



STRATEGIC GROWTH FUND

HUSSMAN INVESTMENT TRUST

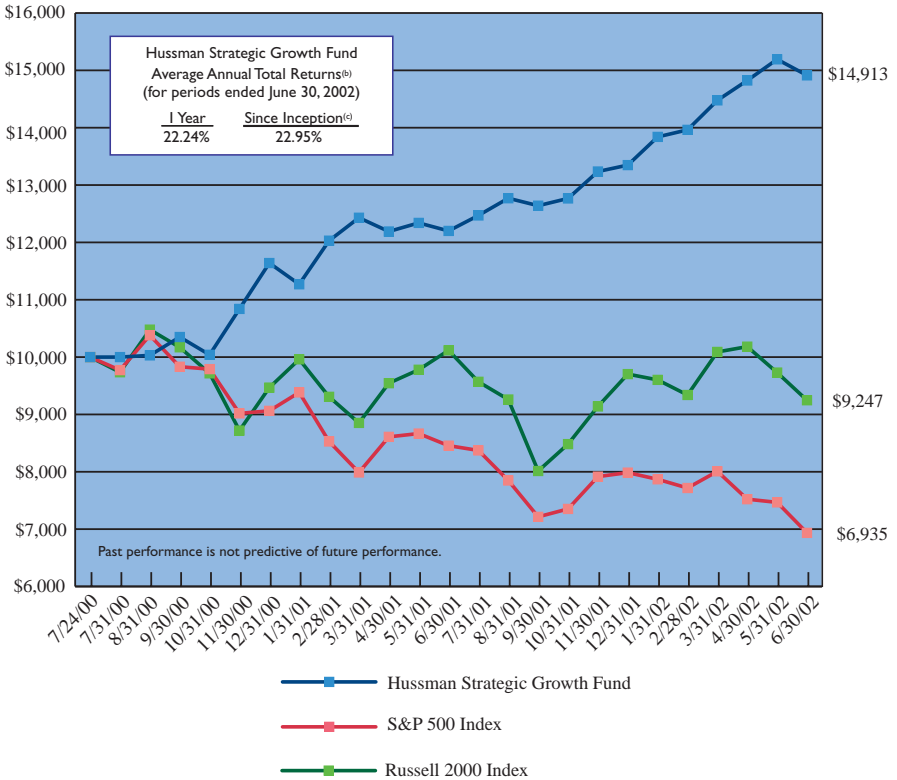
ANNUAL REPORT
FOR THE YEAR ENDING
JUNE 30, 2002





STRATEGIC GROWTH FUND

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



^(a) The Russell 2000 Index contains small and medium capitalization stocks, and is generally representative of the stocks held by the Hussman Strategic Growth Fund. The S&P 500 Index is a widely followed equity benchmark and is presented for comparative purposes only. Because the Hussman Strategic Growth Fund may vary its exposure to market fluctuations, Fund returns may differ from the performance of major stock market indices.

^(b) The returns shown 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.

DEAR SHAREHOLDER,

The Hussman Strategic Growth Fund performed as intended over the past year, gaining value with substantially less volatility than the overall market.

For the year ended June 30, 2002, the Fund earned a total return of 22.24%. In contrast, Russell 2000 Index fell by 8.59%, while the S&P 500 lost 17.99% of its value. Moreover, in the face of extreme market volatility, the deepest peak-to-trough pullback in Fund value over the past year was 2.79%. This compares with peak-to-trough pullbacks deeper than 20% in both the Russell 2000 and the S&P 500.

With the Market Climate solidly unfavorable over the past year, our intent was to hold a widely diversified portfolio of individual stocks appearing to display favorable valuation and market action, while removing the impact of market fluctuations from that portfolio. In general, the Fund held a fully invested position in favored stocks (generally over 100 individual positions) during the past year, while holding an offsetting short sale of equal size, using the Russell 2000 and S&P 100 indices.

Investment Strategy and Hedging

Part of our investment discipline is to align our investment stance with the prevailing Market Climate that we identify at any point in time. This Climate may range from aggressive to defensive, depending on observable market conditions. For the most part, the Climate of the past two years has been characterized by both unfavorable valuations and unfavorable market action ("trend uniformity"), holding us to a defensive position.

It is important to understand that the Fund does not inherently take a defensive stance toward market risk. **The Hussman Strategic Growth Fund is a no-load, diversified U.S. equity growth fund that places added emphasis on capital preservation in unfavorable market conditions.** The Fund is not a bear fund, a hedge fund, a market-neutral fund, a value fund, nor a small-cap fund. Neither the Fund's low volatility, nor its specific profile of stock holdings, nor its relative insensitivity to market fluctuations over the past year should be interpreted as inherent characteristics of our investment approach.

Hussman Strategic Growth Fund

Letter to Shareholders *(continued)*

Last year, as always, we attempted to be fully invested in stocks that we believed to have favorable valuation and market action. These stocks, however, were all vulnerable to fluctuations in the overall market. Because the Market Climate was unfavorable, we attempted to remove the effect of market fluctuations from the portfolio. In practice, we achieved this by selling short the Russell 2000 and S&P 100 indices in a dollar amount equal to our holdings in favored stocks.

