

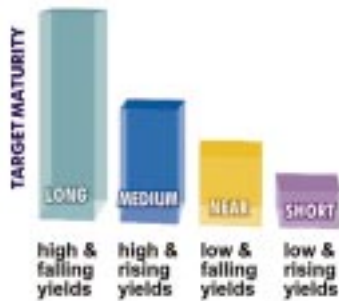


HUSSMAN INVESTMENT TRUST

Hussman Strategic Growth Fund



Hussman Strategic Total Return Fund



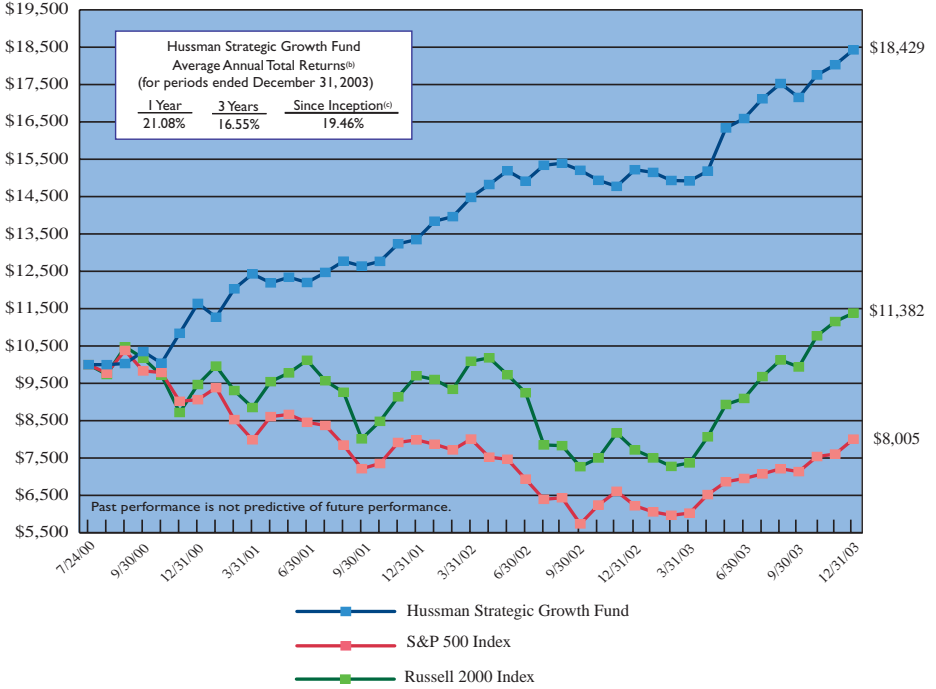
SEMI-ANNUAL REPORT

DECEMBER 31, 2003
(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)



^(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.

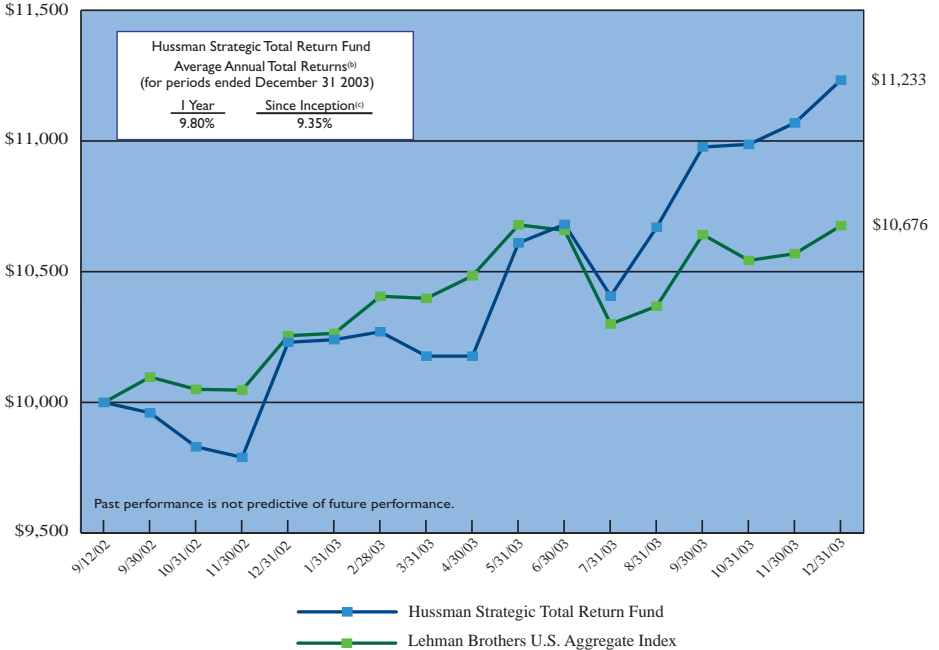
^(b) Returns do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

^(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)



^(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, 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 manager 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 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 continued to perform as intended in 2003, gaining value with less volatility than the overall market. Our investment objective is to achieve strong long-term capital appreciation and total returns, while adding emphasis on defending capital during conditions that have generally been unfavorable toward market risk.

Both the Strategic Growth Fund and the Strategic Total Return Fund have outperformed their benchmarks (the S&P 500 and the Lehman U.S. Aggregate, respectively) since inception, with smaller pullbacks than passive investments in those indices.

Hussman Strategic Growth Fund

The Strategic Growth Fund achieved a total return of 21.08% in 2003. The deepest short-term pullback experienced by the Fund, measured from peak-to-trough, was -3.78%. During the same period, the S&P 500 Index achieved a total return of 28.69%, with its deepest pullback during the year being -13.80%.

So while the Fund experienced low volatility and fairly shallow short-term pullbacks, the Fund's total return in 2003 fell short of the return achieved by the S&P 500 Index. While the willingness to periodically avoid, hedge, or diversify away risk is essential to our long-term investment objectives, it also means that the Strategic Growth Fund may not always track market movements closely, particularly over the short-term. For that reason, the Fund is not appropriate for investors whose objective is to closely track fluctuations in the major stock market indices.

Performance Analysis

Given our emphasis on long-term returns, a single year is a very limited period over which to measure or evaluate performance. To add a somewhat longer perspective, from the inception of the Fund on July 24, 2000 through December 31, 2003, the Strategic Growth Fund achieved a total return of 84.29% (19.46% annualized), compared with an overall loss of -19.95% (-6.27% annualized) in the S&P 500 Index.

Still, if the market's strong positive returns in 2003 are unrepresentative of what a long-term investor would experience, the market's negative returns since July 2000 are also unrepresentative. For that reason, additional measures may be useful in evaluating the Fund's returns and its appropriateness for any particular investor's objectives.

The Hussman Funds

Letter to Shareholders *(continued)*

In my analytical work, I generally measure long-term growth by measuring from peak-to-peak, preferably across market cycles, but at least across periods of a year or more. For example, corporate earnings growth can be extremely high measured from the trough of a recession, but these growth rates can be very misleading. Over the long-term, the peak-to-peak growth rate of S&P 500 earnings has been only 6% annually, regardless of whether one looks back 10, 20, 50 or 100 years.

