unrealized appreciation (depreciation) on:                             |                                   |                                   |
| Investments  | (2,906,677)                       | 2,530,712                         |
| Option contracts   | (433,138)                         | (386,308)                         |
| Futures contracts  | (1,347,693)                       | (602,079)                         |
| Foreign currency translation   | (4,152)                           | 81,569                            |
| Net increase (decrease) in net assets resulting from operations                      | <u>(5,335,219)</u>                | <u>1,800,955</u>                  |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>   |                                   |                                   |
| From net investment income   | (438,439)                         | —                                 |
| From net realized gains  | (1,355,395)                       | (386,352)                         |
| Decrease in net assets from distributions to shareholders                            | <u>(1,793,834)</u>                | <u>(386,352)</u>                  |
| <b>FROM CAPITAL SHARE TRANSACTIONS</b>   |                                   |                                   |
| Proceeds from shares sold  | 56,582,390                        | 58,482,638                        |
| Net asset value of shares issued in reinvestment<br>of distributions to shareholders | 1,685,742                         | 362,653                           |
| Proceeds from redemption fees collected (Note 1)                                     | 5,622                             | 2,996                             |
| Payments for shares redeemed   | (28,650,569)                      | (3,838,932)                       |
| Net increase in net assets from capital share transactions                           | <u>29,623,185</u>                 | <u>55,009,355</u>                 |
| <b>TOTAL INCREASE IN NET ASSETS</b>  | 22,494,132                        | 56,423,958                        |
| <b>NET ASSETS</b>  |                                   |                                   |
| Beginning of year  | 65,225,596                        | 8,801,638                         |
| End of year  | <u>\$ 87,719,728</u>              | <u>\$ 65,225,596</u>              |
| <b>UNDISTRIBUTED/(DISTRIBUTIONS IN EXCESS OF)<br/>NET INVESTMENT INCOME</b>          |                                   |                                   |
|  | <u>\$ (220,459)</u>               | <u>\$ 250,889</u>                 |
| <b>CAPITAL SHARE ACTIVITY</b>  |                                   |                                   |
| Shares sold  | 5,595,732                         | 5,650,037                         |
| Shares reinvested  | 169,005                           | 35,346                            |
| Shares redeemed  | (2,891,455)                       | (371,106)                         |
| Net increase in shares outstanding   | 2,873,282                         | 5,314,277                         |
| Shares outstanding at beginning of year  | 6,187,628                         | 873,351                           |
| Shares outstanding at end of year  | <u>9,060,910</u>                  | <u>6,187,628</u>                  |

See accompanying notes to financial statements.

# Hussman Strategic Dividend Value Fund

## Statement of Changes in Net Assets

|   | <b>Period<br/>Ended<br/>June 30,<br/>2012<sup>(a)</sup></b> |
|---|---|
| <b>FROM OPERATIONS</b>  |   |
| Net investment income .....   | \$ 17,654   |
| Net realized gains from:  |   |
| Security transactions .....   | 20,145  |
| Option contracts .....  | 24,395  |
| Net change in unrealized appreciation (depreciation) on:                                |   |
| Investments .....   | (30,362)  |
| Option contracts .....  | (47,266)  |
| Net decrease in net assets resulting from operations .....                              | <u>(15,434)</u>   |
| <b>DISTRIBUTIONS TO SHAREHOLDERS</b>  |   |
| From net investment income .....  | <u>(17,651)</u>   |
| <b>FROM CAPITAL SHARE TRANSACTIONS</b>  |   |
| Proceeds from shares sold .....   | 5,187,616   |
| Net asset value of shares issued in reinvestment of distributions to shareholders ..... | 17,013  |
| Proceeds from redemption fees collected (Note 1) .....                                  | 159   |
| Payments for shares redeemed .....  | <u>(173,509)</u>  |
| Net increase in net assets from capital share transactions .....                        | <u>5,031,279</u>  |
| <b>TOTAL INCREASE IN NET ASSETS</b> .....   | 4,998,194   |
| <b>NET ASSETS</b>   |   |
| Beginning of period .....   | —   |
| End of period .....   | <u>\$ 4,998,194</u>   |
| <b>UNDISTRIBUTED NET INVESTMENT INCOME</b> .....  | <u>\$ 3</u>   |
| <b>CAPITAL SHARE ACTIVITY</b>   |   |
| Shares sold .....   | 519,665   |
| Shares reinvested .....   | 1,712   |
| Shares redeemed .....   | <u>(17,690)</u>   |
| Net increase in shares outstanding .....  | 503,687   |
| Shares outstanding at beginning of period .....   | —   |
| Shares outstanding at end of period .....   | <u>503,687</u>  |

<sup>(a)</sup> Represents the period from the commencement of operations (February 6, 2012) through June 30, 2012.

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/>2012</b> | <b>Year<br/>Ended<br/>June 30,<br/>2011</b> | <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> |
|---|---|---|---|---|---|
| Net asset value at beginning of year . . . . .  | \$ 12.28                                    | \$ 13.45                                    | \$ 12.99                                    | \$ 15.73                                    | \$ 15.85                                    |
| Income (loss) from investment operations:   |   |   |   |   |   |
| Net investment income . . . . .   | 0.08  | 0.05  | 0.00 <sup>(a)</sup>                         | 0.03  | 0.04  |
| Net realized and unrealized gains (losses) on<br>investments and option contracts . . . . . | (0.81)                                      | (1.19)                                      | 0.48  | (0.88)                                      | 0.55  |
| Total from investment operations . . . . .  | <u>(0.73)</u>                               | <u>(1.14)</u>                               | <u>0.48</u>                                 | <u>(0.85)</u>                               | <u>0.59</u>                                 |
| Less distributions:   |   |   |   |   |   |
| Dividends from net investment income . . . . .  | (0.06)                                      | (0.03)                                      | (0.02)                                      | (0.03)                                      | (0.09)                                      |
| Distributions from net realized gains . . . . .   | —   | —   | —   | (1.87)                                      | (0.63)                                      |
| Total distributions . . . . .   | <u>(0.06)</u>                               | <u>(0.03)</u>                               | <u>(0.02)</u>                               | <u>(1.90)</u>                               | <u>(0.72)</u>                               |
| Proceeds from redemption fees collected (Note 1) . . .                                      | 0.00 <sup>(a)</sup>                         | 0.00 <sup>(a)</sup>                         | 0.00 <sup>(a)</sup>                         | 0.01  | 0.01  |
| Net asset value at end of year . . . . .  | <u>\$ 11.49</u>                             | <u>\$ 12.28</u>                             | <u>\$ 13.45</u>                             | <u>\$ 12.99</u>                             | <u>\$ 15.73</u>                             |
| Total return <sup>(b)</sup> . . . . .   | <u>(5.97%)</u>                              | <u>(8.49%)</u>                              | <u>3.68%</u>                                | <u>(4.35%)</u>                              | <u>3.84%</u>                                |
| Net assets at end of year (000's) . . . . .   | <u>\$4,936,808</u>                          | <u>\$5,644,066</u>                          | <u>\$6,185,342</u>                          | <u>\$4,975,812</u>                          | <u>\$3,275,008</u>                          |
| Ratio of expenses to average net assets . . . . .   | 1.05%                                       | 1.03%                                       | 1.05%                                       | 1.09%                                       | 1.11%                                       |
| Ratio of net investment income to average net assets . .                                    | 0.66%                                       | 0.39%                                       | 0.04%                                       | 0.28%                                       | 0.28%                                       |
| Portfolio turnover rate . . . . .   | 72%   | 67%   | 111%  | 69%   | 150%  |