When the Fund is in a fully hedged position, the returns of the Fund are driven not by overall market direction, but by the difference in performance between the stocks held by the Fund and major market indices. The potential for such differences is a source of risk, but it was also our primary source of returns last year.

The low volatility of the Fund during the past year reflects the appropriateness of our hedging approach, while the overall return of the Fund reflects the fact that our favored stocks substantially outperformed major market indices (specifically, the S&P 100 and Russell 2000).

Had our stock holdings not been hedged, we estimate that they would have earned a return of just under 5% during the past year, with far greater volatility than the Fund experienced in practice. So while our favored stocks enjoyed a small gain in a generally falling market, the Fund's overall strategy contributed to a much higher return and lower volatility than we would have experienced otherwise.

In summary, both our stock selection approach and our Market Climate approach performed as intended over the past year. In a hostile market environment, our approach emphasized the purchase of stocks appearing to display good valuation and market action, while attempting to minimize the impact of market fluctuations on the Fund's portfolio. **The profile of returns and risks from our investment approach will vary depending on the Market Climate that we identify.** To the extent that the Market Climate shifts to a more favorable posture in the future, the Fund can be expected to take more market risk, and to experience greater volatility as a result. As usual, however, the reason that we take risks is that we expect those risks to be well compensated.

Portfolio Insight

The Portfolio of Investments section of this report shows how Fund assets were invested as of June 30, 2002. Net assets of the Fund amounted to \$173,342,113. The Fund held a diversified portfolio of 120 stocks in a wide array of industries, representing 94% of net assets. Typically, large holdings for the Fund represent about 2% of assets, while smaller holdings represent between 0.5% and 1% of assets.

As of June 30, 2002, the Fund also held hedge positions using put and call options on the Russell 2000 and the S&P 100 indices, both which are well correlated to the stocks that we hold.

The put and call option contracts held by the Fund have a simple interpretation. When an investor buys a put option on a stock index, and simultaneously writes a call option having the same strike price and expiration, the combined position acts as an interest-bearing short sale on the underlying index.

For example, with the Russell 2000 Index at 462.66 as of June 30, 2002, each call-put combination represented a short sale of 100 "shares" of the Russell 2000, and hedged \$46,266 of the stocks held by the Fund. As of June 30, the dollar value covered by our hedges was equal to the dollar value of our stock holdings, keeping the Fund in a "fully hedged" position.

Clearly, given the sharp decline in the major indices over the past year, gains from our hedges accounted for a significant portion of the Fund's performance. However, it is important to understand that these positions were not established to speculate on a falling market, nor did we rely on a falling market for our returns. Indeed, during the sharp market advance from September through December 2001, the Fund gained ground in a rising market even with a hedged position, because our favored stocks outpaced the market indices. Again, when the Fund holds a fully hedged position, its gains are not determined by the direction of the market, but by the difference in performance between our favored stocks and the major indices.

Medical stocks were among our best performing holdings last year, including PacifiCare Health, Humana, PolyMedica and Boston Scientific. Other significant sources of strength were Dura Automotive, NBTY, Owens Illinois, and American Greetings.

Hussman Strategic Growth Fund

Letter to Shareholders *(continued)*

Although the Fund held a much smaller allocation to technology stocks than reflected in the major market indices, our minor holdings in technology still accounted for the largest losses experienced by the Fund last year. These included Intel, NVIDIA, Peregrine Systems, Flextronics, Computer Associates, Adaptec, Citrix Systems, Sun Microsystems, and Autodesk.

Current Outlook

At present, we estimate that stocks are priced to deliver a long-term total return to investors of less than 7.8% annually. Indeed, even this figure assumes that stock valuations will remain above their historical norms into the indefinite future. While some analysts may assert that stocks are "undervalued" at present, these assertions are based on one of two assumptions: either the analyst is assuming that fundamentals such as earnings and dividends will grow at historically unprecedented rates over the long term (S&P 500 earnings growth has never substantially exceeded 6% when measured from peak-to-peak), or the analyst is assuming that investors should price stocks at levels which would deliver long-term returns of even less than 7.8%. Mathematically, there is no third possibility.

In other words, if an investor is willing to assume that fundamentals will grow at high and unprecedented rates over the long term, or that other investors will be willing to accept low and unprecedented long-term returns into the indefinite future, then stocks may well be undervalued here. Otherwise, market valuations (based on the S&P 500 Index) currently do not represent attractive investment value.

However, overvaluation only implies disappointing long-term returns from a buy-and-hold approach. Short-term returns are influenced strongly by a quality of market action that we call "trend uniformity." When trend uniformity has been favorable (as it was through most of the bull market advance to the year 2000 peak), valuations have historically been irrelevant, at least temporarily. So stocks may very well have speculative merit even when they do not have investment merit.