Similarly, investment approaches can often be usefully evaluated by examining returns achieved from one peak in the market to the next (or from one trough to the next). Alternatively, investors can examine performance over an extended period in which the market achieved fairly representative returns (say, 10% annually).

From the standpoint of total returns, the 2002 peak in the S&P 500 index occurred on March 19, 2002. The 2003 peak occurred on December 31, 2003. Between those two peaks, the S&P 500 Index experienced a modest loss of -1.96% (-1.10% annualized). Meanwhile, the Fund achieved a total return of 30.01% (15.83% annualized).

Alternatively, we can identify the earliest starting point (during the life of the Fund) from which the S&P 500 has achieved an annual total return close to 10%. The earliest starting point we find is June 25, 2002. From that point through the end of 2003, the S&P 500 achieved a total return of 15.58% (9.93% annualized). During that same period, the Fund achieved a total return of 22.56% (14.24% annualized). The deepest pullback experienced by the S&P 500 Index during that period exceeded -21%, while the deepest pullback in the Fund was less than -7%.

As a final measure, since the inception of the Fund, there have been 21 months in which the S&P 500 has advanced, and 21 months in which it has declined. During the advancing months, the Fund achieved an average annualized return of 21.39%. During the declining months, the Fund achieved an average annualized return of 17.83%.

Despite these average returns, shareholders should keep in mind that the Fund does take risk. The Fund can and does experience some periods of negative returns, even when it is hedged against overall market fluctuations. Also, the Fund is likely to experience greater volatility and much deeper short-term pullbacks when a more aggressive stance becomes appropriate. During very favorable Market Climates, the Fund will generally not hedge at all, and our exposure to market fluctuations may be substantial.

Performance Drivers

As we entered 2003, our measures of valuation and market action were both unfavorable, and the Fund carried a fully hedged position. In this position, about 95% of the Fund's assets were invested in a widely diversified portfolio of individual stocks, and the Fund held an offsetting short position in the S&P 100 and Russell 2000 indices in order to remove the impact of market fluctuations from that portfolio.

During March 2003, our measures of market action began to provide subtle evidence that investors were adopting a more favorable attitude toward risk-taking. Although some indices were breaking below their October 2002 lows, trading volume was substantially lighter, and a variety of stocks and industries displayed resilience.

At that point, the Fund invested approximately one percent of its assets in call options as a "contingency" – in order to remove a portion of the Fund's hedge if our measures of market action were to improve further. By late April, the Fund had removed approximately 70% of its hedge, leaving only 30% of the Fund's stock holdings hedged against the impact of market fluctuations. As the market advanced and valuations gradually deteriorated, the Fund became slightly less constructive toward market risk. By year-end, the Fund was hedging about half of its exposure to market fluctuations.

Since the Fund targets strong risk-adjusted returns with little emphasis on tracking market fluctuations, we will invariably experience some periods in which our hedging substantially adds to our returns and others where it reduces those returns. In a rising market where the Fund was partially hedged, it follows that the Fund's performance last year was lower than a fully invested and unhedged position would have achieved. Such a position, however, would have notably violated our investment approach.

The Fund holds a widely diversified portfolio of individual stocks. For that reason, the returns over the past year cannot be attributed to any short list of securities. Still, a number of industry groups proved influential. Industries contributing to the Fund's 2003 performance included health care (PacifiCare Health, Guidant), natural resources (Newmont Mining, Petroleo Brasileiro), technology (American Power Conversion, Veeco, Lexmark, Synopsys, Intel), and consumer stocks (Gap Stores, Amazon, Sherwin Williams).

The poorest performers in the Fund last year were typically companies that experienced company-specific problems. Because these difficulties were also often responsible for what we viewed as favorable valuations, we generally continued to

hold these stocks at year-end. These included Biovail, Merck, Macromedia, Biosite, and Eastman Kodak.

Portfolio Insight

The Portfolio of Investments section of this report provides a detailed view of our investment stance. As of December 31, 2003, the Fund was fully invested in a diversified portfolio of 192 stocks, valued at \$773,657,280. The Fund's largest positions each represented about 2% of assets, including Merck (2.4%), American Power Conversion (2.2%), Home Depot (2.1%), PacifiCare Health (2.0%), Eastman Kodak (2.0%), and Gap Stores (2.0%), while typical holdings represented 0.5% to 1% of assets. Relative to the major indices, the Fund held larger weights in health care equipment, specialty retail, pharmaceuticals, and oil & gas. As in recent years, the Fund generally avoided financial stocks, which I view as precariously sensitive to credit risks and rising short-term interest rates.

In addition, the Fund held 2,750 put-call option combinations in the S&P 100 Index, 2,750 put options in the S&P 100 Index, and 4,500 put-call option combinations in the Russell 2000, intended to reduce the Fund's exposure to overall market fluctuations.

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.

For example, on December 31, 2003, the S&P 100 Index closed at 550.78. Since each option controls 100 "shares" of the index, each S&P 100 put-call combination acted as a short sale of \$55,078 worth of the S&P 100. Similarly, the Russell 2000 closed at 556.91 on that date. So each Russell 2000 put-call combination acted as a short sale of \$55,691 worth of the Russell 2000.

In effect, the 2,750 S&P 100 option combinations and the 4,500 Russell 2000 option combinations were equivalent to a short sale on major market indices, having a combined value of \$402,074,000. This hedge offset about 51.8% of the value of the stocks held long by the Fund. In addition, the remaining 2,750 S&P 100 put options provided at least some protection for another 19.5% of portfolio value, but only in the event of a substantial market decline.

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, while preserving its exposure to movements in the stock portfolio that are independent of the market.

Hussman Strategic Total Return Fund

The Strategic Total Return Fund achieved a total return of 9.80% in 2003. During the same period, the Lehman U.S. Aggregate achieved a total return of 4.11%.

Since the inception of the Fund on September 12, 2002, the Fund has achieved a total return of 12.33% (9.35% annualized) compared with a total return of 6.76% (5.16% annualized) in the Lehman U.S. Aggregate.

Performance Drivers

The U.S. bond market began 2003 with 10-year Treasury yields at 3.82% and 30-year Treasury yields at 4.78%. Given the relatively low yields available on Treasuries, the potential for total returns in the Treasury market was largely dependent on identifying "speculative merit" – the prospect for a further decline in yields. Early in the year, this potential seemed fairly modest. When yields are particularly low, it does not take much of an increase in yields to wipe out the interest earnings that bonds are priced to deliver even over several years.

The bulk of the Fund's returns during 2003 emerged as a result of limited investments in alternatives such as precious metals shares and utility stocks. Following the sharp mid-year decline in the bond market, the ability to increase the Fund's duration by purchasing long-term Treasury bonds provided an additional avenue for return enhancement.

Accordingly, the securities responsible for much of the Fund's 2003 performance included long-term U.S. Treasury bonds (primarily the 5.375% of 02/15/31), precious metals shares (Newmont Mining, Placer Dome, Barrick Gold, USEC), and utility and energy shares (DPL, PPL, Sempra Energy). The weakest performances included Agnico Eagle, which experienced a collapse in one of its mine shafts, and intermediate-term Treasury Inflation Protected Securities, which were depressed in price as 2003 came to a close.