<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/>2012</b> | <b>Year<br/>Ended<br/>June 30,<br/>2011</b> | <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> |
|--|---|---|---|---|---|
| Net asset value at beginning of year . . . . .                                       | \$ 12.19                                    | \$ 12.41                                    | \$ 11.87                                    | \$ 11.99                                    | \$ 10.92                                    |
| Income from investment operations:   |   |   |   |   |   |
| Net investment income . . . . .  | 0.07  | 0.07  | 0.18  | 0.05  | 0.24  |
| Net realized and unrealized gains on investments<br>and foreign currencies . . . . . | 0.43  | 0.37  | 0.69  | 0.35  | 1.59  |
| Total from investment operations . . . . .   | <u>0.50</u>                                 | <u>0.44</u>                                 | <u>0.87</u>                                 | <u>0.40</u>                                 | <u>1.83</u>                                 |
| Less distributions:  |   |   |   |   |   |
| Dividends from net investment income . . . . .                                       | (0.07)                                      | (0.12)                                      | (0.16)                                      | (0.01)                                      | (0.23)                                      |
| Distributions from net realized gains . . . . .                                      | (0.24)                                      | (0.54)                                      | (0.17)                                      | (0.53)                                      | (0.54)                                      |
| Total distributions . . . . .  | <u>(0.31)</u>                               | <u>(0.66)</u>                               | <u>(0.33)</u>                               | <u>(0.54)</u>                               | <u>(0.77)</u>                               |
| Proceeds from redemption fees collected (Note 1) . . .                               | 0.00 <sup>(a)</sup>                         | 0.00 <sup>(a)</sup>                         | 0.00 <sup>(a)</sup>                         | 0.02  | 0.01  |
| Net asset value at end of year . . . . .   | <u>\$ 12.38</u>                             | <u>\$ 12.19</u>                             | <u>\$ 12.41</u>                             | <u>\$ 11.87</u>                             | <u>\$ 11.99</u>                             |
| Total return <sup>(b)</sup> . . . . .  | <u>4.14%</u>                                | <u>3.53%</u>                                | <u>7.44%</u>                                | <u>3.94%</u>                                | <u>17.23%</u>                               |
| Net assets at end of year (000's) . . . . .  | <u>\$2,621,065</u>                          | <u>\$2,339,289</u>                          | <u>\$1,884,985</u>                          | <u>\$1,023,591</u>                          | <u>\$ 330,965</u>                           |
| Ratio of expenses to average net assets . . . . .                                    | 0.63%                                       | 0.64%                                       | 0.67%                                       | 0.75%                                       | 0.90%                                       |
| Ratio of net investment income to average net assets .                               | 0.57%                                       | 0.61%                                       | 1.59%                                       | 0.26%                                       | 2.05%                                       |
| Portfolio turnover rate . . . . .  | 78%   | 254%  | 69%   | 36%   | 212%  |

<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 International Fund

## Financial Highlights

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

|  | <b>Year<br/>Ended<br/>June 30,<br/>2012</b> | <b>Year<br/>Ended<br/>June 30,<br/>2011</b> | <b>Period<br/>Ended<br/>June 30,<br/>2010<sup>(a)</sup></b> |
|--|---|---|---|
| Net asset value at beginning of period . . . . .   | \$ 10.54                                    | \$ 10.08                                    | \$ 10.00  |
| Income (loss) from investment operations:  |   |   |   |
| Net investment income (loss) . . . . .   | 0.00 <sup>(b)</sup>                         | 0.04  | (0.03)  |
| Net realized and unrealized gains (losses) on investments and option and futures contracts . . . . . | <u>(0.65)</u>                               | <u>0.54</u>                                 | <u>0.11</u>   |
| Total from investment operations . . . . .   | <u>(0.65)</u>                               | <u>0.58</u>                                 | <u>0.08</u>   |
| Less distributions:  |   |   |   |
| Dividends from net investment income . . . . .   | (0.05)                                      | —   | —   |
| Distributions from net realized gains . . . . .  | <u>(0.16)</u>                               | <u>(0.12)</u>                               | <u>—</u>  |
| Total distributions . . . . .  | <u>(0.21)</u>                               | <u>(0.12)</u>                               | <u>—</u>  |
| Proceeds from redemption fees collected (Note 1) . . . . .   | <u>0.00<sup>(b)</sup></u>                   | <u>0.00<sup>(b)</sup></u>                   | <u>—</u>  |
| Net asset value at end of period . . . . .   | <u>\$ 9.68</u>                              | <u>\$ 10.54</u>                             | <u>\$ 10.08</u>   |
| Total return <sup>(c)</sup> . . . . .  | <u>(6.14%)</u>                              | <u>5.83%</u>                                | <u>0.80%<sup>(d)</sup></u>                                  |
| Net assets at end of period (000's) . . . . .  | <u>\$ 87,720</u>                            | <u>\$ 65,226</u>                            | <u>\$ 8,802</u>   |
| Ratio of net expenses to average net assets <sup>(f)</sup> . . . . .                                 | 1.93%                                       | 2.00%                                       | 2.00% <sup>(e)</sup>  |
| Ratio of net investment income (loss) to average net assets . . . . .                                | 0.24%                                       | 0.63%                                       | (0.67%) <sup>(e)</sup>                                      |
| Portfolio turnover rate . . . . .  | 51%   | 39%   | 13% <sup>(d)</sup>  |

<sup>(a)</sup> Represents the period from the commencement of operations (December 31, 2009) through June 30, 2010.

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

<sup>(c)</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>(d)</sup> Not annualized.

<sup>(e)</sup> Annualized.

<sup>(f)</sup> Absent investment advisory fee reductions and expense reimbursements by the Adviser, the ratios of expenses to average net assets would have been 2.14% and 5.00%<sup>(e)</sup> for the periods ended June 30, 2011 and 2010, respectively (Note 3).

See accompanying notes to financial statements.

# Hussman Strategic Dividend Value Fund

## Financial Highlights

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

|  | <b>Period<br/>Ended<br/>June 30,<br/>2012<sup>(e)</sup></b> |
|--|---|
| Net asset value at beginning of period . . . . .                                 | \$ 10.00  |
| Income (loss) from investment operations:  |   |
| Net investment income . . . . .  | 0.04  |
| Net realized and unrealized losses on investments and option contracts . . . . . | <u>(0.08)</u>   |
| Total from investment operations . . . . .                                       | <u>(0.04)</u>   |
| Less distributions:  |   |
| Dividends from net investment income . . . . .                                   | <u>(0.04)</u>   |
| Proceeds from redemption fees collected (Note 1) . . . . .                       | <u>0.00<sup>(b)</sup></u>                                   |
| Net asset value at end of period . . . . .                                       | <u>\$ 9.92</u>  |
| Total return <sup>(c)</sup> . . . . .  | <u>(0.41%)<sup>(d)</sup></u>                                |
| Net assets at end of period (000's) . . . . .                                    | <u>\$ 4,998</u>   |
| Ratio of net expenses to average net assets <sup>(f)</sup> . . . . .             | 1.25% <sup>(e)</sup>  |
| Ratio of net investment income to average net assets . . . . .                   | 1.01% <sup>(e)</sup>  |
| Portfolio turnover rate . . . . .  | 11% <sup>(d)</sup>  |

<sup>(a)</sup> Represents the period from the commencement of operations (February 6, 2012) through June 30, 2012.

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

<sup>(c)</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. The return does not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

<sup>(d)</sup> Not annualized.

<sup>(e)</sup> Annualized.

<sup>(f)</sup> Absent investment advisory fee reductions and expense reimbursements by the Adviser, the ratio of expenses to average net assets would have been 7.04%<sup>(e)</sup> for the period ended June 30, 2012 (Note 3).

See accompanying notes to financial statements.

# Hussman Investment Trust

## Notes to Financial Statements

June 30, 2012

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund, Hussman Strategic International Fund, and Hussman Strategic Dividend Value 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 International Fund commenced operations on December 31, 2009. Hussman Strategic Dividend Value Fund commenced operations on February 6, 2012.

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.

Hussman Strategic International 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.

Hussman Strategic Dividend Value Fund's investment objective is to provide total return through a combination of dividend income and capital appreciation, with added emphasis on protection of capital during unfavorable market conditions.

**Securities, Options and Futures 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 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

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

are no sales on that day, at the mean of the closing bid and asked prices. Securities traded on a foreign stock exchange may be valued based upon the closing price on the principal exchange where the security is traded; however, because the value of securities traded on foreign stock exchanges may be materially affected by events occurring before the Funds' pricing time but after the close of the primary markets or exchanges on which such securities are traded, such securities will typically 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 a Fund's net asset value 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 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 Strategic Advisors, Inc. (the "Adviser") to most closely reflect market value as of the time of computation of net asset value. As of June 30, 2012, all options held by Hussman Strategic Growth Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value 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 the mean of their closing bid and ask prices. Futures contracts and options thereon, which are traded on commodities exchanges, are valued at their last sale price as of the close of regular trading on the NYSE or, if not available, at the mean of the bid and ask prices.

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. Debt securities with remaining maturities of 60 days or less are valued at amortized cost, 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.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

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 measurements.