From this perspective, I expect that a buy-and-hold approach on major stock indices is likely to produce disappointing returns for investors over the coming 5-10 years. However, this period is likely to include phases of both favorable and unfavorable trend uniformity. While the long-term investment outlook is not particularly favorable for the major

Hussman Strategic Growth Fund

Letter to Shareholders *(continued)*

indices, I believe that there will always be stocks that display favorable valuation and market action. Our approach is to focus our investments in stocks that we believe satisfy these characteristics, and to selectively take market risk when it displays either investment merit or speculative merit.

In short, I believe that our disciplined, strategic investment approach is well suited to navigate a market environment that may call for greater flexibility than a "buy-and-hold" approach in the years ahead.

I appreciate your investment in the Fund.

Sincerely,

John P. Hussman, Ph.D.
Portfolio Manager

Dr. Hussman provides regular market commentary and research on the Research & Insight page of the Fund website, www.hussman.net.

Hussman Strategic Growth Fund

Statement of Assets and Liabilities

June 30, 2002

ASSETS

Investments in securities:	
At acquisition cost	\$ 182,916,013
At value (Note 1)	\$ 178,400,731
Dividends receivable	114,515
Receivable for investment securities sold	8,978,814
Receivable for capital shares sold	487,419
Other assets	33,769
Total Assets	<u>188,015,248</u>

LIABILITIES

Written call options, at value (Notes 1 and 4)	
(premiums received \$8,839,592)	2,491,700
Payable for investment securities purchased	9,757,038
Payable for capital shares redeemed	2,136,984
Accrued investment advisory fees (Note 3)	181,184
Payable to administrator (Note 3)	22,095
Other accrued expenses	84,134
Total Liabilities	<u>14,673,135</u>

NET ASSETS \$ 173,342,113

Net assets consist of:

Paid-in capital	\$ 162,787,124
Accumulated net realized gains from security and option transactions	8,722,379
Net unrealized appreciation on investments and options	<u>1,832,610</u>

NET ASSETS \$ 173,342,113

Shares of beneficial interest outstanding (unlimited number of shares
authorized, no par value) 12,993,807

Net asset value, redemption price and offering price
price per share^(a) (Note 1) \$ 13.34

^(a) Redemption price varies based on length of time shares are held.

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Statement of Operations

For the Year Ended June 30, 2002

INVESTMENT INCOME

Dividends \$ 757,622

EXPENSES

Investment advisory fees (Note 3)	797,310
Administration fees (Note 3)	87,417
Registration and filing fees	63,592
Custodian and bank service fees	50,066
Professional fees	43,783
Fund accounting fees (Note 3)	36,384
Trustees' fees and expenses	31,575
Transfer agent and shareholder services fees (Note 3)	19,854
Printing of shareholder reports	18,726
Postage and supplies	16,594
Insurance expense	14,007
Pricing fees	3,298
Other expenses	10,047
Total Expenses	1,192,653
Less fees waived by the Adviser (Note 3)	(29,363)
Plus previously waived/reimbursed investment advisory fees and expenses recouped by the Adviser (Note 3)	112,484
Net Expenses	1,275,774

NET INVESTMENT INCOME (LOSS) (518,152)

REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS

Net realized gains from security transactions	11,298,157
Net realized gains on option contracts	274,316
Net change in unrealized appreciation/depreciation on investments ..	(13,383,070)
Net change in unrealized appreciation/depreciation on options ...	13,281,717

**NET REALIZED AND UNREALIZED GAINS
ON INVESTMENTS AND OPTIONS** 11,471,120

NET INCREASE IN NET ASSETS FROM OPERATIONS \$ 10,952,968

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Statements of Changes in Net Assets

	Year Ended June 30, 2002	Period Ended June 30, 2001^(a)
FROM OPERATIONS		
Net investment income (loss)	\$ (518,152)	\$ (70,038)
Net realized gains from:		
Security transactions	11,298,157	76,642
Option contracts	274,316	565,289
Net change in unrealized appreciation/depreciation on:		
Investments	(13,383,070)	2,000,250
Options	13,281,717	(66,287)
Net increase in net assets resulting from operations	<u>10,952,968</u>	<u>2,505,856</u>
DISTRIBUTIONS TO SHAREHOLDERS		
From net realized gains	(2,903,835)	—
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	154,777,165	18,776,622
Net asset value of shares issued in reinvestment of distributions to shareholders	2,787,520	—
Proceeds from redemption fees collected	108,201	16,853
Payments for shares redeemed	(12,608,010)	(1,171,227)
Net increase in net assets from capital share transactions	<u>145,064,876</u>	<u>17,622,248</u>
TOTAL INCREASE IN NET ASSETS	153,114,009	20,128,104
NET ASSETS		
Beginning of period	20,228,104	100,000
End of period	<u>\$ 173,342,113</u>	<u>\$ 20,228,104</u>
CAPITAL SHARE ACTIVITY		
Sold	12,057,487	1,743,744
Reinvested	244,091	—
Redeemed	(965,647)	(95,868)
Net increase in shares outstanding	11,335,931	1,647,876
Shares outstanding at beginning of period	1,657,876	10,000
Shares outstanding at end of period	<u>12,993,807</u>	<u>1,657,876</u>