Portfolio Insight

The Portfolio of Investments section of this report provides a detailed view of our investment stance. As of December 31, 2003, the Fund had net assets of \$38,593,743.

Because the condition of the U.S. bond market at year-end reflected both unfavorable valuations as well as unfavorable market action on our measures, the Fund held a portfolio duration of less than 2 years, meaning that a 100 basis point

The Hussman Funds

Letter to Shareholders *(continued)*

move in interest rates would be expected to affect the Fund's value by less than 2% on account of bond price fluctuations. The Fund held 19.7% of its assets in utilities and precious metals shares, 23.2% in Treasury Inflation Protected Securities, 8.1% of assets in U.S. agency notes, and the remainder in money market instruments.

I recognize the potential for shareholders to observe this "snapshot" of the Fund's portfolio and ask why they should pay a management fee to hold nearly half of their assets in money market instruments. If this snapshot position were typical and ongoing, I would agree. But it is not. The Fund's investment positions are continually adjusted to reflect market opportunities. Our objective is to achieve long-term total returns while also defending capital during unfavorable market conditions. To hold higher-yielding but vulnerable assets in an attempt to look like we were "doing something" would be to abandon this objective for the sake of window dressing. Shareholders can count on me not to do that.

Current Outlook

With the exception of the late 1990's "bubble", the U.S. stock market enters 2004 at the highest valuations on record, on the basis of price/peak-earnings, price/dividend, price/book value and other measures. There are a number of popular but unsound methods to "adjust" these valuations using interest and inflation rates. The difficulty in adjustments based on say, the 10-year Treasury bond yield, is that the "duration" of that bond (a measure of how long it takes to recover the investment, as well as a measure of volatility) is only about 8 years, whereas the effective duration of the S&P 500 is about 50 years. Unless investors are willing to assume that interest rates will remain low for decades, it is nonsense to price stocks using 10-year bond yields. Even a 30-year Treasury bond has an effective duration of only 14 years. Moreover, interest and inflation rates were regularly lower than current levels in data prior to 1965, yet valuations approached current levels only once: at the 1929 market peak.

Still, overvaluation implies only that stocks are priced to deliver unsatisfactory long-term returns. The behavior of the stock market over shorter periods (even several years) is driven by the willingness of investors to take risk. In our work, I infer this willingness through the analysis of market action. At the beginning of 2004, investors still appeared to have a robust willingness to take risk, and for that reason, we continued to accept some exposure to broad stock market fluctuations.

With stocks richly priced, I believe that it is essential to continuously evaluate the quality of market action for evidence that investors have become skittish toward risk. Weekly commentary and analysis in this regard is available at the Fund's website, www.hussmanfunds.com. The website also includes special reports, information

The Hussman Funds

Letter to Shareholders *(continued)*

regarding brokerage fees and transaction costs, and other information about investing that I hope will be valuable to shareholders.

In the U.S. economy, there also appears to be significant distinction between long-term fundamentals and recent trends. Though the U.S. economy has benefited from special factors such as tax rebates and a spike in mortgage refinancing, there has been very little improvement in the balance sheets of individuals, corporations, government, or the nation as a whole. The U.S. has become increasingly dependent on foreign capital, to the point that nearly half of all publicly held U.S. Treasury securities are now owned by foreign investors.

To the extent that all investment must be financed by savings, it is helpful over the short-term that foreign investors have been willing to bridge the gap created by low U.S. private savings and deep federal deficits. The primary flow of foreign capital has been from Japan and China in an attempt to support the value of the U.S. dollar and hold down the values of their own currencies. This foreign capital has been one reason that U.S. interest rates have remained low, particularly at short maturities. In my view, an abrupt currency revaluation in Japan and China (i.e. substantial weakness in the value of the U.S. dollar) could upset the apparent stability of the U.S. economy.

Alternatively, the nation's record reliance on foreign capital (reflected in its unprecedented current account deficit) could be adjusted more slowly. In that event, U.S. consumption and investment would have to grow slower than U.S. output, gradually replacing foreign saving with domestic saving, and releasing the output needed to expand exports. In this case, the overall growth in U.S. domestic investment is likely to be fairly muted in the coming years, with growth in capital spending such as technology investment being offset by a reduction in other types of investment, most probably residential housing.

In short, the fundamental savings-investment balance of the U.S. strongly argues against expectations for sustained, robust growth in consumption and capital spending. With stock valuations strongly reflecting such expectations, the potential for disappointments is significant.

Recognizing this does not require investors to expect a market decline over the short-term. Still, it is important to understand that the primary argument for taking stock market risk here is not investment merit (favorable valuation) but speculative merit (the continued willingness of investors to take risk).

Historically, extreme valuations have not been corrected in the course of a single bear market decline, but rather by a "secular bear market": a series of market cycles – bear markets followed by bull markets – in which each successive bear market

The Hussman Funds

Letter to Shareholders *(continued)*

achieves a lower and more durable level of valuation. While we do not rely on the market to follow this pattern, it is a possibility that investors should consider carefully. Stocks may be priced to go nowhere over the coming years, but they will probably go nowhere in an interesting way. I believe that the ability to selectively accept and avoid market risk will be an important asset to investors in this environment.

Meanwhile, in a bond market that is also not priced to deliver strong long-term returns, the sources of potential return must be something other than passive holding. This is precisely why the Strategic Total Return Fund has the flexibility to vary its overall maturity profile depending on market conditions, as well as the ability to make limited investments in alternatives such as Treasury Inflation Protected Securities, precious metals shares, utility stocks, foreign currencies, and foreign government bonds.

While there is no assurance that this approach will outperform a passive investment in bonds, it is difficult to see how bond market strategies lacking this flexibility will maneuver through a low yielding environment with very thin credit spreads and an extraordinary overhang of government, consumer and corporate debt.

As always, I have no particular forecast for the stock or bond markets over the coming year. Our approach simply does not rely on forecasts. Instead, we align the Funds with the prevailing Market Climates that we identify in stocks and bonds at any given time, based on specific, well-defined measures of valuation and market action. When the evidence shifts, our investment posture will shift as well. As we entered 2004, the Strategic Growth Fund remained moderately favorable toward stocks, while the Strategic Total Return Fund was moderately defensive toward bonds.

