

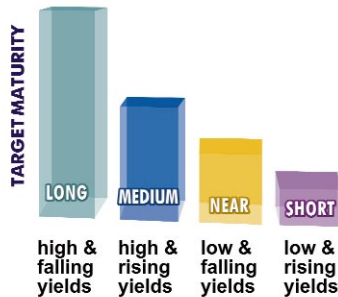


HUSSMAN INVESTMENT TRUST

Hussman Strategic Growth Fund



Hussman Strategic Total Return Fund



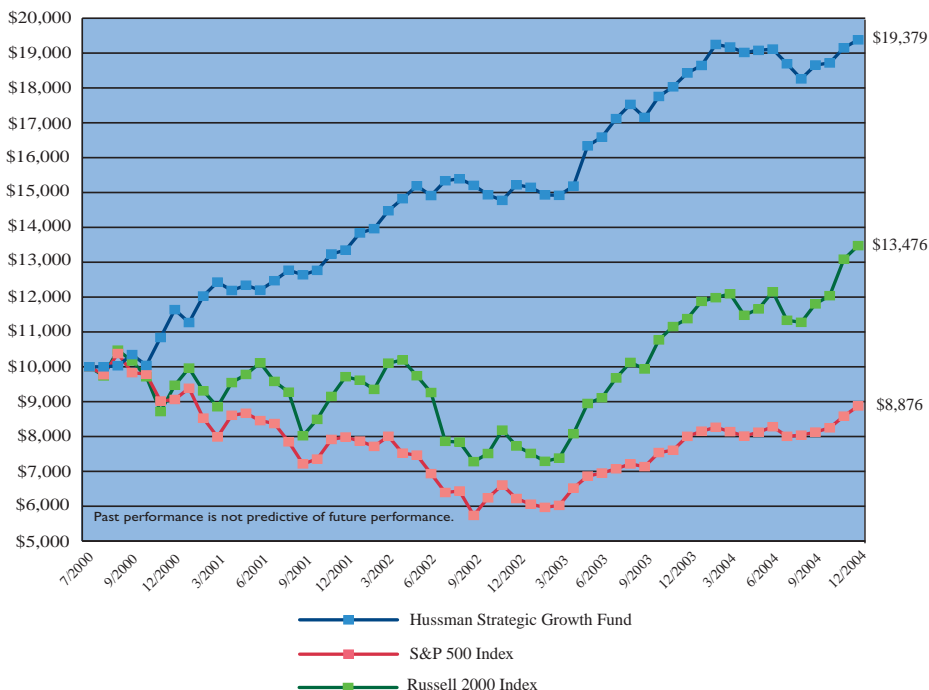
SEMI-ANNUAL REPORT

DECEMBER 31, 2004
(UNAUDITED)



STRATEGIC GROWTH FUND

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



| Average Annual Total Returns^(b) | | | |
|---------------------------------------------------|---------------|----------------|-----------------------------------|
| For Periods Ended December 31, 2004 | | | |
| | <u>1 Year</u> | <u>3 Years</u> | Since Inception ^(c) |
| Hussman Strategic Growth Fund | 5.16% | 13.23% | 16.07% |
| S&P 500 Index | 10.88% | 3.59% | (2.65%) |
| Russell 2000 Index | 18.40% | 11.52% | 6.95% |

^(a) The 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.

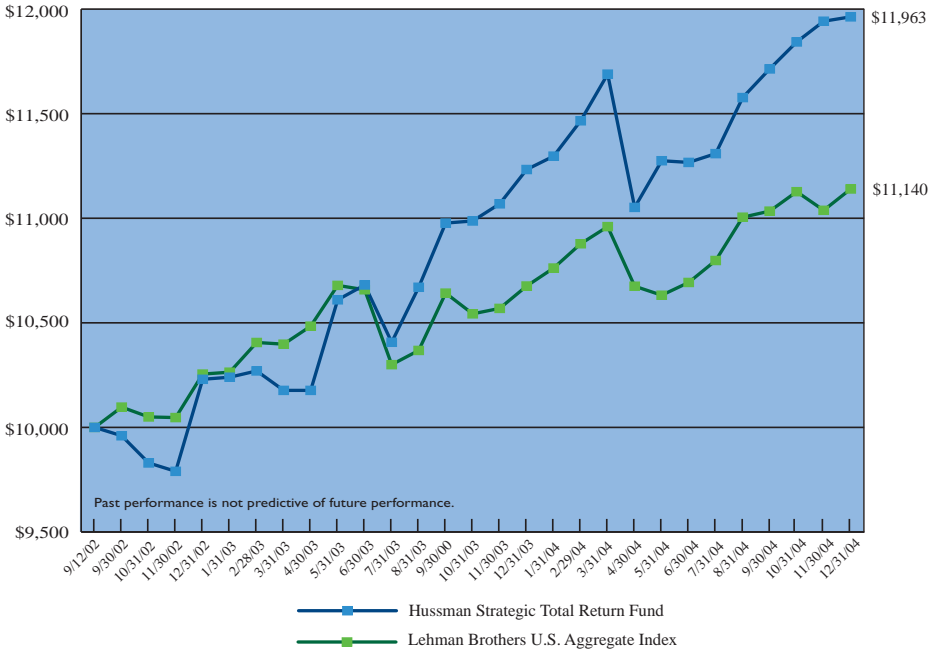
^(b) Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

^(c) Annualized. Initial public offering of shares was July 24, 2000.



STRATEGIC TOTAL RETURN FUND

Comparison of the Change in Value of a \$10,000 Investment in the Hussman Strategic Total Return Fund versus the Lehman Brothers U.S. Aggregate Index^(a)



| Average Annual Total Returns ^(b) | | |
|---------------------------------------------|--------|--------------------------------|
| For Periods Ended December 31, 2004 | | |
| | 1 Year | Since Inception ^(c) |
| Hussman Strategic Total Return Fund | 6.50% | 8.10% |
| Lehman Brothers U.S. Aggregate Index | 4.34% | 4.80% |

^(a) The Lehman Brothers U.S. Aggregate Index covers the U.S. investment grade fixed-rate bond market, with index components for U.S. government, government agency and corporate securities.

^(b) Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares. The Fund adviser has agreed until at least December 31, 2005 to waive its investment advisory fees and to absorb Fund expenses to the extent necessary to limit the Fund's annual ordinary operating expenses to 0.90% of its average daily net assets. The Fund's performance has been positively affected by these provisions. Absent such fee waivers and expense reimbursements, Fund performance would be lower.

^(c) Annualized. Initial public offering of shares was September 12, 2002.

Dear Shareholder,

The Hussman Funds achieved continued appreciation last year, with both the Strategic Growth Fund and Strategic Total Return Fund extending their strong profiles of return per unit of risk. This performance was consistent with our long-term investment discipline and risk management objectives. Although the Hussman Funds are not intended to track short-term movements in the stock and bond markets, I suspect that the modest departures we did experience were a source of disappointment for short-term investors.

With the S&P 500 still below its level of six years ago, yet at historically rich valuations on the basis of earnings, dividends and book values, the importance of risk management for long-term investors is clear. Our investment objective is to achieve long-term capital appreciation and total returns, with added emphasis on protecting capital during conditions that have generally been unfavorable toward market risk. This emphasis on risk management distinguishes the Hussman Funds from investment strategies that consistently attempt to track short-term movements in the stock and bond markets. The Funds are further distinguished by having strongly outperformed their respective benchmarks since inception.

Hussman Strategic Growth Fund

For the year ended December 31, 2004, the Strategic Growth Fund achieved a total return of 5.16%, compared with 10.88% for the S&P 500 Index. In a speculative, richly priced stock market, the performance of the Fund was consistent with the limited amount of market risk that I chose to accept during the year. Since its inception on July 24, 2000, the Strategic Growth Fund has achieved an annualized total return of 16.07%, compared with annualized total returns of -2.65% and 6.95% in the S&P 500 and Russell 2000 indices, respectively.

As I've frequently noted, the Fund's objective is to achieve strong results for our shareholders on the basis of two criteria: long-term total returns, and risk adjusted returns. In the long term, investors do not achieve bull market performance or bear market performance. What is relevant is performance over the complete market cycle. Since the Strategic Growth Fund may not closely track the market during short-term trough-to-peak or peak-to-trough movements, the most appropriate way to evaluate performance is to measure from one peak in the market to the next, preferably across market cycles, but at least over a small number of years.

The Hussman Funds

Letter to Shareholders *(continued)*

Updating the analysis presented in the June 30, 2004 report, from the standpoint of total returns, the 2002 peak in the S&P 500 Index occurred on March 19, 2002. The 2004 peak in the Index occurred on December 31, 2004. Between these two dates, the Strategic Growth Fund achieved an annualized total return of 11.88%, compared with an annualized total return of 3.04% for the S&P 500 Index. Meanwhile, even including two very strong years for small companies, the Russell 2000 Index achieved an annualized total return of 11.05% overall. The deepest pullback in the Strategic Growth Fund between these two market peaks was less than 7%, compared with pullbacks of 33% and 36% for the S&P 500 Index and Russell 2000 Index, respectively.

Performance Drivers

The Strategic Growth Fund was substantially hedged against the impact of market fluctuations during 2004. As of late-October, the Strategic Growth Fund was slightly ahead of the S&P 500 for the year-to-date. However, the Fund did not fully participate in the post-election rally during the final weeks of the year, due to option hedges intended to limit the Fund's exposure to market fluctuations. This was unfortunate, but I do not attempt to capture short-term fluctuations in the market if doing so would violate our risk-management discipline. From the standpoint of risk management, the Fund performed as intended.

Meanwhile, the individual stocks held by the Fund outperformed the S&P 500 Index in 2004, as in prior years (equity-only returns were just over 12% last year, after expenses, compared with 10.88% for the S&P 500). However, that performance margin was not wide enough to overcome our limited exposure to market fluctuations. The narrow margin was largely the result of weakness in several individual stock holdings in the pharmaceutical and wireless communications industries.

If any disappointment stood out last year, it was that favorable valuation proved to be a relatively ineffective factor in choosing investments. That challenge was compounded by unanticipated developments in Merck, King Pharmaceuticals, Silicon Laboratories and UTStarcom. That's part of the difficulty with overvalued markets – stocks that do seem favorably valued often produce good reasons, in hindsight, to be cheap.