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

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

	Year Ended June 30, 2002	Period Ended June 30, 2001^(a)
Net asset value at beginning of period	\$ 12.20	\$ 10.00
Income from investment operations:		
Net investment income (loss)	(0.04)	(0.04)
Net realized and unrealized gains on investments and options . . .	<u>2.52</u>	<u>2.23</u>
Total from investment operations	<u>2.48</u>	<u>2.19</u>
Distributions from net realized gains	<u>(1.35)</u>	<u>—</u>
Proceeds from redemption fees collected	<u>0.01</u>	<u>0.01</u>
Net asset value at end of period	<u>\$ 13.34</u>	<u>\$ 12.20</u>
Total return	<u>22.24%</u>	<u>22.00%</u> ^(b)
Net assets at end of period	<u>\$ 173,342,113</u>	<u>\$ 20,228,104</u>
Ratio of expenses to average net assets:		
Before advisory fees waived	2.03%	2.36% ^(c)
After advisory fees waived	1.99%	1.99% ^(c)
Ratio of net investment income (loss) to average net assets	(0.81%)	(0.53%) ^(c)
Portfolio turnover rate	199%	55% ^(c)

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

(b) Not annualized.

(c) Annualized.

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Portfolio of Investments

June 30, 2002

Shares	COMMON STOCKS – 93.52%	Market Value
Aerospace and Defense – 1.43%		
50,000	GenCorp, Inc.	\$ 715,000
50,000	Honeywell International, Inc.	1,761,500
		<u>2,476,500</u>
Auto Components – 1.83%		
60,000	Dura Automotive Systems, Inc. ^(a)	1,245,000
28,000	Magna International, Inc. - Class A	1,927,800
		<u>3,172,800</u>
Biotechnology – 0.01%		
3,500	ImmuCell Corp. ^(a)	9,485
Building Products – 1.95%		
100,000	York International Corp.	3,379,000
Chemicals – 0.96%		
50,000	Lubrizol Corp. (The)	1,675,000
Commercial Services and Supplies – 3.03%		
10,000	Cendant Corp. ^(a)	158,800
70,000	Consolidated Graphics, Inc. ^(a)	1,313,900
24,100	Hon Industries, Inc.	656,002
50,000	R.R. Donnelley & Sons, Inc.	1,377,500
21,400	Sensient Technologies Corp.	487,064
39,800	Standex International Corp.	998,980
67,500	Zomax, Inc. ^(a)	263,250
		<u>5,255,496</u>
Communications Equipment – 0.95%		
125,000	Adaptec, Inc. ^(a)	986,250
35,000	Plantronics, Inc. ^(a)	665,350
		<u>1,651,600</u>
Computers and Peripherals – 2.12%		
150,000	EMC Corp. ^(a)	1,132,500
70,000	Gateway, Inc. ^(a)	310,800
35,000	InFocus Corp. ^(a)	412,300
15,000	Lexmark International Group, Inc. ^(a)	816,000
200,000	Sun Microsystems, Inc. ^(a)	1,002,000
		<u>3,673,600</u>
Diversified Financials – 0.58%		
34,000	FactSet Research Systems, Inc.	1,012,180

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

June 30, 2002

Shares	COMMON STOCKS — 93.52% (continued)	Market Value
Diversified Telecommunication Services — 1.41%		
75,000	ECtel Ltd. ^(a)	\$ 870,000
40,000	Federal Signal Corp.	960,000
20,000	SBC Communications, Inc.	610,000
		2,440,000
Electrical Equipment — 1.07%		
134,400	American Power Conversion Corp. ^(a)	1,697,472
4,000	Cooper Industries, Inc.	157,200
		1,854,672
Electric Utilities — 2.52%		
63,000	Ameren Corp.	2,709,630
40,000	Consolidated Edison, Inc.	1,670,000
		4,379,630
Electronic Equipment and Instruments — 3.27%		
15,000	AVX Corp.	244,950
14,600	Checkpoint Systems, Inc. ^(a)	170,820
85,000	Diebold, Inc.	3,165,400
100,000	Mentor Graphics Corp. ^(a)	1,422,000
60,000	PerkinElmer, Inc.	663,000
		5,666,170
Energy Equipment and Services — 2.17%		
20,000	Idacorp, Inc.	550,200
40,800	Tidewater, Inc.	1,343,136
50,000	Valero Energy Corp.	1,871,000
		3,764,336
Food and Drug Retail — 3.40%		
85,000	Albertson's, Inc.	2,589,100
104,000	Ruddick Corp.	1,742,000
100,000	Winn-Dixie Stores, Inc.	1,559,000
		5,890,100
Food Products — 4.04%		
90,000	Archer-Daniels-Midland, Inc.	1,151,100
75,000	Campbell Soup Co.	2,074,500
70,000	ConAgra Foods, Inc.	1,935,500
60,000	Dole Food Co., Inc.	1,740,000
5,000	Lance, Inc.	72,900
2,100	Pilgrim's Pride Corp. - Class B	29,400
		7,003,400