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

- Level 1 – quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- Level 3 – model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund’s own assumptions that market participants would use to price the asset or liability based on the best available information.

Option contracts purchased and written by Hussman Strategic Growth Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund are classified as Level 2 since they are valued using “other significant observable inputs” 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. Non-U.S. equity securities actively traded in foreign markets held by Hussman Strategic International Fund may be classified as Level 2 despite the availability of closing prices because the fair values of such securities are typically determined by an independent pricing service, as described in the preceding discussion of valuations of foreign securities. 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 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 determined to fall in its entirety is the lowest level input that is significant to the fair value measurement.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

The following is a summary of the inputs used to value each Fund's investments and other financial instruments as of June 30, 2012 by security type:

### Hussman Strategic Growth Fund

|  | Level 1                 | Level 2                  | Level 3     | Total                    |
|--|-------------------------|--------------------------|-------------|--------------------------|
| <b>Investments in Securities and Money Market Funds:</b>         |                         |                          |             |                          |
| Common Stocks . . . . .  | \$ 4,866,437,440        | \$ —                     | \$ —        | \$ 4,866,437,440         |
| Put Option Contracts . . . . .                                   | —                       | 95,170,000               | —           | 95,170,000               |
| Money Market Funds . . . . .                                     | <u>1,471,620,274</u>    | <u>—</u>                 | <u>—</u>    | <u>1,471,620,274</u>     |
| Total Investments in Securities and Money Market Funds . . . . . | <u>\$ 6,338,057,714</u> | <u>\$ 95,170,000</u>     | <u>\$ —</u> | <u>\$ 6,433,227,714</u>  |
| <b>Other Financial Instruments:</b>                              |                         |                          |             |                          |
| Written Call Option Contracts . . . . .                          | \$ —                    | \$(1,335,964,000)        | \$ —        | \$(1,335,964,000)        |
| Total Other Financial Instruments . . . . .                      | <u>\$ —</u>             | <u>\$(1,335,964,000)</u> | <u>\$ —</u> | <u>\$(1,335,964,000)</u> |

### Hussman Strategic Total Return Fund

|  | Level 1                 | Level 2                 | Level 3     | Total                   |
|--|-------------------------|-------------------------|-------------|-------------------------|
| <b>Investments in Securities and Money Market Funds:</b>         |                         |                         |             |                         |
| Common Stocks . . . . .  | \$ 396,010,750          | \$ —                    | \$ —        | \$ 396,010,750          |
| U.S. Treasury Obligations . . . . .                              | —                       | 1,407,408,183           | —           | 1,407,408,183           |
| Exchange-Traded Funds . . . . .                                  | 37,913,550              | —                       | —           | 37,913,550              |
| Money Market Funds . . . . .                                     | <u>778,502,603</u>      | <u>—</u>                | <u>—</u>    | <u>778,502,603</u>      |
| Total Investments in Securities and Money Market Funds . . . . . | <u>\$ 1,212,426,903</u> | <u>\$ 1,407,408,183</u> | <u>\$ —</u> | <u>\$ 2,619,835,086</u> |

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

### Hussman Strategic International Fund

|  | Level 1                | Level 2               | Level 3     | Total                  |
|--|------------------------|-----------------------|-------------|------------------------|
| <b>Investments in Securities and Money Market Funds:</b>         |                        |                       |             |                        |
| Common Stocks . . . . .  | \$ 21,770,115          | \$ 30,847,714         | \$ —        | \$ 52,617,829          |
| Exchange-Traded Funds . . . . .                                  | 5,477,080              | —                     | —           | 5,477,080              |
| Put Option Contracts . . . . .                                   | —                      | 110,400               | —           | 110,400                |
| Futures Contracts . . . . .                                      | 12,268,500             | —                     | —           | 12,268,500             |
| Money Market Funds . . . . .                                     | 25,292,425             | —                     | —           | 25,292,425             |
| Total Investments in Securities and Money Market Funds . . . . . | <u>\$ 64,808,120</u>   | <u>\$ 30,958,114</u>  | <u>\$ —</u> | <u>\$ 95,766,234</u>   |
| <b>Other Financial Instruments:</b>                              |                        |                       |             |                        |
| Futures Contracts Sold Short . . . . .                           | \$ (34,542,497)        | \$ —                  | \$ —        | \$ (34,542,497)        |
| Written Call Option Contracts . . . . .                          | —                      | (3,194,850)           | —           | (3,194,850)            |
| Total Other Financial Instruments . . . . .                      | <u>\$ (34,542,497)</u> | <u>\$ (3,194,850)</u> | <u>\$ —</u> | <u>\$ (37,737,347)</u> |

### Hussman Strategic Dividend Value Fund

|  | Level 1             | Level 2            | Level 3     | Total               |
|--|---------------------|--------------------|-------------|---------------------|
| <b>Investments in Securities and Money Market Funds:</b>         |                     |                    |             |                     |
| Common Stocks . . . . .  | \$ 3,002,575        | \$ —               | \$ —        | \$ 3,002,575        |
| Put Option Contracts . . . . .                                   | —                   | 22,130             | —           | 22,130              |
| Money Market Funds . . . . .                                     | 1,686,856           | —                  | —           | 1,686,856           |
| Total Investments in Securities and Money Market Funds . . . . . | <u>\$ 4,689,431</u> | <u>\$ 22,130</u>   | <u>\$ —</u> | <u>\$ 4,711,561</u> |
| <b>Other Financial Instruments:</b>                              |                     |                    |             |                     |
| Written Call Option Contracts . . . . .                          | \$ —                | \$ (97,770)        | \$ —        | \$ (97,770)         |
| Total Other Financial Instruments . . . . .                      | <u>\$ —</u>         | <u>\$ (97,770)</u> | <u>\$ —</u> | <u>\$ (97,770)</u>  |

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

Each Fund's Schedule of Investments identifies the specific securities (by type of security and industry type or geographical region) that comprise that Fund's holdings within the Level 1 and Level 2 categories shown in the tables above. As of June 30, 2012, Hussman Strategic Growth Fund, Hussman Total Return Fund and Hussman Strategic Dividend Value Fund did not have any transfers in and out of any Level. Transfers that occurred between Levels 1 and 2 on June 30, 2012 for Hussman Strategic International Fund due to implementation of systematic fair value procedures are as follows:

|                     | <u>Transfers from<br/>Level 1 to Level 2</u> | <u>Transfers from<br/>Level 2 to Level 1</u> |
|---------------------|--|--|
| Common Stocks ..... | \$ 2,241,321                                 | \$ 273,771                                   |

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) as of or during the period ended June 30, 2012. It is the Funds' policy to recognize transfers into and out of any Level at the end of the reporting period.

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

Hussman Strategic Growth Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund may each use futures and option contracts on stock indices for the purpose of seeking to reduce the market risk that would otherwise be associated with the securities in which it invests. For example, these Funds 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 Funds' portfolio securities. To the extent there is a correlation between a 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.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

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 marked-to market daily. 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.

When a Fund purchases or sells a stock index futures contract, no price is paid to or received by the Fund upon the purchase or sale of the futures contract. Instead, the Fund is required to deposit in a segregated asset account an amount of cash or qualifying securities currently ranging from 3% to 14% of the contract amount. This is called the "initial margin deposit." Subsequent payments, known as "variation margin," are made or received by the Fund each day, depending on the daily fluctuations in the fair value of the underlying stock index. The Fund recognizes an unrealized gain or loss equal to the daily variation margin. If market conditions move unexpectedly, the Fund may not achieve the anticipated benefits of the futures contracts and may realize a loss. In addition to the possibility that there may be an imperfect correlation or no correlation at all between the movements in the stock index futures and the portion of the portfolio being hedged, the price of the stock index futures may not correlate perfectly with movements in the stock index due to certain market distortions.

**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 Funds 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.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

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.

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 60 days or less from the date of purchase. During the years ended June 30, 2012 and June 30, 2011, proceeds from redemption fees totaled \$585,804 and \$546,677, respectively, for Hussman Strategic Growth Fund; \$341,140 and \$318,293, respectively, for Hussman Strategic Total Return Fund; and \$5,622 and \$2,996, respectively, for Hussman Strategic International Fund. During the period ended June 30, 2012, proceeds from redemption fees totaled \$159 for Hussman Strategic Dividend Value 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 Hussman Strategic International Fund and are declared and paid quarterly to shareholders of Hussman Strategic Total Return Fund and Hussman Strategic Dividend Value Fund. Net realized short-term capital gains, if any, may be distributed

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

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 and futures transactions, losses deferred due to wash sales and treatment of foreign currency transactions.