In the end, the individual stocks held by the Fund outperformed the S&P 500 by only a slim margin last year, as the apparently favorable valuations of

certain holdings were not sufficient to offset unexpected negative developments, such as earnings restatements and the abrupt removal of Vioxx from the pharmaceutical market.

Individual stocks contributing to the Fund's performance in the past 12 months included Macromedia, Abercrombie and Fitch, Biosite, McDonalds, Valero Energy, Archer-Daniels-Midland, and Home Depot, each which achieved in excess of \$5 million in gains for the Fund. Losses above that amount were experienced by UTStarcom, Merck, Silicon Laboratories, and King Pharmaceuticals.

Portfolio Insight

The Portfolio of Investments section of this report provides a detailed view of our investment stance. As of December 31, 2004, the Fund had net assets of \$1,469,538,500, and was invested in a diversified portfolio of 203 stocks, valued at \$1,420,622,264. The Fund's largest positions included McDonalds (2.7%), Pfizer (2.4%), Macromedia (2.1%), Eastman Kodak (1.7%), Microsoft (1.6%), Archer Daniels Midland (1.5%), Masco (1.5%), Home Depot (1.5%), Alltel (1.4%), and King Pharmaceuticals (1.4%).

While the Fund generally seeks to maintain a fully invested (90% or greater) position in individual stocks, it also has the flexibility to hedge that portfolio against the impact of market fluctuations, up to the full value of those holdings. The Fund, however, cannot take net short positions.

As of December 31, the Fund held 8500 put-call combinations on the S&P 100 Index, and 6500 put-call positions on the Russell 2000. Each put-call combination is created by purchasing one put option and selling short one call option having the same strike price and expiration as the put. This combination behaves as an interest-bearing short-sale on the index.

The Fund also held an additional position in 9000 S&P 100 put options to defend the Fund's stock portfolio against downside risk without fully hedging against upside fluctuations in the market. Given a continued willingness of investors to speculate (as measured by the quality of market action), combined with a relatively low cost of option premium (as measured by implied volatilities), I viewed this as an effective way to maintain a constructive investment position, while still defending against the risks posed by a substantially overvalued market.

The Hussman Funds

Letter to Shareholders *(continued)*

To detail the effect of the Fund's option positions, note that on December 31, 2004, the S&P 100 Index closed at 575.29. Since each option controls 100 "shares" of the index, each S&P 100 put-call combination acted as a short sale of \$57,529 worth of the S&P 100. Similarly, the Russell 2000 closed at 651.57 on that date. So each Russell 2000 put-call combination acted as a short sale of \$65,157 worth of the Russell 2000.

In effect, the 8500 S&P 100 option combinations and the 6500 Russell 2000 option combinations were equivalent to a short sale on major market indices, having a combined value of \$912,517,000. This hedge represented an effective short-sale on major indices against about 64% of the Fund's stock holdings. The remaining stocks held by the Fund were hedged "directionally" with S&P 100 put options only. The combined position left the Fund well-hedged against substantial declines in the major indices, while retaining a modest ability to participate in any further market advance.

Notably, these option positions should not be interpreted as "bearish" positions or as forecasts of impending market weakness. The option positions periodically held by the Fund are generally intended to reduce the Fund's exposure to overall market fluctuations in conditions that have not strongly rewarded market risk, on average, while preserving the Fund's exposure to movements in the stock portfolio that are independent of the market.

Hussman Strategic Total Return Fund

For the year ended December 31, 2004, the Strategic Total Return Fund achieved a total return of 6.50%, compared with a total return of 4.34% in the Lehman Brothers U.S. Aggregate Index. Since its inception on September 12, 2002, the Strategic Total Return Fund has achieved an annualized total return of 8.10%, compared with 4.80% for the Lehman index.

Performance Drivers

The combination of rising energy prices, a weakening dollar, and tightening monetary policy had been widely predicted to be negative for bonds in 2004. Still, the 10-year Treasury yield managed to end the year virtually unchanged. In this environment, the Strategic Total Return Fund achieved sound returns through a limited-duration position in Treasury Inflation Protected Securities combined with a moderate exposure to precious metals shares.

The Hussman Funds

Letter to Shareholders *(continued)*

The year was not without short-term volatility. During the second quarter of 2004, investors began trading on a "theme" based on expectations of rapid economic growth paired with low inflation. This resulted in a temporary but unusually tight relationship between bonds and precious metals in April 2004, which produced unexpected short-term volatility that month. This weakness was reversed as interest rate pressures subsided and inflation expectations normalized.

Because of various shifts in the composition of the Fund between nominal and inflation protected Treasury securities during the year, based on interest spreads and other considerations, long-term Treasury securities represented both the largest gains and the largest losses in the portfolio. Precious metals shares also contributed to Fund performance. By security, the largest gains in 2004 were contributed by: Treasury inflation protected (TIPS) 3.875 4/15/29, Barrick Gold, TIPS 2.0 01/15/14, Placer Dome, Newmont Mining, and TIPS 3.875 01/15/12, each which achieved gains in excess of \$300,000 in the Fund. Losses above that amount were experienced in the 5.375 Treasury bond of 5/15/31.

Portfolio Insight

The Portfolio of Investments section of this report provides a detailed view of our investment stance. As of December 31, 2004, the Fund had net assets of \$120,921,311. Of this, approximately half of the Fund's assets were invested in U.S. Treasury inflation protected securities, contributing to a relatively limited portfolio duration of approximately 2.5 years. This means that as of the year-end, a 100 basis point change in interest rates could be expected to impact the Fund's value by about 2% on the basis of bond price fluctuations. Approximately 21% of the Fund's portfolio was invested in Treasury bills and other money market securities, 7% was invested in U.S. Government agency securities, mostly callable issues with maturities of 3 years or less, and approximately 22% of assets were invested in common stocks, with precious metals shares representing about three-quarters of that position.

It is important to recognize that the Fund's exposure to interest rate fluctuations will vary depending on prevailing market conditions. As of year-end, those conditions reflected relatively low yields and modestly unfavorable market action, including upward pressures on short-term interest rates, modest but persistent inflation, and a flattening yield curve. Historically, low and

flattening yield curves have not provided much of a springboard for subsequent capital appreciation in fixed income securities. Substantial exposure to duration risk is best reserved for periods of higher yields and steeper maturity premiums.

Given the Fund's restrained duration, much of the day-to-day fluctuation in Fund value in the coming months will likely be associated with fluctuation in the value of precious metals shares.

Current Outlook

U.S. Stocks

Any discussion of current stock market conditions should begin by distinguishing short-term pressures from long-term fundamentals. As the markets enter 2005, the S&P 500 Index is at one of the most overvalued levels in history in relation to earnings, revenues, book values, dividends, replacement costs and other measures. Indeed, with the exception of the market bubble that ended in 2000, the S&P 500's current price/peak-earnings multiple of 21 has previously been seen only at the major bull market peaks of 1929, 1972 and 1987.

Still, overvaluation only implies that stocks are priced to deliver unsatisfactory long-term returns for buy-and-hold investors. Valuations imply very little about short-term market returns. This is because the willingness of investors to speculate has little to do with valuations, and can even strengthen as prices advance. Currently, the quality of market action remains generally resilient on the basis of breadth, leadership, industry behavior and other measures of market internals. This suggests that investors have not yet abandoned their willingness to accept increasing levels of market risk.

Ultimately, periods of high valuation and investor speculation end badly, but there is a profound difference between ultimate outcomes and near-term ones. There is not yet enough evidence from market action to justify an entirely defensive stance against market risk. The potential for abrupt deterioration at these valuations certainly exists, which is why the Strategic Growth Fund is already substantially hedged against downside risks. But a strongly defensive stance against market risk will require evidence of further deterioration in the internal action of the market.

The Hussman Funds

Letter to Shareholders *(continued)*

This sort of deterioration might include breakdowns in various industry groups, a tendency for the number of declining stocks to persistently outpace the number of advances, widening risk spreads between corporate and Treasury securities, an expanding number of stocks hitting new annual lows, or other evidence that investors have abandoned their willingness to speculate.

Evidence of internal deterioration need not emerge in the midst of a substantial market decline. Rather, the historical tendency is for internal market action to deteriorate in advance of obvious weakness in the major indices. Again, however, the excessive level of valuations already warrants a substantial, though not complete, hedge against the impact of market fluctuations.

From a longer term perspective, my impression is that stocks probably remain in a "secular bear market" – a series of multi-year market cycles (bear markets followed by bull markets) in which the bear declines establish successively lower and more normal levels of valuation. Over the past century, these periods have lasted about 17 years, on average, during which time stocks have gone nowhere, but in an interesting way.

Aggressive assumptions are not required in order to conclude that the S&P 500 is likely to produce disappointing returns from a multiple of 21 times record earnings. Assume that S&P earnings continue to expand at their historical 6% peak-to-peak growth rate and that the price/peak earnings multiple simply touches its historical average of 14 in the future (never mind the historical median of 11 or major lows near 7 or below). Given these mundane assumptions, the annual total return on the S&P 500 over the coming 7 years, for example, would average just 2.16%. This is simply algebra.

In order to expect satisfactory long-term returns from current market valuations, it is not enough to argue that high valuations are justified by current levels of interest rates, inflation, and so forth. Rather, one must argue either that future earnings growth will outpace even the highest peak-to-peak rates observed over the past century, or that high valuations will be sustained into the indefinite future.

Treasury Bonds & the U.S. Dollar

With regard to the U.S. economy, given an enormous and continuing U.S. current account deficit, there remains significant potential for weakness in the U.S. dollar. Importantly, even a contraction in the current account deficit is likely to be attended by substantial dollar weakness. This is because a narrowing current account deficit is typically accompanied by softness in gross domestic investment (a relationship that can be predicted from the savings-investment identity). As a result, unless the U.S. economy experiences surprising growth, a further trend of weakness in the U.S. dollar appears likely, which would generally be supportive of precious metals shares.

Meanwhile, the impact of potential dollar weakness on interest rates is likely to be mixed. Historically, major dollar weakness has been accompanied by rising inflation but relatively stable nominal interest rates, resulting in a move to negative real interest rates. The difficulty at present is that nominal interest rates are already quite low, which reduces the extent to which bond investors are likely to tolerate inflation pressures. In my view, inflation protected securities of limited maturity are a reasonable middle ground, being relatively immune to the potential impact of rising inflation, yet retaining some potential for capital appreciation if real interest rates are pressured lower.