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

Hussman Investment Trust

Statements of Assets and Liabilities

December 31, 2003 (Unaudited)

	Hussman Strategic Growth Fund	Hussman Strategic Total Return Fund
ASSETS		
Investments in securities:		
At acquisition cost	\$ 687,383,022	\$ 34,202,867
At value (Note 1)	\$ 780,806,530	\$ 35,019,093
Investments in money market funds	32,378,052	4,665,500
Cash	500,000	—
Dividends and interest receivable	838,148	215,016
Receivable for capital shares sold	2,706,112	53,584
Other assets	51,608	13,934
Total Assets	<u>817,280,450</u>	<u>39,967,127</u>
LIABILITIES		
Dividends payable	—	12,324
Written call options, at value (Notes 1 and 4) (premiums received \$40,335,500)	45,013,750	—
Payable for investment securities purchased	—	1,319,856
Payable for capital shares redeemed	237,785	7,611
Accrued investment advisory fees (Note 3)	698,774	—
Payable to administrator (Note 3)	68,000	8,300
Other accrued expenses	104,489	25,293
Total Liabilities	<u>46,122,798</u>	<u>1,373,384</u>
NET ASSETS	<u>\$ 771,157,652</u>	<u>\$ 38,593,743</u>
Net assets consist of:		
Paid-in capital	\$ 688,174,811	\$ 37,507,435
Accumulated net investment income (loss)	(1,079,029)	797
Accumulated net realized gains (losses) from security transactions and option contracts	(4,683,388)	269,245
Net unrealized appreciation on investments and options	88,745,258	736,638
Net unrealized appreciation on translation of assets and liabilities in foreign currencies	—	79,628
NET ASSETS	<u>\$ 771,157,652</u>	<u>\$ 38,593,743</u>
Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value)	<u>50,345,368</u>	<u>3,641,108</u>
Net asset value, offering price and redemption price price per share ^(a) (Note 1)	<u>\$ 15.32</u>	<u>\$ 10.60</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, 2003 (Unaudited)

	Hussman Strategic Growth Fund	Hussman Strategic Total Return Fund
INVESTMENT INCOME		
Dividends	\$ 3,251,870	\$ 52,096
Foreign withholding taxes on dividends	—	(267)
Interest	—	272,794
Total Income	<u>3,251,870</u>	<u>324,623</u>
EXPENSES		
Investment advisory fees (Note 3)	3,636,923	71,946
Administration fees (Note 3)	268,979	17,985
Transfer agent, account maintenance and shareholder services fees (Note 3)	136,746	9,000
Custodian and bank service fees	67,563	11,228
Registration and filing fees	48,400	15,299
Fund accounting fees (Note 3)	43,730	16,186
Professional fees	22,532	22,032
Postage and supplies	31,838	5,822
Trustees' fees and expenses	14,447	9,917
Printing of shareholder reports	14,918	3,684
Insurance expense	11,101	643
Other expenses	33,722	5,414
Total Expenses	<u>4,330,899</u>	<u>189,156</u>
Less fees waived and expenses reimbursed by the Adviser (Note 3)	—	(81,237)
Net Expenses	<u>4,330,899</u>	<u>107,919</u>
NET INVESTMENT INCOME (LOSS)	<u>(1,079,029)</u>	<u>216,704</u>
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS, OPTION CONTRACTS AND FOREIGN CURRENCIES (Note 4)		
Net realized gains (losses) from:		
Security transactions	54,051,660	851,656
Option contracts	(42,741,745)	—
Foreign currency transactions	—	80,945
Net change in unrealized appreciation/depreciation on:		
Investments	61,172,199	181,007
Option contracts	(6,819,625)	—
Foreign currency translation	—	(1,920)
NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS, OPTION CONTRACTS AND FOREIGN CURRENCIES	<u>65,662,489</u>	<u>1,111,688</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 64,583,460</u>	<u>\$ 1,328,392</u>

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Statements of Changes in Net Assets

	Six Months Ended December 31, 2003 (Unaudited)	Year Ended June 30, 2003
FROM OPERATIONS		
Net investment income (loss)	\$ (1,079,029)	\$ (625,304)
Net realized gains (losses) from:		
Security transactions	54,051,660	(3,058,255)
Option contracts	(42,741,745)	8,507,314
Net change in unrealized appreciation/depreciation on:		
Investments	61,172,199	45,889,879
Option contracts	(6,819,625)	(13,329,805)
Net increase in net assets resulting from operations	<u>64,583,460</u>	<u>37,383,829</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net realized gains	<u>(392,620)</u>	<u>(29,772,121)</u>
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	307,313,875	535,925,193
Net asset value of shares issued in reinvestment of distributions to shareholders	367,109	27,707,111
Proceeds from redemption fees collected (Note 1)	251,262	1,511,290
Payments for shares redeemed	(112,893,208)	(234,169,641)
Net increase in net assets from capital share transactions	<u>195,039,038</u>	<u>330,973,953</u>
TOTAL INCREASE IN NET ASSETS	<u>259,229,878</u>	<u>338,585,661</u>
NET ASSETS		
Beginning of period	511,927,774	173,342,113
End of period	<u>\$ 771,157,652</u>	<u>\$ 511,927,774</u>
ACCUMULATED NET INVESTMENT INCOME (LOSS)	<u>\$ (1,079,029)</u>	<u>\$ —</u>
CAPITAL SHARE ACTIVITY		
Sold	20,960,926	40,124,497
Reinvested	24,872	2,258,118
Redeemed	<u>(7,736,066)</u>	<u>(18,280,786)</u>
Net increase in shares outstanding	13,249,732	24,101,829
Shares outstanding at beginning of period	<u>37,095,636</u>	<u>12,993,807</u>
Shares outstanding at end of period	<u>50,345,368</u>	<u>37,095,636</u>

See accompanying notes to financial statements.

Hussman Strategic Total Return Fund

Statements of Changes in Net Assets

	Six Months Ended December 31, 2003 (Unaudited)	Period Ended June 30, 2003 ^(a)
FROM OPERATIONS		
Net investment income	\$ 216,704	\$ 226,063
Net realized gains from:		
Security transactions	851,656	291,017
Foreign currency transactions	80,945	125
Net change in unrealized appreciation/depreciation on:		
Investments	181,007	555,631
Foreign currency translation	(1,920)	81,548
Net increase in net assets resulting from operations	<u>1,328,392</u>	<u>1,154,384</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(296,881)	(226,063)
In excess of net investment income	—	(96)
From net realized gains	(873,428)	—
Net decrease in net assets from distributions to shareholders	<u>(1,170,309)</u>	<u>(226,159)</u>
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	23,321,302	20,504,306
Net asset value of shares issued in reinvestment of distributions to shareholders	916,641	171,365
Proceeds from redemption fees collected (Note 1)	4,398	21,326
Payments for shares redeemed	(4,789,379)	(2,642,524)
Net increase in net assets from capital share transactions	<u>19,452,962</u>	<u>18,054,473</u>
TOTAL INCREASE IN NET ASSETS	<u>19,611,045</u>	<u>18,982,698</u>
NET ASSETS		
Beginning of period	18,982,698	—
End of period	<u>\$ 38,593,743</u>	<u>\$ 18,982,698</u>
UNDISTRIBUTED NET INVESTMENT INCOME	<u>\$ 797</u>	<u>\$ 29</u>
CAPITAL SHARE ACTIVITY		
Sold	2,210,162	2,044,554
Reinvested	87,970	16,545
Redeemed	(458,052)	(260,071)
Net increase in shares outstanding	1,840,080	1,801,028
Shares outstanding at beginning of period	1,801,028	—
Shares outstanding at end of period	<u>3,641,108</u>	<u>1,801,028</u>