The tax character of distributions paid during the periods ended June 30, 2012 and June 30, 2011 was as follows:

|                                       | Periods Ended | Ordinary Income | Long-Term Capital Gains | Total Distributions |
|---------------------------------------|---------------|-----------------|-------------------------|---------------------|
| Hussman Strategic Growth Fund         | 6/30/12       | \$ 28,671,281   | \$ —                    | \$ 28,671,281       |
|                                       | 6/30/11       | \$ 14,114,668   | \$ —                    | \$ 14,114,668       |
| Hussman Strategic Total Return Fund   | 6/30/12       | \$ 37,871,060   | \$ 30,033,097           | \$ 67,904,157       |
|                                       | 6/30/11       | \$ 91,708,544   | \$ 33,178,906           | \$ 124,887,450      |
| Hussman Strategic International Fund  | 6/30/12       | \$ 1,793,834    | \$ —                    | \$ 1,793,834        |
|                                       | 6/30/11       | \$ 117,305      | \$ 269,047              | \$ 386,352          |
| Hussman Strategic Dividend Value Fund | 6/30/12       | \$ 17,651       | \$ —                    | \$ 17,651           |

**Securities Transactions** — Securities transactions are accounted for on trade date for financial reporting purposes. 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 among 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 as of 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.

# Hussman Investment Trust

## Notes to Financial Statements (continued)

June 30, 2012

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 98.2% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts from prior years.

The tax character of accumulated earnings (deficit) at June 30, 2012 was as follows:

|  | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> | <b>Hussman<br/>Strategic<br/>International<br/>Fund</b> | <b>Hussman<br/>Strategic<br/>Dividend<br/>Value Fund</b> |
|--|--|--|---|--|
| Net unrealized appreciation<br>(depreciation) on investments<br>and written option contracts . . . | \$ 428,194,772                               | \$ 25,240,977                                      | \$ (177,235)  | \$ (30,362)  |
| Net unrealized appreciation<br>of assets and liabilities in<br>foreign currencies . . . . .        | —  | —  | 76,936  | —  |
| Net unrealized depreciation on<br>futures contracts . . . . .                                      | —  | —  | (1,891,549)   | —  |
| Undistributed ordinary income . .  | 19,930,127                                   | 51,486,340   | —   | 313  |
| Capital loss carryforwards . . . .   | (1,272,502,734)                              | —  | —   | (2,726)  |
| Qualified late year losses . . . . .   | (497,924,517)                                | (4,799,405)  | (3,188,480)   | —  |
| Other temporary differences . . .  | —  | (631,631)  | —   | (310)  |
| Total accumulated<br>earnings (deficit) . . . . .  | <u>\$ (1,322,302,352)</u>                    | <u>\$ 71,296,281</u>                               | <u>\$ (5,180,328)</u>                                   | <u>\$ (33,085)</u>                                       |

The following information is based upon the federal income tax cost of investment securities as of June 30, 2012:

|   | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> | <b>Hussman<br/>Strategic<br/>International<br/>Fund</b> | <b>Hussman<br/>Strategic<br/>Dividend<br/>Value Fund</b> |
|---|--|--|---|--|
| Cost of portfolio investments . . .                     | <u>\$ 6,024,571,887</u>                      | <u>\$ 2,594,594,109</u>                            | <u>\$ 84,347,191</u>                                    | <u>\$ 4,767,406</u>                                      |
| Gross unrealized appreciation . .                       | \$ 748,438,385                               | \$ 53,569,407                                      | \$ 3,823,680  | \$ 99,573  |
| Gross unrealized depreciation . .                       | <u>(339,782,558)</u>                         | <u>(28,328,430)</u>                                | <u>(4,673,137)</u>                                      | <u>(155,418)</u>   |
| Net unrealized appreciation<br>(depreciation) . . . . . | <u>\$ 408,655,827</u>                        | <u>\$ 25,240,977</u>                               | <u>\$ (849,457)</u>                                     | <u>\$ (55,845)</u>                                       |

The difference between the federal income tax cost of portfolio investments and their financial statement cost for the Funds is due to certain timing differences in the recognition of capital gains or losses under income tax regulations and GAAP.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

These “book/tax” differences are temporary in nature and are primarily due to option transactions, losses deferred due to wash sales, differing treatments of realized and unrealized gains and losses on exchange-traded funds taxed as grantor trusts and adjustments to basis on public traded partnerships.

During the year ended June 30, 2012, Hussman Strategic International Fund utilized capital loss carryforwards to offset current year realized gains in the amount of \$747,712. As of June 30, 2012, Hussman Strategic Growth Fund and Hussman Strategic Dividend Value Fund had the following capital loss carryforwards for federal income tax purposes:

|  | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic<br/>Dividend<br/>Value Fund</b> |
|--|--|--|
| Expires June 30, 2018 – short-term ..... | \$ 375,427,325                               | \$ —   |
| Expires June 30, 2019 – short-term ..... | 824,973,031                                  | —  |
| No expiration – short-term .....         | 51,762,063                                   | —  |
| No expiration – long-term .....          | 20,340,315                                   | 2,726  |
|  | <u>\$ 1,272,502,734</u>                      | <u>\$ 2,726</u>  |

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the “Act”) was enacted, which changed various technical rules governing the tax treatment of regulated investment companies. The changes are generally effective for taxable years beginning after the date of enactment. One of the more prominent changes addresses capital loss carryforwards. Under the Act, each Fund will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under previous regulation.

Net qualified late year losses incurred after October 31, 2011 and within the taxable year, are deemed to arise on the first day of the Funds’ next taxable year. For the year ended June 30, 2012, the Funds intend to defer to July 1, 2013 for federal tax purposes qualified late year losses as follows:

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

|  | <b>Late Year<br/>Ordinary Losses</b> | <b>Post-October<br/>Capital Losses</b> |
|--|--------------------------------------|--|
| Hussman Strategic Growth Fund .....        | \$ —                                 | \$ 497,924,517                         |
| Hussman Strategic Total Return Fund .....  | \$ —                                 | \$ 4,799,405                           |
| Hussman Strategic International Fund ..... | \$ 220,459                           | \$ 2,968,021                           |

For the year ended June 30, 2012, the following reclassifications were made as a result of permanent differences between the financial statement and income tax reporting:

|  | <b>Hussman<br/>Strategic<br/>Growth Fund</b> | <b>Hussman<br/>Strategic Total<br/>Return Fund</b> | <b>Hussman<br/>Strategic<br/>International<br/>Fund</b> |
|--|--|--|---|
| Undistributed/(Distributions in Excess of)   |  |  |   |
| Net Investment Income .....                  | \$ 119,038                                   | \$ (697,028)                                       | \$ (228,294)  |
| Accumulated Undistributed Net Realized Gains |  |  |   |
| (Losses) From Security Transactions .....    | \$ (118,782)                                 | \$ 701,811   | \$ 663,161  |
| Paid-in Capital .....                        | \$ (256)                                     | \$ (4,783)   | \$ (434,867)  |

Such reclassifications, the result of permanent differences between financial statement and income tax reporting requirements, have no effect on each 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, 2009 through June 30, 2012) and has concluded that no provision for unrecognized tax benefits or expenses is required in these financial statements.

## 2. INVESTMENT TRANSACTIONS

During the period ended June 30, 2012, cost of purchases and proceeds from sales and maturities of investment securities, other than short-term investments and U.S. government securities, amounted to \$3,887,662,943 and \$4,891,494,933, respectively, for Hussman Strategic Growth Fund; \$627,616,601 and \$689,065,619, respectively, for Hussman Strategic Total Return Fund; \$48,350,438 and \$28,479,195, respectively, for Hussman Strategic International Fund; and \$3,321,051 and \$308,260, respectively for Hussman Strategic Dividend Value Fund.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

### 3. TRANSACTIONS WITH AFFILIATES

One of the Trustees and each of the 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

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 0.90% of the first \$5 billion of its average daily net assets and 0.85% of such assets over \$5 billion. 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; 0.45% of the next \$1.5 billion of such assets; and 0.40% of such assets over \$2.5 billion. Under the terms of a separate Advisory Agreement between the Trust and the Adviser, Hussman Strategic International 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. Under the terms of a separate Advisory Agreement between the Trust and the Adviser, Hussman Strategic Dividend Value 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.