Investment Strategy

In short, the most basic feature of the current environment is the unattractive fundamental condition of the stock and bond markets. Long-term investment returns simply cannot be detached from starting valuations. High and stable valuations generally produce low investment returns. High and contracting valuations generally produce unacceptable investment losses.

Elevated valuations have never been sustained indefinitely, and it is unlikely that they will do so in the future. We certainly have some ability to participate in overvalued, speculative markets, provided that the quality of market action is sufficiently favorable. Still, our short-term participation in the market is always set in the context of long-term risk management.

In my view, the way to achieve high long-term returns per unit of risk is straightforward: accept more risk in conditions that have historically produced high returns per unit of risk, on average, and accept less risk in conditions that have historically produced low returns per unit of risk, on average. This is not complicated, but it is difficult, because it requires us to periodically subordinate

The Hussman Funds

Letter to Shareholders *(continued)*

short-term discomfort to long-term discipline. Though our investment strategy lacks the excitement of trying to predict and capture short-term market movements, I expect that the discipline and flexibility of our approach will continue to serve our shareholders well.

I appreciate your investment in the Hussman Funds.

Best wishes,

John P. Hussman, Ph.D.

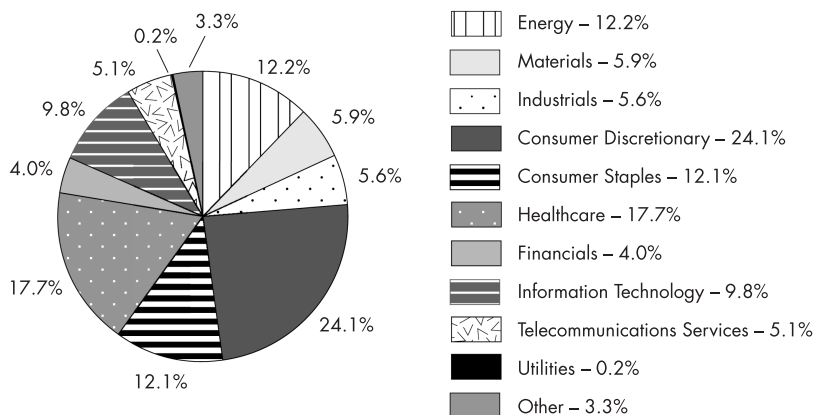
Weekly updates regarding market conditions and investment strategy, as well as special reports and analysis, are available at no charge at the Fund's website www.hussmanfunds.com.

The performance data quoted for the Funds represents past performance. The investment return of the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

Hussman Strategic Growth Fund Portfolio Information

December 31, 2004 (Unaudited)

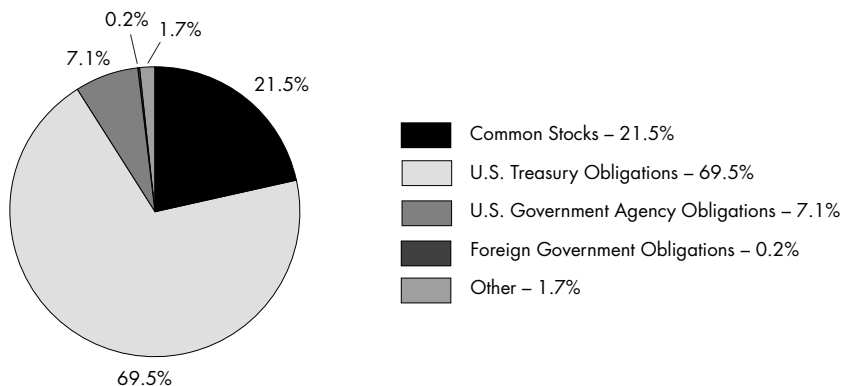
Sector Allocation (% of Net Assets)



Hussman Strategic Total Return Fund Portfolio Information

December 31, 2004 (Unaudited)

Asset Allocation (% of Net Assets)



Hussman Investment Trust

Statements of Assets and Liabilities

December 31, 2004 (Unaudited)

| | Hussman Strategic Growth Fund | Hussman Strategic Total Return Fund |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------|
| ASSETS | | |
| Investments in securities: | | |
| At acquisition cost | \$ 1,345,535,227 | \$ 114,748,591 |
| At value (Note 1) | \$ 1,446,731,264 | \$ 118,904,796 |
| Investments in money market funds | 79,493,151 | 1,416,935 |
| Cash | 500,000 | — |
| Dividends and interest receivable | 1,681,656 | 665,299 |
| Receivable for capital shares sold | 1,854,133 | 148,190 |
| Other assets | 118,715 | 24,943 |
| Total Assets | <u>1,530,378,919</u> | <u>121,160,163</u> |
| LIABILITIES | | |
| Dividends payable | 283,812 | 65,966 |
| Written call options, at value (Notes 1 and 4) (premiums received \$44,997,500) | 58,175,500 | — |
| Payable for capital shares redeemed | 750,771 | 81,049 |
| Accrued investment advisory fees (Note 3) | 1,328,591 | 45,377 |
| Payable to administrator (Note 3) | 126,200 | 20,250 |
| Other accrued expenses | 175,545 | 26,210 |
| Total Liabilities | <u>60,840,419</u> | <u>238,852</u> |
| NET ASSETS | <u>\$ 1,469,538,500</u> | <u>\$ 120,921,311</u> |
| Net assets consist of: | | |
| Paid-in capital | \$ 1,400,813,407 | \$ 116,248,181 |
| Undistributed net investment income | 2,260,603 | 15,237 |
| Accumulated net realized gains (losses) from security transactions and option contracts | (21,553,547) | 501,611 |
| Net unrealized appreciation/depreciation on investments and options | 88,018,037 | 4,043,267 |
| Net unrealized appreciation/depreciation on translation of assets and liabilities in foreign currencies | — | 113,015 |
| NET ASSETS | <u>\$ 1,469,538,500</u> | <u>\$ 120,921,311</u> |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value) | <u>95,687,243</u> | <u>10,947,879</u> |
| Net asset value, offering price and redemption price per share ^(a) (Note 1) | <u>\$ 15.36</u> | <u>\$ 11.05</u> |

^(a) Redemption price varies based on length of time shares are held.
See accompanying notes to financial statements.

Hussman Investment Trust

Statements of Operations

For the Six Months Ended December 31, 2004 (Unaudited)

| | Hussman Strategic Growth Fund | Hussman Strategic Total Return Fund |
|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------|
| INVESTMENT INCOME | | |
| Dividends | \$ 14,122,872 | \$ 220,422 |
| Foreign withholding taxes on dividends | (32,299) | (4,454) |
| Interest | — | 1,464,241 |
| Total Income | <u>14,090,573</u> | <u>1,680,209</u> |
| EXPENSES | | |
| Investment advisory fees (Note 3) | 7,563,369 | 342,655 |
| Administration fees (Note 3) | 466,479 | 76,226 |
| Transfer agent, account maintenance and shareholder services fees (Note 3) | 343,761 | 37,941 |
| Custodian and bank service fees | 131,969 | 18,924 |
| Registration and filing fees | 91,737 | 19,928 |
| Fund accounting fees (Note 3) | 63,151 | 20,762 |
| Postage and supplies | 60,225 | 12,203 |
| Professional fees | 37,513 | 28,062 |
| Trustees' fees and expenses | 20,563 | 20,563 |
| Printing of shareholder reports | 28,699 | 7,021 |
| Insurance expense | 21,774 | 2,118 |
| Compliance consulting fees (Note 3) | 14,042 | 2,981 |
| Other expenses | 28,009 | 6,425 |
| Total Expenses | 8,871,291 | 595,809 |
| Less fees waived by the Adviser (Note 3) | — | (81,826) |
| Net Expenses | <u>8,871,291</u> | <u>513,983</u> |
| NET INVESTMENT INCOME | <u>5,219,282</u> | <u>1,166,226</u> |
| REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, OPTION CONTRACTS AND FOREIGN CURRENCIES (Note 4) | | |
| Net realized gains (losses) from: | | |
| Security transactions | 67,315,052 | 1,235,557 |
| Option contracts | (98,231,722) | — |
| Foreign currency transactions | — | 56 |
| Net change in unrealized appreciation/depreciation on: | | |
| Investments | 26,010,053 | 4,143,368 |
| Option contracts | 22,465,447 | — |
| Foreign currency translation | — | 46,382 |
| NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS, OPTION CONTRACTS AND FOREIGN CURRENCIES | <u>17,558,830</u> | <u>5,425,363</u> |
| NET INCREASE IN NET ASSETS FROM OPERATIONS | <u>\$ 22,778,112</u> | <u>\$ 6,591,589</u> |

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Statements of Changes in Net Assets

| | Six Months Ended December 31, 2004 (Unaudited) | Year Ended June 30, 2004 |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|
| FROM OPERATIONS | | |
| Net investment income (loss) | \$ 5,219,282 | \$ (3,278,557) |
| Net realized gains (losses) from: | | |
| Security transactions | 67,315,052 | 119,355,647 |
| Option contracts | (98,231,722) | (25,308,095) |
| Net change in unrealized appreciation/depreciation on: | | |
| Investments | 26,010,053 | 54,250,925 |
| Option contracts | 22,465,447 | (49,101,072) |
| Net increase in net assets resulting from operations | <u>22,778,112</u> | <u>95,918,848</u> |
| DISTRIBUTIONS TO SHAREHOLDERS | | |
| From net investment income | (2,958,679) | — |
| From net realized gains | (65,407,312) | (392,622) |
| Net decrease in net assets from distributions to shareholders | <u>(68,365,991)</u> | <u>(392,622)</u> |
| FROM CAPITAL SHARE TRANSACTIONS | | |
| Proceeds from shares sold | 394,835,521 | 886,768,872 |
| Net asset value of shares issued in reinvestment of distributions to shareholders | 62,556,168 | 367,109 |
| Proceeds from redemption fees collected (Note 1) | 578,381 | 502,840 |
| Payments for shares redeemed | (259,546,992) | (178,389,520) |
| Net increase in net assets from capital share transactions | <u>198,423,078</u> | <u>709,249,301</u> |
| TOTAL INCREASE IN NET ASSETS | 152,835,199 | 804,775,527 |
| NET ASSETS | | |
| Beginning of period | 1,316,703,301 | 511,927,774 |
| End of period | <u>\$ 1,469,538,500</u> | <u>\$ 1,316,703,301</u> |
| UNDISTRIBUTED NET INVESTMENT INCOME | \$ 2,260,603 | \$ — |
| CAPITAL SHARE ACTIVITY | | |
| Sold | 25,560,967 | 57,650,681 |
| Reinvested | 4,142,422 | 24,872 |
| Redeemed | (16,897,465) | (11,889,870) |
| Net increase in shares outstanding | 12,805,924 | 45,785,683 |
| Shares outstanding at beginning of period | 82,881,319 | 37,095,636 |
| Shares outstanding at end of period | <u>95,687,243</u> | <u>82,881,319</u> |

See accompanying notes to financial statements.