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

June 30, 2002

Shares	COMMON STOCKS — 93.52% (continued)	Market Value
Health Care Equipment and Supplies — 3.32%		
55,000	Bausch & Lomb, Inc.	\$ 1,861,750
10,000	Boston Scientific Corp. ^(a)	293,200
50,000	Guidant Corp. ^(a)	1,511,500
9,000	PolyMedica Corp. ^(a)	229,860
84,900	Sola International, Inc. ^(a)	976,350
104,700	Theragenics Corp. ^(a)	882,621
		5,755,281
Health Care Providers and Services — 3.40%		
24,500	Matria Healthcare, Inc. ^(a)	201,390
73,700	PacificCare Health Systems, Inc. ^(a)	2,004,640
93,800	Renal Care Group, Inc. ^(a)	2,921,870
50,400	Wackenhut Corrections Corp. ^(a)	754,488
		5,882,388
Hotels, Restaurants and Leisure — 5.43%		
70,000	Carnival Corp.	1,938,300
90,000	CBRL Group, Inc.	2,746,800
50,000	Lone Star Steakhouse & Saloon, Inc.	1,179,500
40,000	McDonald's Corp.	1,138,000
40,000	Outback Steakhouse, Inc. ^(a)	1,404,000
30,400	Papa John's International, Inc. ^(a)	1,015,056
		9,421,656
Household Durables — 4.75%		
125,000	Helen of Troy Ltd. ^(a)	1,455,000
69,200	Lancaster Colony Corp.	2,467,672
35,000	Salton Corp. ^(a)	487,900
51,600	Sherwin-Williams Co. (The)	1,544,388
35,000	Whirlpool Corp.	2,287,600
		8,242,560
Household Products — 1.97%		
55,000	Kimberly-Clark Corp.	3,410,000
Industrial Conglomerates — 0.78%		
35,000	Briggs & Stratton Corp.	1,352,400
Leisure Equipment and Products — 5.74%		
195,000	Borders Group, Inc. ^(a)	3,588,000
215,000	Callaway Golf Co.	3,405,600
20,000	Eastman Kodak Co.	583,400
105,300	JAKKS Pacific, Inc. ^(a)	1,864,863
50,000	Topps Co., Inc. (The) ^(a)	503,000
		9,944,863

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

June 30, 2002

Shares	COMMON STOCKS – 93.52% (continued)	Market Value
Metals and Mining – 3.98%		
50,000	Agnico-Eagle Mines Ltd.	\$ 728,500
125,000	Barrick Gold Corp.	2,373,750
70,000	Newmont Mining Corp.	1,843,100
175,000	Placer Dome, Inc.	1,961,750
		6,907,100
Multiline Retail – 2.99%		
40,000	Catalina Marketing Corp. ^(a)	1,128,800
30,000	J.C. Penney Co., Inc.	660,600
70,000	May Department Stores Co. (The)	2,305,100
20,000	Sears, Roebuck and Co.	1,086,000
		5,180,500
Paper and Forest Products – 0.94%		
20,000	Bemis Co., Inc.	950,000
20,000	MeadWestvaco Corp.	671,200
		1,621,200
Personal Products – 1.69%		
50,000	Herbalife International, Inc. - Class A	955,000
20,000	Nature's Sunshine Products, Inc.	226,200
65,900	Ocular Sciences, Inc. ^(a)	1,746,350
		2,927,550
Pharmaceuticals – 3.79%		
15,000	Barr Laboratories, Inc. ^(a)	952,950
40,000	Bristol-Myers Squibb Co.	1,028,000
50,000	Elan Corp. PLC ^(a)	273,500
90,000	Mylan Laboratories, Inc.	2,821,500
20,000	Novartis AG-ADR	876,600
25,000	Schering-Plough Corp.	615,000
		6,567,550
Semiconductor Equipment and Products – 1.48%		
140,000	Intel Corp.	2,557,800
Software – 2.40%		
75,000	Autodesk, Inc.	993,750
50,000	Cadence Design Systems, Inc. ^(a)	806,000
35,000	Citrix Systems, Inc. ^(a)	211,400
125,000	NVIDIA Corp. ^(a)	2,147,500
		4,158,650