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

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, 2003 (Unaudited)	Year Ended June 30, 2003	Year Ended June 30, 2002	Period Ended June 30, 2001^(a)
Net asset value at beginning of period	\$ 13.80	\$ 13.34	\$ 12.20	\$ 10.00
Income from investment operations:				
Net investment income (loss)	(0.02)	(0.02)	(0.04)	(0.04)
Net realized and unrealized gains on investments and options	<u>1.55</u>	<u>1.36</u>	<u>2.52</u>	<u>2.23</u>
Total from investment operations	<u>1.53</u>	<u>1.34</u>	<u>2.48</u>	<u>2.19</u>
Distributions from net realized gains	<u>(0.01)</u>	<u>(0.93)</u>	<u>(1.35)</u>	<u>—</u>
Proceeds from redemption fees collected (Note 1)	<u>0.00</u>	<u>0.05</u>	<u>0.01</u>	<u>0.01</u>
Net asset value at end of period	<u>\$ 15.32</u>	<u>\$ 13.80</u>	<u>\$ 13.34</u>	<u>\$ 12.20</u>
Total return	<u>11.08%</u> ^(c)	<u>11.25%</u>	<u>22.24%</u>	<u>22.00%</u> ^(c)
Net assets at end of period (000's)	<u>\$ 771,158</u>	<u>\$ 511,928</u>	<u>\$ 173,342</u>	<u>\$ 20,228</u>
Ratio of net expenses to average net assets ^(b)	1.39% ^(c)	1.45%	1.99%	1.99% ^(c)
Ratio of net investment income (loss) to average net assets	(0.35%) ^(d)	(0.15%)	(0.81%)	(0.53%) ^(d)
Portfolio turnover rate	90% ^(c)	123%	199%	55% ^(c)

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

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

^(c) Not annualized.

^(d) 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, 2003 (Unaudited)	Period Ended June 30, 2003^(a)
Net asset value at beginning of period	\$ 10.54	\$ 10.00
Income from investment operations:		
Net investment income	0.11	0.14
Net realized and unrealized gains on investments and foreign currencies	0.42	0.52
Total from investment operations	0.53	0.66
Less distributions:		
Dividends from net investment income	(0.11)	(0.14)
Distributions from net realized gains	(0.36)	—
Total distributions	(0.47)	—
Proceeds from redemption fees collected (Note 1)	0.00	0.02
Net asset value at end of period	\$ 10.60	\$ 10.54
Total return	5.17% ^(c)	6.81% ^(c)
Net assets at end of period (000's)	\$ 38,594	\$ 18,983
Ratio of net expenses to average net assets	0.90% ^(d)	0.90% ^(d)
Ratio of net investment income to average net assets	1.80% ^(d)	1.99% ^(d)
Portfolio turnover rate	173% ^(d)	151% ^(d)

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

^(b) Absent investment advisory fees waived and expenses reimbursed by the Adviser, the ratios of expenses to average net assets would have been 1.57%^(d) and 2.32%^(d) for the periods ended December 31, 2003 and June 30, 2003, respectively.

^(c) Not annualized.

^(d) Annualized.

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Portfolio of Investments

December 31, 2003 (Unaudited)

Shares	COMMON STOCKS – 100.32%	Value
Auto Components – 1.36%		
40,000	ArvinMeritor, Inc.	\$ 964,800
51,500	Lear Corp.	3,158,495
80,000	Magna International, Inc.	6,404,000
		<u>10,527,295</u>
Beverages – 0.36%		
50,000	Adolph Coors Co. - Class B	<u>2,805,000</u>
Biotechnology – 4.28%		
100,000	Andrx Corp. ^(a)	2,404,000
267,800	Applera Corp. - Applied Biosystems Group	5,546,138
142,800	Applied Molecular Evolution, Inc. ^(a)	2,541,840
172,500	Biogen Idec, Inc. ^(a)	6,344,550
350,000	Covance, Inc. ^(a)	9,380,000
57,800	CuraGen Corp. ^(a)	423,674
75,000	Flamel Technologies S.A. - ADR ^(a)	2,009,250
81,900	MedImmune, Inc. ^(a)	2,080,260
250,000	Nanogen, Inc. ^(a)	2,252,500
		<u>32,982,212</u>
Building Products – 0.10%		
16,900	Griffon Corp. ^(a)	342,394
19,500	Rollins, Inc.	439,725
		<u>782,119</u>
Chemicals – 1.35%		
229,600	Albany Molecular Research, Inc. ^(a)	3,448,592
50,000	Cabot Microelectronics Corp. ^(a)	2,450,000
139,100	Lubrizol Corp. (The)	4,523,532
		<u>10,422,124</u>
Commercial Services and Supplies – 0.61%		
200,000	Convergys Corp. ^(a)	3,492,000
60,000	Sensient Technologies Corp.	1,186,200
		<u>4,678,200</u>
Communications Equipment – 2.04%		
148,000	Adaptec, Inc. ^(a)	1,306,840
100,000	Motorola, Inc.	1,407,000
100,000	Research In Motion Ltd. ^(a)	6,683,000
600,000	Tellabs, Inc. ^(a)	5,058,000
50,000	Thermo Electron Corp. ^(a)	1,260,000
		<u>15,714,840</u>

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Shares	COMMON STOCKS – 100.32% (continued)	Value
Computers and Peripherals – 1.56%		
155,000	Ambient Corp. ^(a)	\$ 24,025
150,000	Gateway, Inc. ^(a)	690,000
150,000	Hewlett-Packard Co.	3,445,500
100,000	Lexmark International, Inc. ^(a)	7,864,000
		<u>12,023,525</u>
Construction and Engineering – 0.51%		
100,000	Fluor Corp.	<u>3,964,000</u>
Construction Materials – 0.32%		
100,000	Nanophase Technologies Corp. ^(a)	809,000
100,000	USG Corp. ^(a)	1,657,000
		<u>2,466,000</u>
Containers and Packaging – 0.02%		
3,100	AptarGroup, Inc.	<u>120,900</u>
Distributors – 0.02%		
6,300	Handleman Co.	<u>129,339</u>
Diversified Financials – 0.85%		
50,000	H & R Block, Inc.	2,768,500
100,000	SLM Corp.	3,768,000
		<u>6,536,500</u>
Diversified Telecommunication Services – 3.25%		
40,000	Alltel Corp.	1,863,200
125,000	BellSouth Corp.	3,537,500
50,000	Nokia Corp. - ADR	850,000
250,000	SBC Communications, Inc.	6,517,500
750,000	Sprint Corp. - FON Group	12,315,000
		<u>25,083,200</u>
Electrical Equipment – 2.22%		
700,000	American Power Conversion Corp.	<u>17,115,000</u>
Electric Utilities – 0.24%		
40,000	Ameren Corp.	<u>1,840,000</u>