Hussman Strategic Total Return Fund

Statements of Changes in Net Assets

| | Six Months Ended December 31, 2004 (Unaudited) | Year Ended June 30, 2004 |
|-----------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------|
| FROM OPERATIONS | | |
| Net investment income | \$ 1,166,226 | \$ 1,196,070 |
| Net realized gains from: | | |
| Security transactions | 1,235,557 | 84,715 |
| Foreign currency transactions | 56 | 81,150 |
| Net change in unrealized appreciation/depreciation on: | | |
| Investments | 4,143,368 | (655,732) |
| Foreign currency translation | 46,382 | (14,915) |
| Net increase in net assets resulting from operations | <u>6,591,589</u> | <u>691,288</u> |
| DISTRIBUTIONS TO SHAREHOLDERS | | |
| From net investment income | (1,158,939) | (1,269,355) |
| From net realized gains | (236,250) | (873,428) |
| Net decrease in net assets from distributions to shareholders | <u>(1,395,189)</u> | <u>(2,142,783)</u> |
| FROM CAPITAL SHARE TRANSACTIONS | | |
| Proceeds from shares sold | 29,518,346 | 100,385,423 |
| Net asset value of shares issued in reinvestment of distributions to shareholders | 1,226,571 | 1,727,234 |
| Proceeds from redemption fees collected (Note 1) | 39,629 | 46,476 |
| Payments for shares redeemed | (20,367,743) | (14,382,228) |
| Net increase in net assets from capital share transactions | <u>10,416,803</u> | <u>87,776,905</u> |
| TOTAL INCREASE IN NET ASSETS | <u>15,613,203</u> | <u>86,325,410</u> |
| NET ASSETS | | |
| Beginning of period | 105,308,108 | 18,982,698 |
| End of period | <u>\$ 120,921,311</u> | <u>\$ 105,308,108</u> |
| UNDISTRIBUTED NET INVESTMENT INCOME | <u>\$ 15,237</u> | <u>\$ 7,894</u> |
| CAPITAL SHARE ACTIVITY | | |
| Sold | 2,710,033 | 9,396,331 |
| Reinvested | 111,376 | 164,425 |
| Redeemed | (1,871,124) | (1,364,190) |
| Net increase in shares outstanding | 950,285 | 8,196,566 |
| Shares outstanding at beginning of period | 9,997,594 | 1,801,028 |
| Shares outstanding at end of period | <u>10,947,879</u> | <u>9,997,594</u> |

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Financial Highlights

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

| | Six Months Ended December 31, 2004 (Unaudited) | Year Ended June 30, 2004 | Year Ended June 30, 2003 | Year Ended June 30, 2002 | Period Ended June 30, 2001^(a) |
|-----------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|-------------------------------------------------------------|
| Net asset value at beginning of period | \$ 15.89 | \$ 13.80 | \$ 13.34 | \$ 12.20 | \$ 10.00 |
| Income from investment operations: | | | | | |
| Net investment income (loss) | 0.05 | (0.04) | (0.02) | (0.04) | (0.04) |
| Net realized and unrealized gains on investments and options | 0.16 | 2.13 | 1.36 | 2.52 | 2.23 |
| Total from investment operations | 0.20 | 2.09 | 1.34 | 2.48 | 2.19 |
| Less distributions: | | | | | |
| Dividends from net investment income | (0.03) | — | — | — | — |
| Distributions from net realized gains | (0.71) | (0.01) | (0.93) | (1.35) | — |
| Total distributions | (0.74) | (0.01) | (0.93) | (1.35) | — |
| Proceeds from redemption fees collected (Note 1) | 0.00 ^(b) | 0.01 | 0.05 | 0.01 | 0.01 |
| Net asset value at end of period | \$ 15.36 | \$ 15.89 | \$ 13.80 | \$ 13.34 | \$ 12.20 |
| Total return ^(c) | 1.38% ^(d) | 15.22% | 11.25% | 22.24% | 22.00% ^(d) |
| Net assets at end of period (000's) | \$1,469,539 | \$1,317,703 | \$ 511,928 | \$ 173,342 | \$ 20,228 |
| Ratio of net expenses to average net assets ^(e) | 1.26% ^(f) | 1.34% | 1.45% | 1.99% | 1.99% ^(f) |
| Ratio of net investment income (loss) to average net assets | 0.74% ^(f) | (0.39%) | (0.15%) | (0.81%) | (0.53%) ^(f) |
| Portfolio turnover rate | 89% ^(f) | 66% | 123% | 199% | 55% ^(f) |

^(a) Represents the period from the commencement of operations (July 24, 2000) through June 30, 2001.

^(b) Amount rounds to less than \$0.01 per share.

^(c) 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.

^(d) Not annualized.

^(e) Absent investment advisory fees waived by the Adviser, the ratios of expenses to average net assets would have been 2.03% and 2.36%^(f) for the periods ended June 30, 2002 and 2001, respectively.

^(f) Annualized.

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 Period

| | Six Months Ended December 31, 2004 (Unaudited) | Year Ended June 30, 2004 | Period Ended June 30, 2003^(a) |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|
| Net asset value at beginning of period | \$ 10.53 | \$ 10.54 | \$ 10.00 |
| Income from investment operations: | | | |
| Net investment income | 0.11 | 0.21 | 0.14 |
| Net realized and unrealized gains on investments and foreign currencies | 0.54 | 0.35 | 0.52 |
| Total from investment operations | 0.65 | 0.56 | 0.66 |
| Less distributions: | | | |
| Dividends from net investment income | (0.11) | (0.21) | (0.14) |
| Distributions from net realized gains | (0.02) | (0.37) | — |
| Total distributions | (0.13) | (0.58) | (0.14) |
| Proceeds from redemption fees collected (Note 1) | 0.00 ^(b) | 0.01 | 0.02 |
| Net asset value at end of period | \$ 11.05 | \$ 10.53 | \$ 10.54 |
| Total return ^(c) | 6.18% ^(d) | 5.49% | 6.81% ^(d) |
| Net assets at end of period (000's) | \$ 120,921 | \$ 105,308 | \$ 18,983 |
| Ratio of net expenses to average net assets ^(e) | 0.90% ^(f) | 0.90% | 0.90% ^(f) |
| Ratio of net investment income to average net assets | 2.03% ^(f) | 2.34% | 1.99% ^(f) |
| Portfolio turnover rate | 54% ^(f) | 174% | 151% ^(f) |

^(a) Represents the period from the commencement of operations (September 12, 2002) through June 30, 2003.

^(b) Amount rounds to less than \$0.01 per share.

^(c) 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.

^(d) Not annualized.

^(e) Absent investment advisory fees waived and expenses reimbursed by the Adviser, the ratios of expenses to average net assets would have been 1.04%^(f), 1.17% and 2.32%^(f) for the periods ended December 31, 2004, June 30, 2004 and 2003, respectively.

^(f) Annualized.

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Portfolio of Investments

December 31, 2004 (Unaudited)

| Shares | COMMON STOCKS – 96.67% | Value |
|----------------------------------|-----------------------------------------------------|-------------------|
| Airlines – 0.06% | | |
| 43,000 | SkyWest, Inc. | \$ 862,580 |
| Auto Components – 0.80% | | |
| 77,500 | Autoliv, Inc. | 3,743,250 |
| 50,000 | Dana Corp. | 866,500 |
| 200,000 | Goodyear Tire & Rubber Co. ^(a) | 2,932,000 |
| 50,000 | Magna International, Inc. | 4,127,500 |
| | | <u>11,669,250</u> |
| Automobiles – 0.18% | | |
| 100,000 | Honda Motor Co., Ltd. - ADR | 2,606,000 |
| Banks – 0.04 % | | |
| 23,100 | Flagstar Bancorp, Inc. | 522,060 |
| Beverages – 1.73% | | |
| 99,700 | Adolph Coors Co. - Class B | 7,544,299 |
| 300,000 | Coca-Cola Co. (The) | 12,489,000 |
| 200,000 | Pepsi Bottling Group, Inc. (The) | 5,408,000 |
| | | <u>25,441,299</u> |
| Biotechnology – 1.86% | | |
| 200,000 | Andrx Corp. ^(a) | 4,366,000 |
| 128,200 | Applera Corp. - Applied Biosystems Group | 2,680,662 |
| 100,000 | Cephalon, Inc. ^(a) | 5,088,000 |
| 54,000 | CuraGen Corp. ^(a) | 386,640 |
| 100,000 | Flamel Technologies S.A. - ADR ^(a) | 1,949,000 |
| 100,000 | Genentech, Inc. ^(a) | 5,444,000 |
| 54,900 | Gilead Sciences, Inc. ^(a) | 1,920,951 |
| 250,000 | Nanogen, Inc. ^(a) | 1,840,000 |
| 141,900 | Transkaryotic Therapies, Inc. ^(a) | 3,602,841 |
| | | <u>27,278,094</u> |
| Building Products – 1.77% | | |
| 600,000 | Masco Corp. | 21,918,000 |
| 117,700 | York International Corp. | 4,065,358 |
| | | <u>25,983,358</u> |
| Chemicals – 2.06% | | |
| 299,300 | Albany Molecular Research, Inc. ^(a) | 3,334,202 |
| 196,900 | Cabot Microelectronics Corp. ^(a) | 7,885,845 |
| 292,500 | International Flavors & Fragrances, Inc. | 12,530,700 |
| 177,000 | Lubrizol Corp. (The) | 6,524,220 |
| | | <u>30,274,967</u> |