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

June 30, 2002

Shares	COMMON STOCKS – 93.52% (continued)	Market Value
Specialty Retail – 9.05%		
60,000	Abercrombie & Fitch Co. - Class A ^(a)	\$ 1,447,200
80,000	Children's Place Retail Stores, Inc. (The) ^(a)	2,120,080
125,000	Circuit City Stores - Circuit City Group	2,343,750
3,700	Coldwater Creek, Inc. ^(a)	90,280
50,000	Home Depot, Inc.	1,836,500
40,000	Men's Warehouse, Inc. (The) ^(a)	1,020,000
95,000	Office Depot, Inc. ^(a)	1,596,000
30,000	Regis Corp.	810,570
44,000	Toys R Us, Inc. ^(a)	768,680
100,000	Zale Corp. ^(a)	3,660,000
		<u>15,693,060</u>
Textiles & Apparel – 9.66%		
29,500	bebe Stores, Inc. ^(a)	598,555
110,000	Liz Claiborne, Inc.	3,498,000
30,000	Nike, Inc. - Class B	1,609,500
30,000	Oakley, Inc. ^(a)	525,000
100,000	Pacific Sunwear of California, Inc. ^(a)	2,217,000
25,000	Reebok International Ltd. ^(a)	737,500
140,000	Stride Rite Corp.	1,120,000
11,300	Talbots, Inc.	395,500
75,000	Tommy Hilfiger Corp. ^(a)	1,074,000
60,000	V.F. Corp.	2,352,600
150,000	Wolverine World Wide, Inc.	2,617,500
		<u>16,745,155</u>
Trading Companies and Distributors – 1.41%		
70,000	Genuine Parts Co.	2,440,900
		<u>2,440,900</u>
	Total Common Stocks (Cost \$173,495,402)	<u>\$162,112,582</u>

Hussman Strategic Growth Fund

Portfolio of Investments *(continued)*

June 30, 2002

Contracts		PUT OPTION CONTRACTS – 8.39%	Market Value
875	Russell 2000 Index Option, 9/21/02 at \$480	.....	\$ 2,660,000
1,150	Russell 2000 Index Option, 9/21/02 at \$500	.....	5,175,000
300	S&P 100 Index Option, 9/21/02 at \$500	.....	789,600
1,100	S&P 100 Index Option, 9/21/02 at \$540	.....	5,907,000
Total Put Option Contracts (Cost \$7,664,062)			\$ 14,531,600
Shares		MONEY MARKETS – 1.01%	Market Value
1,756,549	First American Treasury Obligation Fund - Class S (Cost \$1,756,549)	.....	\$ 1,756,549
Total Investments at Value – 102.92% (Cost \$182,916,013)			\$178,400,731
Liabilities in Excess of Other Assets – (2.92%)			(5,058,618)
Net Assets – 100.00%			\$173,342,113

^(a) Non-income producing security.

Hussman Strategic Growth Fund

Schedule of Open Options Written

June 30, 2002

Contracts		WRITTEN CALL OPTIONS	Market Value of Options	Premiums Received
875	Russell 2000 Index Option, 9/21/02 at \$480	.....	\$ 910,000	\$ 2,625,815
1,150	Russell 2000 Index Option, 9/21/02 at \$500	.....	563,500	2,840,625
300	S&P 100 Index Option, 9/21/02 at \$500	.....	523,200	733,750
1,100	S&P 100 Index Option, 9/21/02 at \$540	.....	495,000	2,639,402
			\$ 2,491,700	\$ 8,839,592

See accompanying notes to financial statements.

Hussman Strategic Growth Fund

Notes to Financial Statements

June 30, 2002

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Hussman Investment Trust (the "Trust") was organized as an Ohio business trust on June 1, 2000. The Trust is an open-end management investment company registered under the Investment Company Act of 1940 (the "1940 Act"). The Trust currently offers one diversified investment portfolio, the Hussman Strategic Growth Fund (the "Fund"). The Trust is authorized to issue an unlimited number of shares.

As part of the Trust's organization, the 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 Fund's investment objective is to provide long-term capital appreciation, with added emphasis on capital preservation during unfavorable market conditions.

Securities and Options Valuation — The Fund values its portfolio securities 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 closing bid price on the NYSE or other primary exchange for that day. Securities traded in the over-the-counter market are valued on the basis of the last sale price as reported by NASDAQ. If there are no sales on that day, the securities are valued at the mean between the closing bid and asked prices as reported by NASDAQ.

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 June 30, 2002, all options held by the 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.

Hussman Strategic Growth Fund

Notes to Financial Statements *(continued)*

June 30, 2002

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 accordance with procedures adopted in good faith by the Board of Trustees.

Option Transactions — The Fund may purchase and write put and call options on broad-based stock indices. The Fund may also purchase and write call and put options on individual securities. When the 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 either event, the proceeds of the sale will be increased by the net premium originally received and the Fund will realize a gain or loss.

Share Valuation and Redemption Fees — The net asset value of the Fund's shares is calculated at the close of regular trading on the NYSE (normally 4:00 p.m., Eastern time) on each day that the Exchange is open for business. To calculate the net asset value, the Fund's assets are valued and totaled, liabilities are subtracted, and the balance is divided by the number of shares outstanding. The offering price and redemption price per share is equal to the net asset value per share, except that shares of the Fund are subject to a redemption fee of 1.5% if redeemed within six months of the date of purchase. For the periods ended June 30, 2002 and 2001, proceeds from redemption fees total \$108,201 and \$16,853, respectively.