With respect to Hussman Strategic International Fund, 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 are subject to repayment by Hussman Strategic International 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. During the year ended June 30, 2012, the Adviser recouped \$167,834 of prior years' fee reductions from Hussman Strategic International Fund. As of June 30, 2012, all advisory fee reductions and expense reimbursements have been repaid to the Adviser by the Fund.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

*June 30, 2012*

With respect to Hussman Strategic Dividend Value Fund, 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 1.25% annually of its average daily net assets. This Expense Limitation Agreement remains in effect until at least February 1, 2015. During the period ended June 30, 2012, the Adviser did not collect any of its advisory fees from Hussman Strategic Dividend Value Fund, and, in addition the Adviser reimbursed the Fund \$83,782 of operating expenses. Any fee reductions or expense reimbursements by the Adviser are subject to repayment by Hussman Strategic Dividend Value Fund provided that such repayment does not result in the Fund's expenses exceeding the 1.25% annual limitation and provided further that the expenses which are the subject of the repayment were incurred within three years of such repayment. As of June 30, 2012, the amount of fee reductions and expense reimbursements available for recovery by the Adviser is \$101,079. The Adviser may recoup this amount no later than June 30, 2015.

### **Administration Agreement**

Under the terms of an Administration Agreement between the Trust and Ultimus, 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. Effective June 7, 2012, Ultimus receives a monthly administration fee from each Fund computed at annual rates of 0.070% 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; 0.025% of the next \$2 billion of such assets; 0.20% of the next \$2 billion of such assets; and 0.015% of such assets in excess of \$9 billion, subject to a per Fund minimum monthly fee of \$2,000. The fee payable to Ultimus from Hussman Strategic Dividend Value Fund is discounted by 50% during the first six months of the Fund's operations and 20% during the second six months of the Fund's operations.

Prior to June 7, 2012, Ultimus received a monthly administration 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.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

### **Fund Accounting Agreement**

Effective June 7, 2012, 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 (\$2,500 for Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund and Hussman Strategic Dividend Value Fund and \$3,000 for Hussman Strategic International Fund), plus an asset-based fee computed at annual rates of 0.01% of each Fund's average daily net assets up to \$500 million; 0.005% of the next \$4.5 billion of such assets; and 0.0025% of such assets in excess of \$5 billion. In addition, the Funds reimburse Ultimus for certain out-of-pocket expenses incurred in obtaining valuations of the Funds' portfolio securities. The base fee and asset based fee payable to Ultimus from Hussman Strategic Dividend Value Fund is discounted by 50% during the first six months of the Fund's operations and 20% during the second six months of the Fund's operations.

Prior to June 7, 2012, for these services, Ultimus received from each Fund the monthly base fee described above, plus an asset-based fee computed at annual rates of 0.01% of each Fund's average daily net assets up to \$500 million and 0.005% of such assets in excess of \$500 million.

### **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 period ended June 30, 2012, such fees were \$2,432,529, \$725,144, \$19,534 and \$3,621 for Hussman Strategic Growth Fund, Hussman Total Return Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund, respectively. In addition, the Funds reimburse Ultimus for certain out-of-pocket expenses, including, but not limited to, postage and supplies. The fee payable to Ultimus from Hussman Strategic Dividend Value Fund is discounted by 50% during the first six months of the Fund's operations and 20% during the second six months of the Fund's operations.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

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 period ended June 30, 2012, Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund paid \$2,025,416, \$1,081,077, \$29,067 and \$44, respectively, to financial intermediaries for such services.

### 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 \$18,000 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. In addition, the Trust reimburses Ultimus for reasonable out-of-pocket expenses, if any, incurred in connection with these services.

### Distribution Agreement

The Trust has entered into a Distribution Agreement with Ultimus Fund Distributors, LLC (the "Distributor"), pursuant to which the Distributor provides distribution services and serves as the principal underwriter to each Fund. The Distributor is a wholly-owned subsidiary of Ultimus. The Distributor's fees are paid by the Adviser.

## 4. DERIVATIVES TRANSACTIONS

Transactions in option contracts written by Hussman Strategic Growth Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund during the period ended June 30, 2012 were as follows:

### Hussman Strategic Growth Fund

|   | <u>Option<br/>Contracts</u> | <u>Option<br/>Premiums</u> |
|---|-----------------------------|----------------------------|
| Options outstanding at beginning of year . . . . .            | 44,000                      | \$ 1,028,071,820           |
| Options written . . . . .                                     | 412,000                     | 10,252,239,539             |
| Options cancelled in a closing purchase transaction . . . . . | <u>(419,500)</u>            | <u>(10,101,809,703)</u>    |
| Options outstanding at end of year . . . . .                  | <u>36,500</u>               | <u>\$ 1,178,501,656</u>    |

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

### Hussman Strategic International Fund

|   | <u>Option<br/>Contracts</u> | <u>Option<br/>Premiums</u> |
|---|-----------------------------|----------------------------|
| Options outstanding at beginning of year .....            | 85                          | \$ 1,796,362               |
| Options written .....                                     | 820                         | 10,820,063                 |
| Options cancelled in a closing purchase transaction ..... | (755)                       | (9,931,624)                |
| Options outstanding at end of year .....                  | <u>150</u>                  | <u>\$ 2,684,801</u>        |

### Hussman Strategic Dividend Value Fund

|   | <u>Option<br/>Contracts</u> | <u>Option<br/>Premiums</u> |
|---|-----------------------------|----------------------------|
| Options outstanding at beginning of period .....          | —                           | \$ —                       |
| Options written .....                                     | 28                          | 238,213                    |
| Options cancelled in a closing purchase transaction ..... | (18)                        | (162,226)                  |
| Options outstanding at end of period .....                | <u>10</u>                   | <u>\$ 75,987</u>           |

The locations in the Statements of Assets and Liabilities of the derivative positions of Hussman Strategic Growth Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund are as follows:

### Hussman Strategic Growth Fund

| Type of Derivative          | Location                           | Fair Value        |                       | Gross Notional Amount Outstanding June 30, 2012 |
|-----------------------------|------------------------------------|-------------------|-----------------------|---|
|                             |                                    | Asset Derivatives | Liability Derivatives |   |
| Index put options purchased | Investments in securities at value | \$ 95,170,000     | \$ —                  | \$ 4,771,660,000                                |
| Index call options written  | Written call options, at value     | —                 | (1,335,964,000)       | (4,771,660,000)                                 |

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

### Hussman Strategic International Fund

| Type of Derivative           | Location                           | Fair Value        |                       | Gross Notional Amount Outstanding June 30, 2012 |
|------------------------------|------------------------------------|-------------------|-----------------------|---|
|                              |                                    | Asset Derivatives | Liability Derivatives |   |
| Index put options purchased  | Investments in securities at value | \$ 110,400        | \$ —                  | \$ 20,432,400                                   |
| Index call options written   | Written call options, at value     | —                 | (3,194,850)           | (20,432,400)                                    |
| Futures contracts purchased  | Variation margin receivable        | 972,432           | —                     | 12,244,050                                      |
| Futures contracts sold short | Variation margin receivable        | 2,145,521         | —                     | (34,583,458)                                    |

### Hussman Strategic Dividend Value Fund

| Type of Derivative          | Location                           | Fair Value        |                       | Gross Notional Amount Outstanding June 30, 2012 |
|-----------------------------|------------------------------------|-------------------|-----------------------|---|
|                             |                                    | Asset Derivatives | Liability Derivatives |   |
| Index put options purchased | Investments in securities at value | \$ 22,130         | \$ —                  | \$ 1,362,160                                    |
| Index call options written  | Written call options, at value     | —                 | (97,770)              | (1,362,160)                                     |

The average monthly notional amount of put options purchased and call options written during the year ended June 30, 2012 was \$5,307,588,875 and \$5,307,588,875, respectively, for Hussman Strategic Growth Fund. The average monthly notional amount of put options purchased and call options written during the year ended June 30, 2012 was \$21,781,042 and \$20,801,746, respectively, for Hussman Strategic International Fund. The average monthly notional amount of future contracts purchased and sold short during the year ended June 30, 2012 was \$8,940,038 and \$32,860,619, respectively, for Hussman Strategic International Fund. The average monthly notional amount of put options purchased and call options written during the period ended June 30, 2012 was \$1,314,283 and \$1,314,283, respectively, for Hussman Strategic Dividend Value Fund.