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Shares | COMMON STOCKS – 96.67% (continued) | Value |
|-------------------------------------------------------|---------------------------------------------------|---------------|
| Commercial Services and Supplies – 1.63% | | |
| 300,000 | Automatic Data Processing, Inc. | \$ 13,305,000 |
| 200,000 | Convergys Corp. ^(a) | 2,998,000 |
| 110,000 | Pitney Bowes, Inc. | 5,090,800 |
| 108,900 | Sensient Technologies Corp. | 2,612,511 |
| | | 24,006,311 |
| Communications Equipment – 0.71% | | |
| 25,700 | L-3 Communications Holdings, Inc. | 1,882,268 |
| 1,000,000 | Tellabs, Inc. ^(a) | 8,590,000 |
| | | 10,472,268 |
| Computers and Peripherals – 0.15% | | |
| 155,000 | Ambient Corp. ^(a) | 61,845 |
| 65,000 | Hewlett-Packard Co. | 1,363,050 |
| 31,700 | SanDisk Corp. ^(a) | 791,549 |
| | | 2,216,444 |
| Construction Materials – 0.69% | | |
| 100,000 | Nanophase Technologies Corp. ^(a) | 887,300 |
| 150,000 | POSCO - ADR | 6,679,500 |
| 131,500 | RPM International, Inc. | 2,585,290 |
| | | 10,152,090 |
| Containers and Packaging – 0.71% | | |
| 350,000 | Sonoco Products Co. | 10,377,500 |
| Diversified Financials – 0.33% | | |
| 99,700 | H & R Block, Inc. | 4,885,300 |
| Diversified Telecommunication Services – 5.14% | | |
| 350,000 | ALLTEL Corp. | 20,566,000 |
| 150,000 | CenturyTel, Inc. | 5,320,500 |
| 350,000 | SBC Communications, Inc. | 9,019,500 |
| 150,000 | Sprint Corp. - FON Group | 3,727,500 |
| 750,000 | UTStarcom, Inc. ^(a) | 16,612,500 |
| 500,000 | Verizon Communications, Inc. | 20,255,000 |
| | | 75,501,000 |
| Electrical Equipment – 0.97% | | |
| 90,200 | American Power Conversion Corp. | 1,930,280 |
| 350,000 | Silicon Laboratories, Inc. ^(a) | 12,358,500 |
| | | 14,288,780 |

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Shares | COMMON STOCKS – 96.67% (continued) | Value |
|-----------------------------------------------------|-------------------------------------------------------|--------------|
| Electronic Equipment and Instruments – 0.19% | | |
| 49,900 | FEI Co. ^(a) | \$ 1,047,900 |
| 10,700 | Molecular Devices Corp. ^(a) | 215,070 |
| 721,200 | Nano-Proprietary, Inc. ^(a) | 1,565,004 |
| | | 2,827,974 |
| Energy Equipment and Services – 2.25% | | |
| 350,000 | American Superconductor Corp. ^(a) | 5,211,500 |
| 208,100 | Cooper Cameron Corp. ^(a) | 11,197,861 |
| 50,000 | Distributed Energy Systems Corp. ^(a) | 125,000 |
| 365,000 | Valero Energy Corp. | 16,571,000 |
| | | 33,105,361 |
| Food and Drug Retail – 0.48% | | |
| 40,000 | Albertson's, Inc. | 955,200 |
| 250,000 | Safeway, Inc. ^(a) | 4,935,000 |
| 250,000 | Winn-Dixie Stores, Inc. | 1,137,500 |
| | | 7,027,700 |
| Food Products – 7.96% | | |
| 1,000,000 | Archer-Daniels-Midland Co. | 22,310,000 |
| 350,000 | Campbell Soup Co. | 10,461,500 |
| 200,000 | Del Monte Foods Co. ^(a) | 2,204,000 |
| 400,000 | General Mills, Inc. | 19,884,000 |
| 245,500 | J.M. Smucker Company (The) | 11,555,685 |
| 500,000 | Kraft Foods, Inc. | 17,805,000 |
| 200,000 | Sara Lee Corp. | 4,828,000 |
| 50,000 | Smithfield Foods, Inc. ^(a) | 1,479,500 |
| 400,000 | Tyson Foods, Inc. | 7,360,000 |
| 276,600 | William Wrigley Jr. Co. | 19,137,954 |
| | | 117,025,639 |
| Gas Utilities – 0.25% | | |
| 100,000 | Sempra Energy | 3,668,000 |
| Health Care Equipment and Supplies – 4.01% | | |
| 250,000 | Accelrys, Inc. ^(a) | 1,950,000 |
| 300,000 | Biosite, Inc. ^(a) | 18,462,000 |
| 100,000 | CTI Molecular Imaging, Inc. ^(a) | 1,419,000 |
| 33,000 | Cytoc Corp. ^(a) | 909,810 |
| 143,000 | Haemonetics Corp. ^(a) | 5,178,030 |
| 125,000 | Hillenbrand Industries, Inc. | 6,942,500 |
| 30,000 | Medtronic, Inc. | 1,490,100 |
| 28,900 | ResMed, Inc. ^(a) | 1,476,790 |
| 600,000 | STERIS Corp. ^(a) | 14,232,000 |
| 200,000 | Zoll Medical Corp. ^(a) | 6,880,000 |
| | | 58,940,230 |

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

Shares COMMON STOCKS – 96.67% (continued)

Value

Health Care Providers and Services – 3.72%

| | | | |
|---------|----------------------------------------------------|----|-------------------|
| 143,000 | Chronimed, Inc. ^(a) | \$ | 933,790 |
| 4,000 | Community Health Systems, Inc. ^(a) | | 111,520 |
| 100,000 | DaVita, Inc. ^(a) | | 3,953,000 |
| 600,000 | First Health Group Corp. ^(a) | | 11,226,000 |
| 150,000 | Health Management Associates, Inc. | | 3,408,000 |
| 117,400 | Health Net, Inc. ^(a) | | 3,389,338 |
| 350,000 | Healthsouth Corp. ^(a) | | 2,233,000 |
| 50,100 | Lincare Holdings, Inc. ^(a) | | 2,136,765 |
| 30,150 | Medco Health Solutions, Inc. ^(a) | | 1,254,240 |
| 250,000 | OCA, Inc. ^(a) | | 1,587,500 |
| 377,200 | Priority Healthcare Corp. - Class B ^(a) | | 8,211,644 |
| 450,000 | Renal Care Group, Inc. ^(a) | | 16,195,500 |
| | | | <u>54,640,297</u> |

Hotels, Restaurants and Leisure – 4.69%

| | | | |
|-----------|------------------------------------------------|--|-------------------|
| 46,800 | Bob Evans Farms, Inc. | | 1,223,352 |
| 143,700 | California Pizza Kitchen, Inc. ^(a) | | 3,305,100 |
| 400 | Landry's Restaurants, Inc. | | 11,624 |
| 70,500 | Lone Star Steakhouse & Saloon, Inc. | | 1,974,000 |
| 1,250,000 | McDonald's Corp. | | 40,075,000 |
| 281,700 | Outback Steakhouse, Inc. | | 12,896,226 |
| 77,000 | Papa John's International, Inc. ^(a) | | 2,651,880 |
| 171,400 | Wendy's International, Inc. | | 6,729,164 |
| | | | <u>68,866,346</u> |

Household Durables – 1.89%

| | | | |
|---------|---------------------------------------|--|-------------------|
| 100,000 | American Greetings Corp. - Class A | | 2,535,000 |
| 50,000 | Lancaster Colony Corp. | | 2,143,500 |
| 17,900 | La-Z-Boy, Inc. | | 275,123 |
| 364,800 | Linens 'n Things, Inc. ^(a) | | 9,047,040 |
| 100,000 | Newell Rubbermaid, Inc. | | 2,419,000 |
| 100,000 | Sherwin-Williams Co. | | 4,463,000 |
| 100,000 | Whirlpool Corp. | | 6,921,000 |
| | | | <u>27,803,663</u> |

Household Products – 1.98%

| | | | |
|---------|-----------------------|--|-------------------|
| 49,900 | Blyth, Inc. | | 1,475,044 |
| 300,000 | Kimberly-Clark Corp. | | 19,743,000 |
| 150,000 | Wal-Mart Stores, Inc. | | 7,923,000 |
| | | | <u>29,141,044</u> |

Industrial Conglomerates – 0.03%

| | | | |
|--------|----------------------------------------|--|---------|
| 49,800 | Gerber Scientific, Inc. ^(a) | | 378,978 |
|--------|----------------------------------------|--|---------|

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Shares | COMMON STOCKS – 96.67% (continued) | Value |
|---------------------------------------------------------------|--------------------------------------------------------------|-------------------|
| Information Technology Consulting and Services – 1.64% | | |
| 300,000 | Computer Sciences Corp. ^(a) | \$ 16,911,000 |
| 100,000 | Electronic Data Systems Corp. | 2,310,000 |
| 250,000 | Synopsys, Inc. ^(a) | 4,905,000 |
| | | <u>24,126,000</u> |
| Insurance – 3.64% | | |
| 4,444 | Aegon N.V. - American Regular Shares | 60,927 |
| 600,000 | Aon Corp. | 14,316,000 |
| 384,500 | Arthur J. Gallagher & Co. | 12,496,250 |
| 76,000 | ChoicePoint, Inc. ^(a) | 3,495,240 |
| 177,300 | CIGNA Corp. | 14,462,361 |
| 16,300 | Principal Financial Group, Inc. | 667,322 |
| 186,600 | Protective Life Corp. | 7,965,954 |
| | | <u>53,464,054</u> |
| Internet Software and Services – 1.00% | | |
| 250,000 | Check Point Software Technologies, Ltd. ^(a) | 6,157,500 |
| 200,000 | First Data Corp. | 8,508,000 |
| 3,900 | WebEx Communications, Inc. ^(a) | 92,742 |
| | | <u>14,758,242</u> |
| Leisure Equipment and Products – 3.39% | | |
| 368,300 | Borders Group, Inc. | 9,354,820 |
| 56,600 | Brunswick Corp. | 2,801,700 |
| 297,900 | Callaway Golf Co. | 4,021,650 |
| 800,000 | Eastman Kodak Co. | 25,800,000 |
| 49,400 | Fuji Photo Film Co., Ltd. - ADR | 1,826,812 |
| 250,000 | Nautilus Group, Inc. (The) | 6,042,500 |
| | | <u>49,847,482</u> |
| Machinery – 0.31% | | |
| 205,000 | AGCO Corp. ^(a) | 4,487,450 |
| Marine – 0.09% | | |
| 97,100 | CP Ships, Ltd. | <u>1,393,385</u> |
| Media – 0.93% | | |
| 100,000 | Comcast Corp - Special Class A ^(a) | 3,284,000 |
| 50,000 | McGraw-Hill Companies, Inc. (The) | 4,577,000 |
| 156,500 | Scholastic Corp. ^(a) | 5,784,240 |
| | | <u>13,645,240</u> |
| Metals and Mining – 2.24 % | | |
| 550,000 | Barrick Gold Corp. | 13,321,000 |
| 325,000 | Newmont Mining Corp. | 14,433,250 |
| 275,000 | Placer Dome, Inc. | 5,186,500 |
| | | <u>32,940,750</u> |