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Shares	COMMON STOCKS – 100.32% (continued)	Value
Electronic Equipment and Instruments – 1.29%		
105,800	Emerson Radio Corp. ^(a)	\$ 397,808
49,900	FEI Co. ^(a)	1,122,750
100,000	Flextronics International Ltd. ^(a)	1,484,000
500,000	Nano-Proprietary, Inc. ^(a)	1,365,000
109,800	RSA Security, Inc. ^(a)	1,559,160
250,000	Sanmina-SCI Corp. ^(a)	3,152,500
25,000	Waters Corp. ^(a)	829,000
		9,910,218
Energy Equipment and Services – 0.62%		
50,000	Distributed Energy Systems Corp. ^(a)	143,000
100,000	Valero Energy Corp.	4,634,000
		4,777,000
Food and Drug Retail – 0.32%		
50,000	Albertson's, Inc.	1,132,500
135,200	Winn-Dixie Stores, Inc.	1,345,240
		2,477,740
Food Products – 1.54%		
6,900	American Italian Pasta Co. - Class A ^(a)	289,110
75,000	Archer-Daniels-Midland Co.	1,141,500
75,000	Fresh Del Monte Produce, Inc.	1,787,250
50,000	Kraft Foods, Inc.	1,611,000
125,000	William Wrigley Jr. Co.	7,026,250
		11,855,110
Gas Utilities – 0.29%		
75,000	Sempra Energy	2,254,500
Health Care Equipment and Supplies – 11.18%		
60,000	Advanced Neuromodulation Systems, Inc. ^(a)	2,758,800
146,800	Becton, Dickinson and Co.	6,039,352
300,000	Biosite, Inc. ^(a)	8,685,000
100,000	CTI Molecular Imaging, Inc. ^(a)	1,691,000
100,000	Cytoc Corp. ^(a)	1,376,000
250,000	Guidant Corp.	15,050,000
200,000	Haemonetics Corp. ^(a)	4,778,000
125,000	Hillenbrand Industries, Inc.	7,757,500
300,000	Laboratory Corp. of America Holdings ^(a)	11,085,000
106,700	Mentor Corp.	2,567,202
1,200	Neogen Corp. ^(a)	29,724

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Shares	COMMON STOCKS – 100.32% (continued)	Value
Health Care Equipment and Supplies – 11.18% (continued)		
250,000	Orthodontic Centers of America, Inc. ^(a)	\$ 2,012,500
53,300	ResMed, Inc. ^(a)	2,214,082
50,000	Respironics, Inc. ^(a)	2,254,500
400,000	Steris Corp. ^(a)	9,040,000
250,000	Zoll Medical Corp. ^(a)	8,870,000
		86,208,660
Health Care Providers and Services – 5.73%		
58,000	Aetna, Inc.	3,919,640
143,000	Chronimed, Inc. ^(a)	1,212,640
50,000	HCA, Inc.	2,148,000
150,000	Health Net, Inc. ^(a)	4,905,000
350,000	Healthsouth Corp. ^(a)	1,603,000
30,150	Medco Health Solutions, Inc. ^(a)	1,024,798
75,000	Oxford Health Plans, Inc. ^(a)	3,262,500
229,200	PacifiCare Health Systems, Inc. ^(a)	15,493,920
157,700	Priority Healthcare Corp. - Class B ^(a)	3,802,147
87,300	Renal Care Group, Inc. ^(a)	3,596,760
200,000	Tenet Healthcare Corp.	3,210,000
		44,178,405
Hotels, Restaurants and Leisure – 3.02%		
50,000	Applebee's International, Inc.	1,963,500
50,000	California Pizza Kitchen, Inc. ^(a)	1,006,500
50,000	CBRL Group, Inc.	1,913,000
125,000	Lone Star Steakhouse & Saloon, Inc.	2,897,500
150,000	McDonald's Corp.	3,724,500
247,500	Outback Steakhouse, Inc.	10,941,975
25,000	Papa John's International, Inc. ^(a)	834,500
		23,281,475
Household Durables – 3.93%		
250,000	American Greetings Corp. - Class A ^(a)	5,467,500
25,000	KB Home	1,813,000
100,000	Lancaster Colony Corp.	4,516,000
450,000	Linens 'n Things, Inc. ^(a)	13,536,000
100,000	Newell Rubbermaid, Inc.	2,277,000
50,000	Tupperware Corp.	867,000
25,000	Whirlpool Corp.	1,816,250
		30,292,750
Household Products – 1.66%		
49,900	Blyth, Inc.	1,607,778
100,000	Kimberly-Clark Corp.	5,909,000
100,000	Wal-Mart Stores, Inc.	5,305,000
		12,821,778

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Shares	COMMON STOCKS – 100.32% (continued)	Value
Industrial Conglomerates – 0.05%		
50,000	Gerber Scientific, Inc. ^(a)	\$ 398,000
Information Technology Consulting and Services – 1.91%		
50,000	Computer Sciences Corp. ^(a)	2,211,500
250,000	Electronic Data Systems Corp.	6,135,000
190,000	Synopsys, Inc. ^(a)	6,414,400
		<u>14,760,900</u>
Insurance – 1.62%		
87,014	Aegion N.V. - American Regular Shares	1,287,807
400,000	Aon Corp.	9,576,000
50,000	Principal Financial Group, Inc.	1,653,500
		<u>12,517,307</u>
Internet Software and Services – 2.51%		
450,000	Check Point Software Technologies, Ltd. ^(a)	7,569,000
25,000	eBay, Inc. ^(a)	1,614,750
24,000	Internet Security Systems, Inc. ^(a)	451,920
300,000	Red Hat, Inc. ^(a)	5,631,000
250,000	VeriSign, Inc. ^(a)	4,075,000
		<u>19,341,670</u>
Leisure Equipment and Products – 4.12%		
314,800	Borders Group, Inc. ^(a)	6,900,416
297,900	Callaway Golf Co.	5,019,615
600,000	Eastman Kodak Co.	15,402,000
16,800	Fuji Photo Film Co., Ltd. - ADR	551,040
100,000	Mattel, Inc.	1,927,000
141,800	Nautilus Group, Inc. (The)	1,992,290
		<u>31,792,361</u>
Media – 1.03%		
100,000	Comcast Corp - Special Class A ^(a)	3,128,000
142,300	Scholastic Corp. ^(a)	4,843,892
		<u>7,971,892</u>
Multiline Retail – 1.82%		
300,000	American Eagle Outfitters, Inc. ^(a)	4,920,000
100,000	BJ's Wholesale Club, Inc. ^(a)	2,296,000
40,000	Catalina Marketing Corp. ^(a)	806,400
200,000	Dollar Tree Stores, Inc. ^(a)	6,012,000
		<u>14,034,400</u>
Office Electronics – 0.31%		
50,000	Canon, Inc. - ADR	2,382,000