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

Transactions in derivative instruments for Hussman Strategic Growth Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund during the period ended June 30, 2012 are recorded in the following locations in the Statements of Operations:

### Hussman Strategic Growth Fund

| Type of Derivative           | Location  | Realized Gains (Losses) | Location   | Change in Unrealized Gains (Losses) |
|------------------------------|---|-------------------------|--|-------------------------------------|
| Index put options purchased  | Net realized gains (losses) from option contracts | \$ (377,630,424)        | Net change in unrealized appreciation (depreciation) on option contracts | \$ 36,615,245                       |
| Index call options purchased | Net realized gains (losses) from option contracts | (21,385,740)            | Net change in unrealized appreciation (depreciation) on option contracts | —                                   |
| Index call options written   | Net realized gains (losses) from option contracts | (144,277,437)           | Net change in unrealized appreciation (depreciation) on option contracts | (42,992,164)                        |

### Hussman Strategic International Fund

| Type of Derivative           | Location   | Realized Gains (Losses) | Location  | Change in Unrealized Gains (Losses) |
|------------------------------|--|-------------------------|---|-------------------------------------|
| Index put options purchased  | Net realized gains (losses) from option contracts  | \$ (2,553,795)          | Net change in unrealized appreciation (depreciation) on option contracts  | \$ (151,342)                        |
| Index call options written   | Net realized gains (losses) from option contracts  | 238,875                 | Net change in unrealized appreciation (depreciation) on option contracts  | (281,796)                           |
| Futures contracts purchased  | Net realized gains (losses) from futures contracts | 667,894                 | Net change in unrealized appreciation (depreciation) on futures contracts | (146,515)                           |
| Futures contracts sold short | Net realized gains (losses) from futures contracts | 2,601,126               | Net change in unrealized appreciation (depreciation) on futures contracts | (1,201,178)                         |

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

### Hussman Strategic Dividend Value Fund

| Type of Derivative          | Location  | Realized Gains (Losses) | Location   | Change in Unrealized Gains (Losses) |
|-----------------------------|---|-------------------------|--|-------------------------------------|
| Index put options purchased | Net realized gains (losses) from option contracts | \$ (31,007)             | Net change in unrealized appreciation (depreciation) on option contracts | \$ (25,483)                         |
| Index call options written  | Net realized gains (losses) from option contracts | 55,402                  | Net change in unrealized appreciation (depreciation) on option contracts | (21,783)                            |

Hussman Strategic Total Return Fund had no transactions in derivative instruments during the year ended June 30, 2012.

## 5. OTHER INVESTMENTS AND STRATEGIES

If a Fund has significant investments in the securities of issuers in industries within a particular market sector, any development generally affecting issuers within that sector will have a greater impact on the value of the net assets of the Fund than would be the case if the Fund did not have significant investments in that sector. This may increase the risk of loss of an investment in the Fund and increase the volatility of the Fund's net asset value per share. As of June 30, 2012, Hussman Strategic Growth Fund had 33.1% of the value of its net assets invested in stocks of companies within the Health Care sector. The value of companies in the Health Care sector may be significantly affected by technological obsolescence, changes in regulatory approval policies for drugs, medical devices or procedures and changes in governmental and private payment systems.

In order to maintain sufficient liquidity to implement investment strategies, or for temporary defensive purposes, each Fund may invest a significant portion of its assets in shares of one or more money market mutual funds. As of June 30, 2012, Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund had 29.8%, 29.7%, 28.8% and 33.8%, respectively, of the value of their net assets invested in money market mutual funds registered under the Investment Company Act of 1940, including 20.6%, 20.8%, 28.8% and 24.0%, respectively, of the value of their net assets invested in shares of a single money market fund. An investment in a money market mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, entity or person. While investor losses

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

in money market mutual funds have been rare, they are possible. In addition, the Funds will incur additional indirect expenses due to acquired fund fees and other costs to the extent they invest in shares of money market mutual funds.

**Foreign Investment Risk** — Compared with investing in the United States, investing in foreign markets involves a greater degree and variety of risk. Investors in international or foreign markets may face delayed settlements, currency controls and adverse economic developments as well as higher overall transaction costs. In addition, fluctuations in the U.S. dollar's value versus other currencies may erode or reverse gains from investments denominated in foreign currencies or widen losses. Foreign governments may expropriate assets, impose capital or currency controls, impose punitive taxes, impose limits on ownership or nationalize a company or industry. Any of these actions could have a severe effect on security prices and impair a Fund's ability to bring its capital or income back to the U.S. Exchange rate fluctuations also may impair an issuer's ability to repay U.S. dollar denominated debt, thereby increasing credit risk of such debt. Finally, the value of foreign securities may be affected by incomplete, less frequent or inaccurate financial information about their issuers, social upheavals or political actions ranging from tax code changes to government collapse. Foreign companies may also receive less coverage than U.S. companies by market analysts and financial reporting standards or regulatory requirements comparable to those applicable to U.S. companies.

### **6. FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS**

Hussman Strategic International Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objective. Hussman Strategic International Fund may enter into contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date as a hedge or cross-hedge against either specific transactions or portfolio positions. The purpose of Hussman Strategic International Fund's foreign currency hedging transactions is to reduce risk that the U.S. dollar value of the Fund's securities denominated in foreign currency will decline in value due to changes in foreign currency exchange rates. All foreign currency exchange contracts are "marked-to-market" daily at the applicable translation rates resulting in unrealized gains or losses. Realized and unrealized gains or losses from transactions in foreign currency exchange contracts will be included in the Fund's Statement of Assets and Liabilities and Statement of Operations. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. As of June 30, 2012, Hussman Strategic International Fund had foreign currency exchange contracts outstanding as follows:

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

| Settlement Date      | (To Deliver)  | To Receive | Initial Value    | Market Value     | Net Unrealized Appreciation/Depreciation |
|----------------------|---------------|------------|------------------|------------------|--|
| Contracts            |               |            |                  |                  |  |
| 07/02/2012 . . . . . | (878,850) JPY | 11,064 USD | \$ 10,994        | \$ 11,064        | \$ 70                                    |
| Total Contracts      |               |            | <u>\$ 10,994</u> | <u>\$ 11,064</u> | <u>\$ 70</u>                             |

JPY - Japanese Yen

USD - U.S. Dollar

### 7. BANK LINE OF CREDIT

Hussman Strategic Growth Fund has an unsecured bank line of credit in the amount of \$10,000,000. 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, 2012, the Funds did not borrow under their respective lines of credit. Neither Hussman Strategic International Fund nor Hussman Strategic Dividend Value Fund currently has a bank line of credit.

### 8. CONTINGENCIES AND COMMITMENTS

The Trust's officers and Trustees are entitled to indemnification from the Funds for certain liabilities to which they may become subject in connection with the 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.

### 9. LEGAL PROCEEDINGS

Several lawsuits have been filed relating to Hussman Strategic Growth Fund's investment in Tribune Company common stock in connection with Tribune Company's Chapter 11 bankruptcy proceeding. The lawsuits stem from a leveraged buyout transaction by which Tribune Company converted to a privately-held company in 2007. On November 1, 2010, the Trust and Hussman Strategic Growth Fund were named as defendants and putative members of the proposed defendant class of shareholders in an adversary proceeding brought by The Official Committee

# Hussman Investment Trust

## Notes to Financial Statements *(continued)*

June 30, 2012

of Unsecured Creditors of Tribune Company in the U.S. Bankruptcy Court for the District of Delaware. On June 2, 2011, the Trust was named as a defendant and a putative defendant class member in a lawsuit filed by the indenture trustees of certain noteholders of Tribune Company in the U.S. District Court for the Southern District of Ohio. The same indenture trustees have filed similar lawsuits in other jurisdictions against former Tribune Company shareholders. The plaintiffs in all these lawsuits seek to recover amounts paid to shareholders of Tribune Company in connection with the leveraged buyout, plus interest and attorneys' fees and expenses.