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Shares | COMMON STOCKS – 96.67% (continued) | Value |
|-------------------------------------------|----------------------------------------------|---------------|
| Multiline Retail – 3.54% | | |
| 502,600 | BJ's Wholesale Club, Inc. ^(a) | \$ 14,640,738 |
| 125,000 | CVS Corp. | 5,633,750 |
| 422,500 | Dollar Tree Stores, Inc. ^(a) | 12,117,300 |
| 400,000 | Kohl's Corp. ^(a) | 19,668,000 |
| | | 52,059,788 |
| Office Electronics – 0.15% | | |
| 40,300 | Canon, Inc. - ADR | 2,186,678 |
| Oil and Gas – 9.96% | | |
| 50,000 | Amerada Hess Corp. | 4,119,000 |
| 200,000 | Anadarko Petroleum Corp. | 12,962,000 |
| 75,000 | Apache Corp. | 3,792,750 |
| 300,000 | BP Amoco PLC - ADR | 17,520,000 |
| 88,800 | Burlington Resources, Inc. | 3,862,800 |
| 200,000 | Cabot Corp. | 7,736,000 |
| 100,000 | ChevronTexaco Corp. | 5,251,000 |
| 150,000 | ConocoPhillips | 13,024,500 |
| 250,000 | Exxon Mobil Corp. | 12,815,000 |
| 350,000 | Marathon Oil Corp. | 13,163,500 |
| 250,000 | Newfield Exploration Co. ^(a) | 14,762,500 |
| 25,000 | Petro-Canada | 1,275,500 |
| 383,800 | Petroleo Brasileiro S.A. - ADR | 15,267,564 |
| 200,000 | Royal Dutch Petroleum Co. - NY Shares | 11,476,000 |
| 112,500 | Stone Energy Corp. ^(a) | 5,072,625 |
| 100,000 | Unocal Corp. | 4,324,000 |
| | | 146,424,739 |
| Paper and Forest Products – 0.21 % | | |
| 94,900 | Bemis Co., Inc. | 2,760,641 |
| 9,090 | Neeenah Paper, Inc. ^(a) | 296,334 |
| | | 3,056,975 |
| Pharmaceuticals – 8.07% | | |
| 100,000 | Alpharma, Inc. - Class A | 1,695,000 |
| 565,800 | Altair Nanotechnologies, Inc. ^(a) | 1,533,262 |
| 300,000 | Biovail Corp. ^(a) | 4,959,000 |
| 250,000 | Bristol-Myers Squibb Co. | 6,405,000 |
| 300,000 | Johnson & Johnson | 19,026,000 |
| 1,650,000 | King Pharmaceuticals, Inc. ^(a) | 20,460,000 |
| 100,000 | Medicis Pharmaceutical Corp. | 3,511,000 |
| 400,000 | Mylan Laboratories, Inc. | 7,072,000 |
| 200,000 | Novartis AG - ADR | 10,108,000 |
| 34,030 | Perrigo Co. | 587,698 |
| 1,300,000 | Pfizer, Inc. | 34,957,000 |

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Shares | COMMON STOCKS – 96.67% (continued) | Value |
|-----------------------------------------------------|-------------------------------------------------------------------|--------------------|
| Pharmaceuticals – 8.07% (continued) | | |
| 55,000 | Pharmaceutical Product Development, Inc. ^(a) | \$ 2,270,950 |
| 125,000 | Pharmacoepia Drug Discovery, Inc. ^(a) | 748,750 |
| 250,000 | Schering-Plough Corp. | 5,220,000 |
| | | <u>118,553,660</u> |
| Real Estate – 0.28% | | |
| 65,000 | Standard Pacific Corp. | <u>4,169,100</u> |
| Road and Rail – 0.40% | | |
| 125,200 | Burlington Northern Santa Fe Corp. | <u>5,923,212</u> |
| Semiconductor Equipment and Products – 1.36% | | |
| 200,000 | Intel Corp. | 4,678,000 |
| 50,000 | Kyocera Corp. - ADR | 3,849,000 |
| 50,000 | Nanometrics, Inc. ^(a) | 805,950 |
| 750,004 | Taiwan Semiconductor Manufacturing Co., Ltd. - ADR | 6,367,534 |
| 200,000 | Veeco Instruments, Inc. ^(a) | 4,214,000 |
| | | <u>19,914,484</u> |
| Software – 4.56% | | |
| 300,000 | Borland Software Corp. ^(a) | 3,504,000 |
| 249,500 | John H. Harland Co. | 9,006,950 |
| 979,300 | Macromedia, Inc. ^(a) | 30,475,816 |
| 900,000 | Microsoft Corp. | 24,039,000 |
| | | <u>67,025,766</u> |
| Specialty Retail – 5.99% | | |
| 200,000 | Abercrombie & Fitch Co. - Class A | 9,390,000 |
| 563,200 | Barnes & Noble, Inc. ^(a) | 18,174,464 |
| 500,000 | Blockbuster, Inc. - Class A | 4,770,000 |
| 70,500 | Foot Locker, Inc. | 1,898,565 |
| 239,290 | GameStop Corp. ^(a) | 5,362,489 |
| 250,000 | Gap, Inc. (The) | 5,280,000 |
| 500,000 | Home Depot, Inc. (The) | 21,370,000 |
| 150,000 | Men's Wearhouse, Inc. (The) ^(a) | 4,794,000 |
| 250,000 | Office Depot, Inc. ^(a) | 4,340,000 |
| 270,000 | Staples, Inc. | 9,101,700 |
| 100,000 | Williams-Sonoma, Inc. ^(a) | 3,504,000 |
| | | <u>87,985,218</u> |
| Textiles and Apparel – 2.11% | | |
| 220,000 | Jones Apparel Group, Inc. | 8,045,400 |
| 250,000 | Oakley, Inc. | 3,187,500 |
| 65,300 | Reebok International Ltd. | 2,873,200 |
| 85,800 | Stride Rite Corp. (The) | 958,386 |

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Shares | COMMON STOCKS – 96.67% (continued) | Value |
|------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------|
| | Textiles and Apparel – 2.11% (continued) | |
| 100,000 | Talbots, Inc. | \$ 2,723,000 |
| 750,000 | Tommy Hilfiger Corp. ^(a) | 8,460,000 |
| 86,900 | V.F. Corp. | 4,812,522 |
| | | <u>31,060,008</u> |
| | Tobacco – 0.52% | |
| 125,000 | Altria Group, Inc. | <u>7,637,500</u> |
| | Total Common Stocks (Cost \$1,305,854,227) | <u>\$ 1,420,622,264</u> |
| | PUT OPTION CONTRACTS – 1.78% | |
| | Contracts | Value |
| 6,500 | Russell 2000 Index Option, 03/19/05 at \$600 | \$ 4,160,000 |
| 8,500 | S&P 100 Index Option, 03/19/05 at \$560 | 7,225,000 |
| 9,000 | S&P 100 Index Option, 03/19/05 at \$580 | 14,724,000 |
| | Total Put Option Contracts (Cost \$39,681,000) | <u>\$ 26,109,000</u> |
| | Total Investments in Securities at Value – 98.45% (Cost \$1,345,535,227) | <u>\$ 1,446,731,264</u> |
| | MONEY MARKET FUNDS – 5.41% | |
| | Shares | Value |
| 79,493,151 | First American Treasury Obligation Fund - Class S (Cost \$79,493,151) | <u>\$ 79,493,151</u> |
| | Total Investments in Securities and Money Market Funds at Value – 103.86% (Cost \$1,425,028,378) | <u>\$ 1,526,224,415</u> |
| | Liabilities in Excess of Other Assets – (3.86%) | <u>(56,685,915)</u> |
| | Net Assets – 100.00% | <u><u>\$ 1,469,538,500</u></u> |

^(a) Non-income producing security.

ADR - American Depository Receipt

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Schedule of Open Written Option Contracts

December 31, 2004 (Unaudited)

| Contracts | WRITTEN CALL OPTIONS | Value of Options | Premiums Received |
|------------------|-------------------------------------------------------|-----------------------------|------------------------------|
| 6,500 | Russell 2000 Index Option, 03/19/05 at \$600 | \$ 38,200,500 | \$ 27,160,250 |
| 8,500 | S&P 100 Index Option, 03/19/05 at \$560 | 19,975,000 | 17,837,250 |
| | | <u>\$ 58,175,500</u> | <u>\$ 44,997,500</u> |

See accompanying notes to financial statements.