Investment Income — Interest income is accrued as earned. Dividend income is recorded on the ex-dividend date.

Distributions to Shareholders — Dividends arising from net investment income, if any, are declared and paid annually to shareholders of the 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

Hussman Strategic Growth Fund

Notes to Financial Statements *(continued)*

June 30, 2002

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 and losses deferred due to wash sales.

To the extent these differences are permanent in nature, such amounts are reclassified within the composition of net assets based on their federal tax-basis treatment. Such reclassification has no effect on the Fund's net assets or net asset value per share. As of June 30, 2002, the following reclassifications have been made to increase (decrease) the following accounts:

Accumulated Net Investment Loss	Accumulated Net Realized Gains From Security Transactions
\$ 518,152	\$(518,152)

The tax character of distributions paid during the periods ended June 30, 2002 and 2001 was as follows:

Period Ended June 30,	Ordinary Income	Long-Term Capital Gains	Total Distributions
2002	\$ 2,903,835	\$ —	\$ 2,903,835
2001	\$ —	\$ —	\$ —

The tax character of distributable earnings at June 30, 2002 was as follows:

Undistributed Ordinary Income	Undistributed Long-Term Gains	Unrealized Depreciation	Total Distributable Earnings
\$ 13,032,473	\$ 8,918,157	\$(11,395,641)	\$ 10,554,989

Organization Expenses — All costs incurred by the Trust in connection with the organization of the Fund and the initial public offering of shares of the Fund, principally professional fees and printing, have been paid by the Adviser, but 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. Cost of securities sold is determined on a specific identification basis.

Hussman Strategic Growth Fund

Notes to Financial Statements *(continued)*

June 30, 2002

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 as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Federal income tax — It is the Fund's policy to comply with the special provisions of the Internal Revenue Code applicable to regulated investment companies. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable net income, the Fund (but not 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 the Fund's intention to declare and pay as dividends in each calendar year at least 98% of its net investment income (earned during the calendar year) and 98% of its net realized capital gains (earned during the twelve months ended October 31) plus undistributed amounts from prior years.

For federal income tax purposes, the cost of portfolio investments amounted to \$174,089,242 at June 30, 2002. The composition of unrealized appreciation (the excess of value over tax cost) and unrealized depreciation (the excess of tax cost over value) was as follows:

Gross unrealized appreciation	\$ 3,672,487
Gross unrealized depreciation	<u>(15,068,128)</u>
Net unrealized depreciation	<u>\$ (11,395,641)</u>

The difference between the federal income tax cost of portfolio investments and the financial statement cost 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.

Reclassifications — Certain reclassifications have been made to the 2001 financial statements to conform with current year presentation.

June 30, 2002

2. INVESTMENT TRANSACTIONS

During the year ended June 30, 2002, purchases and proceeds from sales and maturities of investment securities, other than short-term investments, amounted to \$271,543,708 and \$128,947,253, respectively.

3. TRANSACTIONS WITH AFFILIATES

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

Advisory Agreement

Under the terms of an Advisory Agreement between the Trust and the Adviser, the Fund pays a fee, which is computed and accrued daily and paid monthly, at 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.

Pursuant to an Expense Limitation Agreement, the Adviser has contractually agreed to waive a portion of its advisory fees and if necessary, reimburse a portion of the Fund's operating expenses until at least December 31, 2002 so that the Fund's ordinary operating expenses do not exceed 2.00% per annum of average net assets (the "Cap"). As a result of the Cap, the Adviser waived \$29,363 of its investment advisory fees during the year ended June 30, 2002. Advisory fee waivers and expense reimbursements by the Adviser are generally subject to repayment by the Fund for a period of three years after such fees and expenses are incurred provided that the repayments do not cause the Fund's ordinary operating expenses to exceed the Cap. Pursuant to the Expense Limitation Agreement, for the year ended June 30, 2002, the Adviser received \$112,484 in recouped fees. As of June 30, 2002, the Adviser may, in the future, recoup from the Fund fees waived and reimbursed organizational expenses totaling \$19,954.

Administration Agreement

Under the terms of an Administration Agreement, Ultimus supplies executive, administrative and regulatory services to the Fund, 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 the Fund at an annual rate of .15% on its average daily net assets up to \$50 million; .125%

Notes to Financial Statements *(continued)*

June 30, 2002

on the next \$50 million of such assets; .10% on the next \$150 million of such assets; .075% on the next \$250 million of such assets; and .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 Fund. For these services, Ultimus receives from the Fund a monthly base fee of \$2,500, plus an asset based fee equal to 0.01% of its average daily net assets up to \$500 million and 0.005% of such net assets in excess of \$500 million. In addition, the Fund pays certain out-of-pocket expenses incurred by Ultimus in obtaining valuations of the Fund's portfolio securities.