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Shares	COMMON STOCKS – 100.32% (continued)	Value
Oil and Gas – 5.92%		
50,000	Amerada Hess Corp.	\$ 2,658,500
50,000	BP Amoco PLC - ADR	2,467,500
44,400	Burlington Resources, Inc.	2,458,872
75,000	Cabot Corp.	2,388,000
11,000	EOG Resources, Inc.	507,870
134,000	Exxon Mobil Corp.	5,494,000
50,000	Marathon Oil Corp.	1,654,500
100	MKS Instruments, Inc. ^(a)	2,900
100,000	Newfield Exploration Co. ^(a)	4,454,000
50,000	Petro-Canada	2,466,000
333,700	Petroleo Brasileiro S.A. - ADR	9,757,388
162,900	PPL Corp.	7,126,875
100,000	Stone Energy Corp. ^(a)	4,245,000
		45,681,405
Paper and Forest Products – 0.08%		
10,000	Minerals Technologies, Inc.	592,500
Personal Products – 0.52%		
175,000	Nu Skin Enterprises, Inc. - Class A	2,990,750
35,000	Ocular Sciences, Inc. ^(a)	1,004,850
		3,995,600
Pharmaceuticals – 9.85%		
2,400	Accredo Health, Inc. ^(a)	75,864
250,000	Alpharma, Inc. - Class A	5,025,000
565,800	Altair Nanotechnologies, Inc. ^(a)	1,488,054
150,000	Biovail Corp. ^(a)	3,223,500
200,000	Bristol-Myers Squibb Co.	5,720,000
100,000	Elan Corp. PLC - ADR ^(a)	689,000
100,000	Esperion Therapeutics, Inc. ^(a)	3,461,000
100,000	Johnson & Johnson	5,166,000
850,700	King Pharmaceuticals, Inc. ^(a)	12,981,682
400,000	Merck & Co., Inc.	18,480,000
150,000	Novartis AG - ADR	6,883,500
25,000	Omnicare, Inc.	1,009,750
174,500	Pharmaceutical Product Development, Inc. ^(a)	4,706,265
250,000	Pharmacopeia, Inc. ^(a)	3,552,500
200,000	Schering-Plough Corp.	3,478,000
		75,940,115
Real Estate – 0.47%		
75,000	Standard Pacific Corp.	3,641,250

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Shares	COMMON STOCKS – 100.32% (continued)	Value
Semiconductor Equipment and Products – 1.73%		
50,000	Nanometrics, Inc. ^(a)	\$ 735,500
435,000	Taiwan Semiconductor Manufacturing Co., Ltd. - ADR ^(a)	4,454,400
289,000	Veeco Instruments, Inc. ^(a)	8,149,800
		<u>13,339,700</u>
Software – 4.39%		
150,000	John H. Harland Co.	4,095,000
766,100	Macromedia, Inc. ^(a)	13,667,224
300,000	Microsoft Corp.	8,262,000
200,000	Novell, Inc. ^(a)	2,104,000
150,000	NVIDIA Corp. ^(a)	3,487,500
100,000	PeopleSoft, Inc. ^(a)	2,280,000
		<u>33,895,724</u>
Specialty Retail – 10.29%		
475,000	Abercrombie & Fitch Co. - Class A ^(a)	11,737,250
320,000	Barnes & Noble, Inc. ^(a)	10,512,000
200,000	Blockbuster, Inc. - Class A	3,590,000
50,000	Children's Place Retail Stores, Inc. (The) ^(a)	1,336,500
275,000	Circuit City Stores, Inc.	2,785,750
43,200	Estee Lauder Co. (The) - Class A	1,696,032
650,000	Gap, Inc. (The)	15,086,500
450,000	Home Depot, Inc. (The)	15,970,500
250,000	Limited Brands	4,507,500
50,000	Men's Warehouse, Inc. (The) ^(a)	1,250,500
100,000	Office Depot, Inc. ^(a)	1,671,000
100,000	School Specialty, Inc. ^(a)	3,401,000
250,000	Toys "R" Us, Inc. ^(a)	3,160,000
50,000	Zale Corp. ^(a)	2,660,000
		<u>79,364,532</u>
Textiles & Apparel – 5.03%		
225,000	Jones Apparel Group, Inc.	7,926,750
175,000	Liz Claiborne, Inc.	6,205,500
80,000	Nike, Inc. - Class B	5,476,800
167,600	Oakley, Inc. ^(a)	2,319,584
100,000	Reebok International Ltd.	3,932,000
100,000	Stride Rite Corp. (The)	1,138,000
400,000	Tommy Hilfiger Corp. ^(a)	5,924,000
135,000	V.F. Corp.	5,837,400
		<u>38,760,034</u>
	Total Common Stocks (Cost \$677,978,022)	<u>\$ 773,657,280</u>

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Contracts		PUT OPTION CONTRACTS – 0.93%	Value
3,500	Russell 2000 Index Option, 03/20/04 at \$490	.....	\$ 2,135,000
1,000	Russell 2000 Index Option, 03/20/04 at \$520	.....	1,145,000
2,750	S&P 100 Index Option, 02/21/04 at \$540	.....	2,604,250
2,750	S&P 100 Index Option, 03/20/04 at \$500	.....	1,265,000
Total Put Option Contracts (Cost \$9,405,000)			\$ 7,149,250
Shares		Money Markets – 4.20%	Value
32,378,052	First American Treasury Obligation Fund - Class S	(Cost \$32,378,052)	\$ 32,378,052
Total Investments and Money Markets at Value – 105.45%			\$ 813,184,582
(Cost \$719,761,074)			
Liabilities in Excess of Other Assets – (5.45%)			(42,026,930)
Net Assets – 100.00%			\$ 771,157,652

^(a) Non-income producing security.

Hussman Strategic Growth Fund

Schedule of Open Options Written

December 31, 2003 *(Unaudited)*

Contracts	WRITTEN CALL OPTIONS	Value of Options	Premiums Received
3,500	Russell 2000 Index Option, 03/20/04 at \$490	.....	\$ 25,543,000
1,000	Russell 2000 Index Option, 03/20/04 at \$520	.....	4,898,000
2,750	S&P 100 Index Option, 03/20/04 at \$500	.....	9,894,500
		<u>14,621,750</u>	<u>9,894,500</u>
		<u>\$ 45,013,750</u>	<u>\$ 40,335,500</u>

See accompanying notes to financial statements.

Hussman Strategic Total Return Fund Portfolio of Investments

December 31, 2003 (Unaudited)

Shares	COMMON STOCKS — 19.73%	Value
	Electrical Equipment — 0.50%	
10,000	Endesa S.A. - ADR	\$ 191,000
	Electric Utilities — 4.38%	
4,000	Ameren Corp.	184,000
35,000	Korea Electric Power Corp. - ADR	363,650
25,000	MDU Resources Group, Inc.	595,250
12,500	Public Service Enterprise Group, Inc.	547,500
		<u>1,690,400</u>
	Energy Equipment and Services — 0.76%	
14,000	DPL, Inc.	292,320
	Gas Utilities — 4.10%	
3,500	Nicor, Inc.	119,140
25,000	Sempra Energy	751,500
500	UGI Corp.	16,950
25,000	WGL Holdings, Inc.	694,750
		<u>1,582,340</u>
	Metals and Mining — 6.27%	
30,000	Barrick Gold Corp.	681,300
15,000	Newmont Mining Corp.	729,150
40,000	Placer Dome, Inc.	716,400
35,000	USEC, Inc.	294,000
		<u>2,420,850</u>
	Oil and Gas — 3.72%	
25,000	PPL Corp.	1,093,750
10,000	Scana Corp.	342,500
		<u>1,436,250</u>
	Total Common Stocks (Cost \$7,040,344)	<u>\$ 7,613,160</u>
Par Value	U.S. TREASURY OBLIGATIONS — 62.26%	Value
	U.S. Treasury Bills — 12.94%	
\$ 5,000,000	Discount note, due 02/26/2004	\$ 4,993,890
	U.S. Treasury Inflation-Protection Notes — 23.23%	
2,657,450	3.50%, due 01/15/2011	2,987,141
2,083,820	3.375%, due 01/15/2012	2,332,414
2,813,475	3.875%, due 04/15/2029	3,646,089
		<u>8,965,644</u>
	U.S. Treasury Notes — 26.09%	
10,000,000	3.625%, due 03/31/2004	10,067,970
	Total U.S. Treasury Obligations (Cost \$23,849,517)	<u>\$ 24,027,504</u>