Hussman Strategic Total Return Fund

Portfolio of Investments

December 31, 2004 (Unaudited)

| Shares | COMMON STOCKS – 21.49% | Value |
|----------------------------------------------|------------------------------------------------------|---------------|
| Electrical Equipment – 0.19% | | |
| 10,000 | Endesa S.A. - ADR | \$ 232,700 |
| Electric Utilities – 2.68% | | |
| 35,000 | Korea Electric Power Corp. - ADR | 463,400 |
| 45,000 | MDU Resources Group, Inc. | 1,200,600 |
| 35,000 | OGE Energy Corp. | 927,850 |
| 12,500 | Public Service Enterprise Group, Inc. | 647,125 |
| | | 3,238,975 |
| Energy Equipment and Services – 0.80% | | |
| 20,000 | Black Hills Corp. | 613,600 |
| 14,000 | DPL, Inc. | 351,540 |
| | | 965,140 |
| Gas Utilities – 1.27% | | |
| 3,500 | Nicor, Inc. | 129,290 |
| 500 | UGI Corp. | 20,455 |
| 45,000 | WGL Holdings, Inc. | 1,387,800 |
| | | 1,537,545 |
| Metals and Mining – 16.02% | | |
| 10,000 | AngloGold Ashanti Ltd. - ADR | 363,500 |
| 225,000 | Barrick Gold Corp. | 5,449,500 |
| 35,000 | Goldcorp, Inc. | 526,400 |
| 150,000 | Newmont Mining Corp. | 6,661,500 |
| 275,000 | Placer Dome, Inc. | 5,186,500 |
| 75,000 | Stillwater Mining Co. ^(a) | 844,500 |
| 35,000 | USEC, Inc. | 339,150 |
| | | 19,371,050 |
| Oil and Gas – 0.53% | | |
| 4,700 | PPL Corp. | 250,416 |
| 10,000 | SCANA Corp. | 394,000 |
| | | 644,416 |
| | Total Common Stocks (Cost \$23,635,965) | \$ 25,989,826 |

Hussman Strategic Total Return Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Par Value | U.S. TREASURY OBLIGATIONS – 69.53% | Value |
|----------------------------------------------------------|-----------------------------------------------------------------------------|----------------------|
| U.S. Treasury Bills – 19.75% | | |
| \$ 19,000,000 | discount, due 03/03/2005 | \$ 18,935,856 |
| 5,000,000 | discount, due 06/16/2005 | 4,944,330 |
| | | <u>23,880,186</u> |
| U.S. Treasury Inflation-Protection Notes – 49.78% | | |
| 9,674,280 | 3.375%, due 01/15/2012 | 11,015,077 |
| 10,615,600 | 3.00%, due 07/15/2012 | 11,849,250 |
| 20,659,600 | 2.00%, due 01/15/2014 | 21,389,152 |
| 11,610,400 | 3.875%, due 04/15/2029 | 15,936,191 |
| | | <u>60,189,670</u> |
| | Total U.S. Treasury Obligations (Cost \$82,343,917) | <u>\$ 84,069,856</u> |
| | | |
| Par Value | U.S. GOVERNMENT AGENCY OBLIGATIONS – 7.11% | Value |
| Federal Farm Credit Bank – 0.32% | | |
| \$ 400,000 | 2.625%, due 09/24/2007 | \$ 391,933 |
| Federal Home Loan Bank – 2.67% | | |
| 1,000,000 | 2.25%, due 10/25/2005 | 995,038 |
| 1,000,000 | 2.54%, due 01/26/2006 | 995,170 |
| 750,000 | 2.22%, due 09/12/2006 | 738,259 |
| 500,000 | 5.70%, due 04/16/2018 | 500,034 |
| | | <u>3,228,501</u> |
| Federal National Mortgage Association – 4.12% | | |
| 1,500,000 | 2.25%, due 12/30/2005 | 1,488,690 |
| 3,000,000 | 2.81%, due 09/28/2006 | 2,977,056 |
| JPY50,000,000 | 2.125%, due 10/09/2007 | 513,205 |
| | | <u>4,978,951</u> |
| | Total U.S. Government Agency Obligations (Cost \$8,558,843) | <u>\$ 8,599,385</u> |

Hussman Strategic Total Return Fund

Portfolio of Investments *(continued)*

December 31, 2004 *(Unaudited)*

| Par Value | FOREIGN GOVERNMENT OBLIGATIONS - 0.20% | Value |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------------|
| Canadian Government Notes – 0.20% | | |
| JPY 25,000,000 | 0.70%, due 03/20/2006 (Cost \$209,866) | \$ 245,729 |
| Total Investments in Securities at Value – 98.33% | | |
| (Cost \$114,748,591) | | \$ 118,904,796 |
| Shares | MONEY MARKET FUNDS – 1.17% | Value |
| 1,416,935 | First American Treasury Obligation Fund - Class S (Cost \$1,416,935) | \$ 1,416,935 |
| Total Investments in Securities and Money Market Funds at Value – 99.50% | | |
| (Cost \$116,165,526) | | \$ 120,321,731 |
| Other Assets in Excess of Liabilities – 0.50% | | 599,580 |
| Net Assets – 100.00% | | \$ 120,921,311 |

^(a) Non-income producing security.

ADR - American Depository Receipt

JPY - Japanese Yen

See accompanying notes to financial statements.

Hussman Investment Trust

Notes to Financial Statements

December 31, 2004 (Unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Hussman Strategic Growth Fund and the Hussman Strategic Total Return Fund (individually, a "Fund", and collectively, the "Funds") are each a series of Hussman Investment Trust (the "Trust"), an open-end management investment company registered under the Investment Company Act of 1940 (the "1940 Act"). Each Fund is authorized to issue an unlimited number of shares.

As part of the Trust's organization, the Hussman Strategic Growth Fund issued in a private placement 10,000 shares of beneficial interest to Hussman Econometrics Advisors, Inc. (the "Adviser") at \$10.00 a share on June 20, 2000. The Fund commenced operations on July 24, 2000. The Hussman Strategic Total Return Fund commenced operations on September 12, 2002.

The 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.

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

Securities and Options Valuation — The Funds' portfolio securities are valued at market value as of the close of regular trading on the New York Stock Exchange (NYSE) (normally, 4:00 Eastern time) on each business day the NYSE is open. Securities, other than options, listed on the NYSE or other exchanges are valued on the basis of their last sale prices on the exchanges on which they are primarily traded. However, if the last sale price on the NYSE is different than the last sale price on any other exchange, the NYSE price will be used. If there are no sales on that day, the securities are valued at the last bid price on the NYSE or other primary exchange for that day. Securities traded on a foreign stock exchange are valued based upon the closing price on the principal exchange where the security is traded. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. If there are no sales on that day, the securities are valued at the last bid price as reported by NASDAQ. Securities traded in the over-the-counter market, and which are not quoted by NASDAQ, are valued at the last sales price, if available, otherwise at the mean of the closing bid and asked prices. Foreign securities are translated from the local currency into U.S. dollars using currency exchange rates supplied by a pricing quotation service.

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 (Unaudited)

Pursuant to valuation procedures approved by the Board of Trustees, options traded on a national securities exchange are valued at a price between the closing bid and ask prices determined by the Adviser to most closely reflect market value as of the time of computation of net asset value. As of December 31, 2004, all options held by the Hussman Strategic Growth Fund have been valued in this manner. Options not traded on a national securities exchange or board of trade, but for which over-the-counter market quotations are readily available, are valued at the mean of their closing bid and ask prices. Futures contracts and options thereon, which are traded on commodities exchanges, are valued at their daily settlement value as of the close of such commodities exchanges.

Fixed income securities not traded or dealt in upon any securities exchange but for which over-the-counter market quotations are readily available generally shall be valued at the mean of their closing bid and asked prices. When market quotations are not readily available, fixed income securities may be valued on the basis of prices provided by an independent pricing service. The Board of Trustees will review and monitor the methods used by such services to assure itself that securities are appropriately valued. The fair value of securities with remaining maturities of 60 days or less has been determined in good faith by the Board of Trustees to be represented by amortized cost value, absent unusual circumstances. In the event that market quotations are not readily available or are determined by the Adviser to not be reflective of fair market value due to market events or developments, securities and options are valued at fair value as determined in good faith 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.

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

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 (Unaudited)

When a Fund writes an option, an amount equal to the net premium (the premium less the commission) received by the Fund is recorded in the liabilities section of the Fund's Statement of Assets and Liabilities and is subsequently valued. If an option expires 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 option is exercised, the Fund may deliver the underlying security in the open market. In this event, the proceeds of the sale will be increased by the net premium originally received and the Fund will realize a gain or loss.

Repurchase Agreements — The Funds may enter into repurchase agreements with certain banks or non-bank dealers. The value of the underlying securities will be monitored on an ongoing basis to ensure that the value always equals or exceeds the repurchase price plus accrued interest.

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

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, other than investment securities, resulting from changes in exchange rates.

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 *(Unaudited)*

Share Valuation and Redemption Fees — The net asset value 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 daily by dividing the total value of each Fund's assets, less liabilities, by the number of shares outstanding. The offering price and redemption price per share of each Fund is equal to the net asset value per share, except that shares of each Fund are subject to a redemption fee of 1.5% if redeemed within six months of the date of purchase. During the periods ended December 31, 2005 and June 30, 2004, proceeds from redemption fees totaled \$578,381 and \$502,840, respectively, for the Hussman Strategic Growth Fund and \$39,629 and \$46,476, respectively, for the Hussman Strategic Total Return Fund.

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

Distributions to Shareholders — Dividends arising from net investment income, if any, are declared and paid annually to shareholders of the Hussman Strategic Growth Fund and are declared and paid quarterly to shareholders of the Hussman Strategic Total Return Fund. Net realized short-term capital gains, if any, may be distributed throughout the year and net realized long-term capital gains, if any, are distributed at least once a year. 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 accounting principles generally accepted in the United States. These "book/tax" differences are either temporary or permanent in nature and are primarily due to timing differences in the recognition of capital gains or losses for option transactions, losses deferred due to wash sales and treatment for foreign currency transactions.

The tax character of distributions paid during the periods ended December 31, 2004 and June 30, 2004 were as follows:

| | Periods Ended | Ordinary Income | Long-Term Capital Gains | Total Distributions |
|-------------------------------------|------------------|--------------------|-------------------------------|------------------------|
| Hussman Strategic Growth Fund | 12/31/04 | \$50,274,607 | \$18,091,384 | \$68,365,991 |
| | 6/30/04 | \$ — | \$ 392,622 | \$ 392,622 |
| Hussman Strategic Total Return Fund | 12/31/04 | \$ 1,158,939 | \$ 236,250 | \$ 1,395,189 |
| | 6/30/04 | \$ 2,142,783 | \$ — | \$ 2,142,783 |

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 (Unaudited)

Organization Expenses — All costs incurred by the Trust in connection with the organization of the Funds and the initial public offering of shares of the Funds, principally professional fees and printing, were initially paid by the Adviser. Organization costs related to the Hussman Strategic Growth Fund have been recovered by the Adviser pursuant to the Expense Limitation Agreement. Organization costs related to the Hussman Strategic Total Return Fund are subject to recovery by the Adviser pursuant to the Expense Limitation Agreement (See Note 3).