The lawsuits allege no misconduct by the Trust or Hussman Strategic Growth Fund, and the Trust and the Fund intend to defend themselves vigorously in the lawsuits. If the lawsuits were to be decided or settled in a manner adverse to Hussman Strategic Growth Fund, the payment of such judgments or settlements could adversely affect the Fund's net asset value per share. The adverse impact to Hussman Strategic Growth Fund is not expected to exceed materially the value of the proceeds received by the Fund in connection with the leveraged buyout, which was \$29,432,814 (which constitutes, as of June 30, 2012, approximately 0.6% of the Fund's net assets).

### **10. SUBSEQUENT EVENTS**

The Funds are required to recognize in their financial statements the effects of all subsequent events that provide additional evidence about conditions that existed as of the date of the Statements 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.

### **11. RECENT ACCOUNTING PRONOUNCEMENT**

On December 16, 2011, the Financial Accounting Standards Board issued ASU 2011-11, Disclosures about Offsetting Assets and Liabilities, which creates new disclosure requirements designed to make financial statements prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. The new guidance requires entities to disclose net and gross information for certain derivative instruments and financial instruments and information about the impact of collateral on offsetting arrangements and other amounts subject to a master netting agreement that are not offset on the balance sheet. ASU 2011-11 is effective in first quarter 2013. Management does not expect the adoption of the new guidance to have a material effect on its financial statements.

# 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, Hussman Strategic Total Return Fund, Hussman Strategic International Fund (formerly, Hussman Strategic International Equity Fund) and Hussman Strategic Dividend Value Fund, (collectively the "Funds") as of June 30, 2012, and the related statements of operations for the year or period then ended, the statements of changes in net assets for each of the two years or period in the period then ended, and the financial highlights each of the five years or period 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 included 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, 2012, by correspondence with the custodians and brokers. 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 position of Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund of Hussman Investment Trust as of June 30, 2012, the results of their operations for the year or period then ended, the changes in their net assets for each of the two years or period in the period then ended, and the financial highlights for each of the five years or period in the period then ended, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

Cincinnati, Ohio  
August 27, 2012

# 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 most recent semi-annual period (January 1, 2012 for Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund and Hussman Strategic International Fund and February 6, 2012 for Hussman Strategic Dividend Value Fund) and held until the end of the period (June 30, 2012).

The table on the following page illustrates each Fund's ongoing 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, 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, 2012 | Ending<br>Account Value<br>June 30, 2012 | Expenses Paid<br>During Period* |
|---|---|--|---------------------------------|
| Based on Actual Fund Return                                 | \$1,000.00                                    | \$ 924.40                                | \$5.02                          |
| Based on Hypothetical 5% Annual<br>Return (before expenses) | \$1,000.00                                    | \$1,019.64                               | \$5.27                          |

\* Expenses are equal to Hussman Strategic Growth Fund's annualized expense ratio of 1.05% for the period, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

### Hussman Strategic Total Return Fund

|   | Beginning<br>Account Value<br>January 1, 2012 | Ending<br>Account Value<br>June 30, 2012 | Expenses Paid<br>During Period* |
|---|---|--|---------------------------------|
| Based on Actual Fund Return                                 | \$1,000.00                                    | \$1,009.50                               | \$3.10                          |
| Based on Hypothetical 5% Annual<br>Return (before expenses) | \$1,000.00                                    | \$1,021.78                               | \$3.12                          |

\* Expenses are equal to Hussman Strategic Total Return Fund's annualized expense ratio of 0.62% for the period, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

### Hussman Strategic International Fund

|   | Beginning<br>Account Value<br>January 1, 2012 | Ending<br>Account Value<br>June 30, 2012 | Expenses Paid<br>During Period* |
|---|---|--|---------------------------------|
| Based on Actual Fund Return                                 | \$1,000.00                                    | \$ 995.90                                | \$9.13                          |
| Based on Hypothetical 5% Annual<br>Return (before expenses) | \$1,000.00                                    | \$1,015.71                               | \$9.22                          |

\* Expenses are equal to Hussman Strategic International Fund's annualized expense ratio of 1.84% for the period, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

# Hussman Investment Trust

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

### Hussman Strategic Dividend Value Fund

|                             | Beginning<br>Account Value<br>February 6, 2012 | Ending<br>Account Value<br>June 30, 2012 | Expenses Paid<br>During Period* |
|-----------------------------|--|--|---------------------------------|
| Based on Actual Fund Return | \$1,000.00                                     | \$ 995.90                                | \$4.98                          |

\* Expenses are equal to Hussman Strategic Dividend Value Fund's annualized expense ratio of 1.25% for the period, multiplied by the average account value over the period, multiplied by 146/366 (to reflect the period since inception).

### Hussman Strategic Dividend Value Fund

|   | Beginning<br>Account Value<br>January 1, 2012 | Ending<br>Account Value<br>June 30, 2012 | Expenses Paid<br>During Period* |
|---|---|--|---------------------------------|
| Based on Hypothetical 5% Annual<br>Return (before expenses) | \$1,000.00                                    | \$1,018.65                               | \$6.27                          |

\* Expenses are equal to Hussman Strategic Dividend Value Fund's annualized expense ratio of 1.05% for the period, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half year period).

# Hussman Investment Trust

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

Overall responsibility for supervision of 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              | 49  | President and Trustee                  | Since June 2000       |
| David C. Anderson        | 1144 Lake Street<br>Oak Park, IL 60301                         | 61  | Trustee                                | Since June 2000       |
| Nelson F. Freeburg, Jr.  | 9320 Grove Park Cove<br>Germantown, TN 38139                   | 60  | Trustee                                | Since June 2000       |
| William H. Vanover       | 36800 Woodward Avenue, Suite 200<br>Bloomfield Hills, MI 48304 | 65  | Trustee                                | Since June 2000       |
| Robert G. Dorsey         | 225 Pictoria Drive<br>Cincinnati, OH 45246                     | 55  | Vice President                         | Since June 2000       |
| Mark J. Seger            | 225 Pictoria Drive<br>Cincinnati, OH 45246                     | 50  | Treasurer                              | Since June 2000       |
| John F. Splain           | 225 Pictoria Drive<br>Cincinnati, OH 45246                     | 55  | 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 four 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.

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

Nelson F. Freeburg is President and owner of Formula Research, Inc. (a financial newsletter publication).

## Hussman Investment Trust Board of Trustees and Officers *(Unaudited) (continued)*

William H. Vanover is an investment counselor with Planning Alternatives, Ltd. (a registered investment adviser). Prior to January 2012, he was Chief Investment Officer and Chief Compliance Officer of Planning Alternatives, Ltd.

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 an Executive Vice President of Ultimus Fund Solutions, 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 period ended June 30, 2012. 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, Hussman Strategic Total Return Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value Fund intend to designate up to a maximum amount of \$28,671,281, \$37,871,060, \$1,793,834 and \$17,651, respectively, as taxed at a maximum rate of 15%. Hussman Strategic Total Return Fund intends to designate \$33,033,097 as long-term capital gains distributions. For the fiscal period ended June 30, 2012, 98%, 9%, 0% and 100%, respectively, of the dividends paid from ordinary income by Hussman Strategic Growth Fund, Hussman Strategic Total Return Fund, Hussman Strategic International Fund and Hussman Strategic Dividend Value 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 2012 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)*

### **Hussman Strategic Growth Fund Hussman Strategic Total Return Fund Hussman Strategic International Fund**

The Board of Trustees of Hussman Investment Trust, including the Trustees who are not “interested persons,” as defined by the Investment Company Act of 1940, of the Trust (the “Independent Trustees”) voting separately, reviewed and unanimously approved the continuance of each Fund’s Investment Advisory Agreement (the “Advisory Agreements”) with the Adviser for an additional annual period at a meeting held in person on June 26, 2012.

In determining whether to approve the continuances of the Advisory Agreements, the Independent Trustees requested such information from the Adviser as they deemed reasonably necessary to evaluate the terms of the Advisory Agreements and to assess whether the Advisory 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. They reviewed the background, qualifications, education and experience of the Adviser’s investment professionals and support personnel. They also discussed and considered the quality of shareholder communications, administrative functions and other services provided by the Adviser to the Trust, the Adviser’s compliance program and the Adviser’s role in coordinating and supervising all services provided to the Trust. The Independent Trustees were advised and supported in this process by independent legal counsel. Prior to voting, the Independent Trustees met with representatives of the Adviser, including Dr. John Hussman, and also met separately with their counsel.