Hussman Strategic Total Return Fund

Portfolio of Investments *(continued)*

December 31, 2003 *(Unaudited)*

Par Value	U.S. GOVERNMENT AGENCY OBLIGATIONS – 8.14%	Value
	Federal Farm Credit Bank – 1.02%	
\$ 400,000	2.625%, due 09/24/2007	\$ 393,612
	Federal Home Loan Bank – 1.93%	
750,000	2.22%, due 09/12/2006	744,893
	Federal National Mortgage Association – 5.19%	
1,500,000	2.25%, due 12/30/2005	1,507,559
JPY 50,000,000	2.125%, due 10/09/2007	495,956
		2,003,515
	Total U.S. Government Agency Obligations	
	(Cost \$3,100,700)	\$ 3,142,020

Par Value	FOREIGN GOVERNMENT OBLIGATIONS - 0.61%	Value
	Canadian Government Note – 0.61%	
JPY 25,000,000	0.70%, due 03/20/2006 (Cost \$212,306)	\$ 236,409

Shares	MONEY MARKETS – 12.09%	Value
4,665,500	First American Treasury Obligation Fund - Class S (Cost \$4,665,500)	\$ 4,665,500
	Total Investments and Money Markets at Value – 102.83%	
	(Cost \$38,868,367)	\$ 39,684,593
	Liabilities in Excess of Other Assets – (2.83%)	(1,090,850)
	Net Assets – 100.00%	\$ 38,593,743

JPY - Japanese Yen

See accompanying notes to financial statements.

Hussman Investment Trust

Notes to Financial Statements

December 31, 2003 (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.

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Notes to Financial Statements *(continued)*

December 31, 2003 (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, 2003, 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.

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 a foreign currency option to establish or modify the Fund's exposure to foreign currencies, or an interest rate futures contract to protect against a decline in the value of its portfolio or to gain exposure to securities which the Fund otherwise wishes to purchase.

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

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Notes to Financial Statements *(continued)*

December 31, 2003 (Unaudited)

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.

Share Valuation and Redemption Fees — The net asset value of each Fund is calculated at 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

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Notes to Financial Statements *(continued)*

December 31, 2003 (Unaudited)

subject to a redemption fee of 1.5% if redeemed within six months of the date of purchase. During the periods ended December 31, 2003 and June 30, 2003, proceeds from redemption fees totaled \$251,262 and \$1,511,290, respectively, for the Hussman Strategic Growth Fund and \$4,398 and \$21,326, 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, 2003 and June 30, 2003 were as follows:

	Periods Ended	Ordinary Income	Long-Term Capital Gains	Total Distributions
Hussman Strategic Growth Fund	12/31/03	\$ —	\$ 392,620	\$ 392,620
	6/30/03	\$ 13,032,474	\$ 16,739,647	\$ 29,772,121
Hussman Strategic Total Return Fund	12/31/03	\$ 1,170,309	\$ —	\$ 1,170,309
	6/30/03	\$ 226,159	\$ —	\$ 226,159

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. Costs related to the Hussman Strategic Growth Fund have been recovered by the Adviser pursuant to the Expense Limitation Agreement. 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).

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Notes to Financial Statements *(continued)*

December 31, 2003 *(Unaudited)*

Security Transactions — Security transactions are accounted for on trade date. Cost of securities sold is determined on a specific identification basis.

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.

The following information is computed on a tax basis for each item as of December 31, 2003:

	Hussman Strategic Growth Fund	Hussman Strategic Total Return Fund
Cost of portfolio investments	\$ 647,047,522	\$ 34,202,867
Gross unrealized appreciation	\$ 117,528,097	\$ 893,023
Gross unrealized depreciation	(28,804,523)	(76,797)
Net unrealized appreciation	\$ 88,723,574	\$ 816,226
Net unrealized foreign exchange gains	—	40
Undistributed ordinary income (loss)	(1,079,029)	282,366
Post-October losses	(15,718,216)	—
Other gains	11,056,512	—
Other temporary differences	—	(12,324)
Total distributable earnings	<u>\$ 82,982,841</u>	<u>\$ 1,086,308</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

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Notes to Financial Statements *(continued)*

December 31, 2003 (Unaudited)

accepted in the United States.

The Hussman Strategic Growth Fund had realized capital losses of \$15,718,216 during the period November 1, 2002 through June 30, 2003, which are treated for federal income tax purposes as arising during the Fund's tax year ended June 30, 2004. 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, 2003, cost of purchases and proceeds from sales and maturities of investment securities, other than short-term investments and U.S. government securities, amounted to \$454,395,517 and \$284,223,155, respectively, for the Hussman Strategic Growth Fund and \$5,649,800 and \$3,704,281, 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.

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. 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

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Notes to Financial Statements *(continued)*

December 31, 2003 (Unaudited)

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. Accordingly, during the six months ended December 31, 2003, the Adviser waived its entire advisory fee of \$71,946 and reimbursed the Fund for other expenses in the amount of \$9,291. As of December 31, 2003, the Adviser may in the future, but no later than June 30, 2007, recoup from the Fund fees waived and expenses reimbursed totaling \$243,534.

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 \$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.

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.

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

Hussman Investment Trust

Notes to Financial Statements *(continued)*

December 31, 2003 (Unaudited)

monthly fee at an annual rate of \$17 per account, subject to a minimum of \$1,500 per month. For the six months ended December 31, 2003, the Hussman Strategic Growth Fund and the Hussman Strategic Total Return Fund paid \$61,226 and \$9,000, respectively, to Ultimus under the agreement. 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 Fund 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.

4. OPTION CONTRACTS WRITTEN

Transactions in option contracts written by the Hussman Strategic Growth Fund during the six months ended December 31, 2003, were as follows:

	Option Contracts	Option Premiums
Options outstanding at beginning of period	—	\$ —
Options written	27,250	94,118,000
Options cancelled in a closing purchase transaction	<u>(20,000)</u>	<u>(53,782,500)</u>
Options outstanding at end of period	<u>7,250</u>	<u>\$ 40,335,500</u>

No contracts were written by the Hussman Strategic Total Return Fund during the six months ended December 31, 2003.

5. BANK LINE OF CREDIT

The Hussman Strategic Growth Fund has an unsecured \$10,000,000 bank line of credit. 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 determined by the bank at the time of borrowing. During the six months ended December 31, 2003, the Funds had no outstanding borrowings under their respective lines of credit.



INVESTMENT ADVISER

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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 website at <http://www.sec.gov>.

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