Security Transactions — Security transactions are accounted for on trade date. Gains and losses on securities sold is determined on a specific identification basis.

Common Expenses — Common expenses of the Trust are allocated among the Funds based on relative net assets of each Fund or the nature of the services performed and the relative applicability to each Fund.

Accounting Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Federal Income Tax — It is each Fund's policy to comply with the special provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. 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 the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

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

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 *(Unaudited)*

The following information is computed on a tax basis for each item as of December 31, 2004:

| | Hussman Strategic Growth Fund | Hussman Strategic Total Return Fund |
|---------------------------------------------------------|----------------------------------------------|----------------------------------------------------|
| Cost of portfolio investments and written options | \$ 1,301,998,360 | \$ 114,748,591 |
| Gross unrealized appreciation | \$ 171,885,568 | \$ 4,474,180 |
| Gross unrealized depreciation | (85,328,164) | (317,975) |
| Net unrealized appreciation | \$ 86,557,404 | \$ 4,156,205 |
| Net unrealized foreign exchange gains | — | 77 |
| Undistributed ordinary income | 2,260,603 | 81,203 |
| Post-October losses | (7,300,832) | (498,242) |
| Other gains (losses) | (12,508,270) | 999,853 |
| Other temporary differences | (283,812) | (65,966) |
| Total distributable earnings | <u>\$ 68,725,093</u> | <u>\$ 4,673,130</u> |

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Hussman Strategic Growth Fund is due to certain timing differences in the recognition of capital gains or losses under income tax regulations and accounting principles generally accepted in the United States.

The Hussman Strategic Growth Fund and the Hussman Strategic Total Return Fund had realized capital losses of \$7,300,832 and \$498,242, respectively, during the period November 1, 2003 through June 30, 2004, which are treated for federal income tax purposes as arising during the Fund's tax year ended June 30, 2005. These "post-October losses" may be utilized in the current and future years to offset net realized capital gains prior to distributing such gains to shareholders.

2. INVESTMENT TRANSACTIONS

During the six months ended December 31, 2004, cost of purchases and proceeds from sales and maturities of investment securities, other than short-term investments and U.S. government securities, amounted to \$638,378,762 and \$592,254,247, respectively, for the Hussman Strategic Growth Fund and \$9,518,907 and \$5,664,623, respectively, for the Hussman Strategic Total Return Fund.

3. TRANSACTIONS WITH AFFILIATES

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

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 *(Unaudited)*

Advisory Agreement

Under the terms of an Advisory Agreement between the Trust and the Adviser, the Hussman Strategic Growth Fund pays a fee, which is computed and accrued daily and paid monthly, at an annual rate of 1.25% of the first \$250 million of its average daily net assets; 1.15% of the next \$250 million of such assets; 1.05% of the next \$500 million of such assets; and 0.95% of such assets in excess of \$1 billion. The Hussman Strategic Total Return Fund pays the Adviser a fee, which is computed and accrued daily and paid monthly, at the annual rate of 0.60% of the average daily net assets of the Fund.

Pursuant to an Expense Limitation Agreement with respect to the Hussman Total Return Fund, the Adviser has contractually agreed to waive a portion of its advisory fees or to absorb operating expenses to the extent necessary so that the Fund's ordinary operating expenses do not exceed an amount equal to 0.90% annually of its average daily net assets. This expense limitation agreement remains in effect until at least December 31, 2005. Accordingly, during the six months ended December 31, 2004, the Adviser waived advisory fees of \$81,826. Any fee waivers or expense reimbursements by the Adviser, either before or after December 31, 2005, are subject to repayment by the Fund provided the Fund is able to effect such repayment and remain in compliance with the undertaking by the Adviser to limit expenses of the Fund, and provided further that the expenses which are the subject of the repayment were incurred within three years of such repayment. As of December 31, 2004, the amount of fee waivers and expense reimbursements available for reimbursement to the Adviser is \$382,855. The Adviser may recapture these amounts no later than the dates as stated below:

| | <u>June 30, 2006</u> | <u>June 30, 2007</u> | <u>June 30, 2008</u> |
|----------------------------------------|----------------------|----------------------|----------------------|
| Hussman Strategic Total Return Fund | \$162,297 | \$138,732 | \$81,826 |

Administration Agreement

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

For these services, Ultimus receives a monthly fee from each of the Funds at an annual rate of 0.15% on its respective average daily net assets up to \$50 million; 0.125% on the next \$50 million of such assets; 0.10% on the next

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 (Unaudited)

\$150 million of such assets; 0.075% on the next \$250 million of such assets; and 0.05% on such net assets in excess of \$500 million, subject to a minimum monthly fee of \$2,000. For the six months ended December 31, 2004, the Hussman Strategic Growth Fund and the Hussman Total Return Fund paid \$466,479 and \$76,226, respectively, to Ultimus for administration services.

Fund Accounting Agreement

Under the terms of a Fund Accounting Agreement between the Trust and Ultimus, Ultimus calculates the daily net asset value per share and maintains the financial books and records of the Funds. For these services, Ultimus receives from each of the Funds a monthly base fee of \$2,500, plus an asset based fee equal to 0.01% of its respective average daily net assets up to \$500 million and 0.005% of such net assets in excess of \$500 million. In addition, the Funds pay certain out-of-pocket expenses incurred by Ultimus in obtaining valuations of the Funds' portfolio securities. For the six months ended December 31, 2004, the Hussman Strategic Growth Fund and the Hussman Total Return Fund paid \$63,151 and \$20,762, respectively, to Ultimus for fund accounting services.

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 monthly fee at an annual rate of \$17 per account, subject to a minimum fee of \$1,500 per month. For the six months ended December 31, 2004, the Hussman Strategic Growth Fund and the Hussman Strategic Total Return Fund paid \$175,261 and \$14,721, respectively, to Ultimus for transfer agent and shareholder services. In addition, the Funds pay certain out-of-pocket expenses incurred by Ultimus including, but not limited to, postage and supplies.

For shareholder accounts held through financial intermediaries, the Funds may, in some cases, reimburse these intermediaries for the cost of providing equivalent account maintenance services, at an annual rate of not more than \$17 per account. During the six months ended December 31, 2004, the Hussman Strategic Growth Fund and the Hussman Total Return Fund paid \$168,500 and \$23,220, respectively, to financial intermediaries.

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2004 *(Unaudited)*

Compliance Consulting Agreement

Under the terms of a Compliance Consulting Agreement between the Trust and Ultimus, Ultimus provides an individual with the requisite background and familiarity with the Federal Securities Laws to serve as the Chief Compliance Officer and to administer the Trust's compliance policies and procedures. For these services, the Trust pays Ultimus a base fee of \$1,000 per month, plus an asset-based fee at the annual rate of .005% of the average value of its 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. During the six months ended December 31, 2004, the Hussman Strategic Growth Fund and the Hussman Strategic Total Return Fund paid \$14,042 and \$2,981, respectively, to Ultimus for compliance consulting services. In addition, the Trust pays reasonable out-of-pocket expenses incurred by Ultimus.

4. OPTION CONTRACTS WRITTEN

Transactions in option contracts written by the Hussman Strategic Growth Fund during the six months ended December 31, 2004, were as follows:

| | <u>Option Contracts</u> | <u>Option Premiums</u> |
|-----------------------------------------------------------|-----------------------------|----------------------------|
| Options outstanding at beginning of period | 21,250 | \$ 48,315,053 |
| Options written | 53,000 | 117,791,522 |
| Options cancelled in a closing purchase transaction | <u>(59,250)</u> | <u>(121,109,075)</u> |
| Options outstanding at end of period | <u>15,000</u> | <u>\$ 44,997,500</u> |

No contracts were written by the Hussman Strategic Total Return Fund during the six months ended December 31, 2004.

5. BANK LINE OF CREDIT

The Hussman Strategic Growth Fund has an unsecured bank line of credit in the amount of \$10,000,000. The Hussman Strategic Total Fund has an unsecured bank line of credit in the amount of \$2,000,000. Borrowings under these arrangements bear interest at a rate per annum equal to the Prime Rate at the time of borrowing. During the six months ended December 31, 2004, the Funds had no outstanding borrowings under their respective lines of credit.

December 31, 2004 (Unaudited)

6. CONTINGENCIES AND COMMITMENTS

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

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, including 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 fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds. The examples below are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table below illustrates each Fund's costs in two ways:

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

Hypothetical 5% return – This section is intended to help you compare each Fund's costs with those of other mutual funds. It assumes that each Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not each Fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess each Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Hussman Investment Trust

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

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.

More information about the Fund's expenses, including annual expense ratios since inception, can be found 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 Account Value July 1, 2004 | Ending Account Value Dec. 31, 2004 | Expenses Paid During Period* |
|------------------------------------------------------|--------------------------------------------|------------------------------------------|---------------------------------|
| Based on Actual Fund Return | \$1,000.00 | \$ 1,013.80 | \$6.40 |
| Based on Hypothetical 5% Return (before expenses) | \$1,000.00 | \$ 1,018.85 | \$6.41 |

* Expenses are equal to the Hussman Strategic Growth Fund's annualized expense ratio of (1.26%) for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the period covered by this report).

Hussman Strategic Total Return Fund

| | Beginning Account Value July 1, 2004 | Ending Account Value Dec. 31, 2004 | Expenses Paid During Period* |
|------------------------------------------------------|--------------------------------------------|------------------------------------------|---------------------------------|
| Based on Actual Fund Return | \$1,000.00 | \$ 1,061.80 | \$4.68 |
| Based on Hypothetical 5% Return (before expenses) | \$1,000.00 | \$ 1,020.67 | \$4.58 |

* Expenses are equal to the Hussman Strategic Total Return Fund's annualized expense ratio of (0.90%) for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the period covered by this report).



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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 Securities and Exchange Commission's (SEC) 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 first and third quarters of each fiscal year on Form N-Q beginning with the September 2004 quarter. The filings will be available upon request, by calling 1-800-HUSSMAN (1-800-487-7626). Furthermore, you will be able to obtain a copy of the filing 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.

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