The Adviser provided the Board with extensive information to assist the Independent Trustees in analyzing both the absolute and risk-adjusted returns of the Funds over various periods. The returns of each Fund were compared to the returns of relevant indices and to one or more selected peer groups of other mutual funds. These analyses and comparisons showed that, since the inception of Hussman Strategic Growth Fund through May 31, 2012, the performance of the Fund exceeded the returns of the S&P 500 Index and the Russell 2000 Index, and that the Fund’s hedging strategies have been successful in substantially reducing volatility. Based upon their review, the Independent Trustees found that, since inception, Hussman Strategic Growth Fund has outperformed relevant securities indices with substantially less downside risk than

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

a passive investment approach, and that more recent periods of underperformance are largely attributable to the Fund's use of hedging techniques and its alternative investment approach, which is not designed to track general market movements. In considering more recent periods of underperformance by the Fund, the Independent Trustees took into account that the recent financial crisis resulted in market outcomes that were significantly outside the scope of the post-war data on which the Adviser's investment models were based prior to 2008, and that, in response to this situation, the Adviser made various changes to its models to accommodate a broader set of historical data and to expand the range of potential outcomes that might be confronted in the future. The Independent Trustees took into account that the Adviser implemented additional restrictions in its hedging approach in early 2012 to improve the selectivity of hedging and reduce the cost of hedging in generally unfavorable but still-advancing market conditions. The Independent Trustees also took into account the strong long-term performance of the Adviser's stock selection approach, as well as the tendency of Hussman Strategic Growth Fund since 2010 to experience inverse sensitivity to market fluctuations as a result of the tendency of the market to collect securities into "risk on" and "risk off" groupings, with the Fund's holdings periodically underperforming the major stock indices during "risk on" market advances.

In reviewing the performance of Hussman Strategic Total Return Fund, the Independent Trustees took note of the fact that the Fund's average annual total return of 6.86% from inception on September 12, 2002 through May 31, 2012 compared favorably to the 5.41% average annual total return of the Barclays U.S. Aggregate Bond Index during the same period. With respect to Hussman Strategic International Fund, the Independent Trustees took note of the fact that the Fund's average annual total return of 0.05% from inception on December 31, 2009 through May 31, 2012 compared favorably to the -3.79% average annual return of the MSCI Europe, Australasia, Far East ("EAFE") Index during the same period.

In evaluating the advisory fees and expense ratios of the Funds, the Independent Trustees reviewed comparative expense and advisory fee information for peer groups of mutual funds categorized both by fund size and by investment style. They took note of the fact that the effective advisory fee rate and total expense ratio of Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund are considerably less than the averages for peer group funds investing in similar securities. The Independent Trustees also took note of the fact that, since each such Fund's inception, its effective advisory fee rate and its expense ratio have declined as a result of the introduction of advisory fee breakpoints that have allowed the Funds to participate in economies of scale in the Adviser's costs of providing services to Funds. In this regard, the Independent Trustees concluded that no additional breakpoints were currently warranted because

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

Hussman Strategic Growth Fund had not experienced growth of assets during the past year and because the rates at which the advisory fee of Hussman Strategic Total Return Fund is computed were reduced in 2011 to reflect economies associated with the growth of that Fund's assets.

The Independent Trustees also reviewed comparative advisory fee and expense information for Hussman Strategic International Fund and noted that the advisory fee and total operating expenses of the Fund are higher than many other mutual funds that have similar investment strategies. The Independent Trustees took cognizance of the fact that these higher fees and expenses were attributable, in part, to the small size of the Fund and also took cognizance of the agreement of the Adviser to reduce its fees and reimburse other operating expenses for the first three years of the Fund's operations to the extent necessary to limit total ordinary operating expenses to the annual rate of 2.00% of average net assets.

The Independent 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, 2011 and for the quarter ended March 31, 2012, and an analysis of the Adviser's profitability with respect to each Fund covering the years 2009, 2010 and 2011. They concluded that the Adviser has realized significant profits from its relationship with Hussman Strategic Growth Fund and Hussman Strategic Total Return Fund, but that the Adviser's profitability with respect to these Funds was not excessive given the high quality and scope of services provided by the Adviser over a period of many years and the long-term investment performance of these Funds. In reaching this conclusion, the Independent Trustees also recognized the broad and unique skill set and talent of the Adviser that is of enormous value to the Funds. The Independent Trustees also considered brokerage costs incurred by the Funds and concluded that the brokerage commissions negotiated by the Adviser on behalf of the Funds are significantly less than industry averages.

The Independent Trustees further concluded that: (i) based on a careful review of the investment performance and risk characteristics of the Funds, the effectiveness of the Funds in pursuing their stated objectives over the long term, the measures taken by the Adviser to address unusual economic circumstances, 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 mutual funds because of the nature of the Funds' investment programs, which involve extensive risk-management techniques; (iii) the effective advisory fee rate of 0.90% for Hussman Strategic Growth Fund, based upon current asset levels, compares favorably to the average advisory fees

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

for other “long-short” funds, as categorized by Morningstar and, when compared to hedge funds offering similar investment programs, Hussman Strategic Growth Fund is much less expensive; (iv) the effective advisory fee rate of 0.47% for Hussman Strategic Total Return Fund, based upon current asset levels, compares favorably to the average advisory fees of other funds of similar size investing in similar securities; (v) although the effective advisory fee rate for Hussman Strategic International Fund currently is higher than the effective advisory fee rates of many other managed mutual funds that invest in foreign securities, the investment strategy of the Fund incorporates risk management and hedging techniques that are not typical of these peers, and the fee schedule for the Fund contains 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; (vi) the scope and quality of services provided by the Adviser, which exceed the norm, and recent and planned hirings by the Adviser to strengthen its staffing and analytic capabilities, support the appropriateness of the advisory fees payable by the Funds; (vii) each Fund has the opportunity to participate in economies of scale of expenses under its advisory fee structure as its assets grow; (viii) 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 comparable to the average expense ratio of “conservative allocation” funds tracked by Morningstar but is considerably less than the average expense ratio of “multisector bond” funds tracked by Morningstar; (ix) although the total expense ratio of Hussman Strategic International Fund is higher than the expense ratios of many other mutual funds that invest in foreign securities, the Adviser’s agreement to limit the total ordinary operating expenses of the Fund through fee reductions and expense reimbursements has enabled the Fund to maintain a competitive expense ratio (within the range of expense ratios of its peer group funds) during the term of that agreement; and (x) 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 of the Funds) 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 the continuances of the Advisory 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 Advisory Agreements are fair and reasonable, and determined that it would be in the best interests of each Fund and its shareholders to renew the Advisory Agreements for an additional annual period.

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

### **Hussman Strategic Dividend Value Fund**

The Board of Trustees, including the Independent Trustees voting separately, reviewed and unanimously approved the Investment Advisory Agreement between Hussman Strategic Dividend Value Fund and the Adviser (the "Advisory Agreement") at an in-person meeting held on October 21, 2011, 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 Advisory Agreement would be in the best interests of Hussman Strategic Dividend Value 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 to the Fund 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 through modeling and research.

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 other expenses. The Independent Trustees concluded that, based upon the investment strategy of the Fund and the anticipated complexity of

# Hussman Investment Trust

## Approval of Investment Advisory Agreements

*(Unaudited) (continued)*

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 fee that would be paid by the Fund, the Independent Trustees concluded that the proposed advisory fee was within the range of fees paid by other similarly managed mutual funds and that the investment process and techniques that will be used by the Adviser in pursuing the Fund's investment program are generally more active and sophisticated than those used in managing other funds. 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 noted that, although the Adviser will benefit from its relationship with the Fund to the extent that the growth of the Fund's assets will increase the dollar amount of advisory fees payable to the Adviser, such a result is appropriate and there are no other benefits for which an economic benefit can be readily determined that will be realized by the Adviser. In addition, the Independent Trustees took into account that the Adviser has adopted a brokerage placement policy which seeks to obtain best execution and low commissions on all of the Fund's brokerage transactions and will not involve directing transactions to obtain "soft dollar" services, which should directly benefit the Fund by reducing transaction costs (which are not reflected in the expense ratio of the Fund) and increasing the investment return of the Fund. The Independent Trustees did not review and consider the profitability of the Adviser with regards to its management of the Fund because the Fund had 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 Hussman Strategic Dividend Value Fund and its shareholders.



INVESTMENT ADVISER

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PUBLIC ACCOUNTING FIRM

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This Annual Report is authorized for  
distribution only if accompanied or preceded  
by a current Prospectus of the Funds.