Transfer Agent and Shareholder Services Agreement

Under the terms of a Transfer Agent and Shareholder Services Agreement 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 Fund shares, acts as dividend and distribution disbursing agent, and performs other shareholder service functions. For these services, Ultimus receives from the Fund a monthly fee at an annual rate of \$17 per account, subject to a minimum of \$1,500 per month. In addition, the Fund pays certain out-of-pocket expenses incurred by Ultimus including, but not limited to, postage and supplies.

4. OPTION CONTRACTS WRITTEN

Transactions in option contracts written during the year ended June 30, 2002, were as follows:

	Option Contracts	Option Premiums
Options outstanding at beginning of year	375	\$ 1,887,163
Options written	8,535	20,457,347
Options cancelled in a closing purchase transaction	(5,485)	(13,504,918)
	<u>3,425</u>	<u>\$ 8,839,592</u>
Options outstanding at end of year	<u>3,425</u>	<u>\$ 8,839,592</u>

5. BANK LINE OF CREDIT

The Fund has an unsecured \$10,000,000 bank line of credit. Borrowings under this arrangement bear interest at a rate determined by the bank at the time of borrowing. During the year ended June 30, 2002, the Fund had no outstanding borrowings under the line of credit.

Report of the Independent Auditor

To the Shareholders and
Board of Trustees of
Hussman Investment Trust

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the Hussman Strategic Growth Fund (the "Fund") of Hussman Investment Trust as of June 30, 2002, the related statements of operations, changes in net assets, and financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statement of changes in net assets and the financial highlights presented herein for the period ended June 30, 2001 were audited by other auditors whose report, dated July 27, 2001, expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2002 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Hussman Strategic Growth Fund of Hussman Investment Trust, as of June 30, 2002, the results of its operations, the changes in its net assets and its financial highlights for the year then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Cincinnati, Ohio
July 19, 2002

Board of Trustees and Officers *(Unaudited)*

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

Trustee	Address	Age	Position Held with the Trust	Length of Time Served
*John P. Hussman, Ph. D.	3525 Ellicott Mills Drive Ellicott City, MD 21043	39	President and Trustee	Since June 2000
David C. Anderson	916 North Oak Park Avenue Oak Park, IL 60302	51	Trustee	Since June 2000
*Lee R. Baker	3103 SW 37th Street Des Moines, IA 50321	72	Trustee	Since June 2000
Nelson F. Freeburg	4646 Poplar Avenue, Suite 401 Memphis, TN 38117	50	Trustee	Since June 2000
William H. Vanover	838 Long Lake Road, Suite 100 Bloomfield Hills, MI 48302	55	Trustee	Since June 2000
Robert G. Dorsey	135 Merchant Street Cincinnati, OH 45246	45	Vice President	Since June 2000
Mark J. Seger	135 Merchant Street Cincinnati, OH 45246	40	Treasurer	Since June 2000
John F. Splain	135 Merchant Street Cincinnati, OH 45246	45	Secretary	Since June 2000

* Dr. Hussman and Mr. Baker are "interested persons" of the Trust within the meaning of Section 2(a)(19) of the Investment Company Act of 1940.

Each Trustee oversees one portfolio of the Trust. The principal occupations of the Trustees and executive officers of the Fund during the past five years and public directorships held by the Trustees are set forth below:

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

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

Lee R. Baker is Director of the Raymond F. Baker Foundation and a member of the Board of Governors of the Iowa State University Foundation and the Baker Council for Excellence in Agronomy.

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

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

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

Robert G. Dorsey is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC. Prior to March 1999, he was President of Countrywide Fund Services, Inc. (a mutual fund services company).

Mark J. Seger is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC. Prior to March 1999, he was First Vice President of Countrywide Fund Services, Inc.

John F. Splain is a Managing Director of Ultimus Fund Solutions, LLC and Ultimus Fund Distributors, LLC. Prior to March 1999, he was First Vice President and Secretary of Countrywide Fund Services, Inc. and affiliated companies.

Additional information about members of the Board of Trustees and Officers is available in the Statement of Additional Information (SAI). To obtain a free copy of the SAI, please call 1-800-HUSSMAN (1-800-487-7626). The SAI may also be downloaded from the Fund website at www.hussman.net.

Change in Independent Auditor *(Unaudited)*

On June 4, 2002, Arthur Andersen LLP (Arthur Andersen) was dismissed as independent auditor of the Fund, and Ernst & Young LLP (Ernst & Young) was selected as the Fund's new independent auditor. The Fund's selection of Ernst & Young as its independent auditor was recommended by the Fund's Audit Committee and was approved by the Fund's Board of Trustees.

Arthur Andersen's report on the Fund's financial statements for the fiscal year ended June 30, 2001 did not contain an adverse opinion or a disclaimer of opinion, and was not modified or qualified as to uncertainty, audit scope or accounting principles. During such fiscal year, and through the date of Arthur Andersen's dismissal, there were no disagreements between the Fund and Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Arthur Andersen, would have caused it to make reference to the subject matter of the disagreements in connection with its reports on the financial statements for such year.

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INVESTMENT ADVISER

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ADMINISTRATOR/TRANSFER AGENT

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