

PART B  
**STATEMENT OF ADDITIONAL INFORMATION**  
**THE STAAR INVESTMENT TRUST**

General Bond Fund (GBF)  
Short Term Bond Fund (STBF)  
Larger Company Stock Fund (LCSF)  
Smaller Company Stock Fund (SCSF)  
International Fund (INTF)  
AltCat Fund (ACF)

604 McKnight Park Drive  
Pittsburgh, PA 15237  
(412) 367-9076

This Statement of Information is not a prospectus. It relates to the Prospectus of the Staar Investment Trust (the “Trust”) dated May 1, 2010, as supplemented from time to time.

This Statement of Additional Information should be read in conjunction with the Prospectus. The Trust’s Prospectus can be obtained by writing to the Trust at the above address or by telephoning the Trust at 1-800-33ASSET, P.I.N. 3370.

The prospectus and annual/semi-annual reports may be incorporated into this SAI by reference.

Date: May 1, 2010

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## Item 15 – HISTORY

The Registrant, STAAR Investment Trust (the Trust), is an open-end, management investment company including six series Funds. It was formed on February 28, 1996 as a private Pennsylvania business trust for the purposes of commencing business as an investment company under the name STAAR System Trust. It had engaged in no prior business activities. Its public registration became effective on May 28, 1997. The name was changed to STAAR Investment Trust on April 3, 1998. There has been no material change in operations since the beginning of investment operations on April 4, 1996.

## Item 16 – DESCRIPTION OF THE FUNDS, THEIR INVESTMENTS AND RISKS

As described in the prospectus, the Trust consists of six series Funds, each of which has its own objectives, policies and strategies designed to meet different investor goals. The information below is provided as additional information to that already provided in the prospectus.

The Funds are:

General Bond Fund (GBF)  
Short Term Bond Fund (STBF)  
Larger Company Stock Fund (LCSF)  
Smaller Company Stock Fund (SCSF)  
International Fund (INTF)  
AltCat Fund (ACF)

Each Fund has adopted certain fundamental investment policies. These fundamental investment policies cannot be changed unless the change is approved by (a) 66 2/3% or more of the voting securities present in person or by proxy at a meeting (if the holders of 50% or more of the outstanding securities are present in person or by proxy) or (b) more than 50% of the outstanding voting securities of the Fund, whichever is lesser. The fundamental policies provide, in addition to those listed in the prospectus, as follows:

- (1) No Fund of the Trust issues different classes of securities or securities having preferences of seniority over other classes.
- (2) The Trust will not engage in Short Sales (borrowing stock from someone else and selling it in anticipation of the price going down, at which time it is repurchased and returned to the lender). However it is possible that managers of other open or closed end funds owned by a Trust Fund may employ short sales.
- (3) The Trust will not purchase securities with borrowed money (or margin). The Trustees can make limited purchases of shares of other mutual funds that utilize margin purchases provided that the total exposure to margin in any of the Trust's Funds does not exceed 5% of net asset values. In general, the policy of the registrant is to avoid debt. It will not borrow money, except where it would become necessary to allow the Trust to maintain or improve its day-to-day operations in the interest of Fund shareholders. For that purpose, the Trust may obtain a line of credit or obtain specific financing from a bank, other financial institution or individual(s).
- (4) The Trust will not act as an underwriter of other issuers, except to the extent that in selling portfolio securities, it may be deemed to be a statutory underwriter for the purposes of the Securities Act of 1933.
- (5) Except for investments in the mutual fund or Investment Company industry, the Funds will not make investments that will result in a concentration (as that term is defined in the 1940 act or any rule or order under that Act) of its investment securities of issuers primarily in the same industry; provided that this restriction does not limit the investment of the fund assets in obligations issued or guaranteed by the U.S. Government, its agencies or in tax-exempt securities or certificates of deposit.
- (6) The purchase of real estate is permitted in the AltCat (ACF) Fund. The majority of any real estate holdings, if any, will be in Real Estate Investment Trust (REITs) and / or real estate-oriented mutual funds, thereby preserving a high degree of liquidity that is not possible with other forms of real estate ownership. However, if a special situation arises which the Trustee considers to be advantageous to the Fund, a real estate asset with limited liquidity may be owned as long as it does not exceed five percent (5%) of the total value of the Fund at the time of purchase. If other assets decline in value so as to force such an asset to exceed five percent (5%), the Trustees will attempt to sell the asset if a favorable price can be obtained. However, if it is not in the best interest of the shareholders the Trustee may delay such sale until a more favorable time.  
The purchase of real estate mortgage loans is permitted in the Bond Funds (GBF and STBF) and the AltCat Fund (AFC). Such mortgages will generally be in government agency backed loans such as GNMA ("Ginnie Mae") loans. However, a minority of mortgage securities owned by a Fund may be in non-government agency backed loans.
- (7) Commodities and Precious Metals or securities and contracts deriving their value from Commodities and Precious Metals may be purchased only in the AltCat Fund and not in the other Funds.
- (8) Trust Funds may not loan cash or portfolio securities to any person. However, this does not prevent managers of other mutual funds owned by a fund from making such loans within their portfolios.

Item 16 – DESCRIPTION OF THE FUNDS, THEIR INVESTMENTS AND RISKS (Continued)

(9) The Trust and any managers it employs may use Derivatives, which are financial instruments which derive their values from the performance of another security, assets or index. Derivatives include options and future contracts.

The writing of Put and Call options are permitted by the Trust and any managers it may employ. However, the use of such options is to represent a minority of any manager's activity, and will be employed in a conservative manner to protect a profit or offset losses in the event of projected significant price reductions. The Trustees or a manager employed by them may purchase a Put, which provides the right to sell a security to another party at a predetermined price within a period of time. Similarly a Call option may be purchased which provides the right to purchase a security at a predetermined price within a period of time. A Call option may also be sold to another party. Such options will be "covered", meaning the Fund owns an amount of the underlying security equal to or greater than the amount of the security represented in the option. Put options will not be sold because, in the Advisor's opinion, they expose a Fund to additional risk, which The Trustees wish to avoid. Similarly, options based upon indexes or other assets, such as commodities, may be purchased to protect a portfolio, but not sold where a Fund would be required to pay cash to another party based upon a future price change. Any mutual funds owned by a Fund will be screened to determine if such mutual funds' policies on options, futures, margin or other strategies differ greatly from that of the Trust; however, the Trustees will not be able to control the use of such strategies by mutual funds. Therefore, at any given time a Fund's risk could be increased to the extent managers of other mutual funds employ these kinds of strategies in a manner inconsistent with the Trust's policies.

(10) The Funds may take temporary investment positions when the manager(s) believes the market or economy is experiencing excessive volatility or when such volatility is considered a significant risk. These investments may include, but are not limited to, cash and cash equivalents, money market instruments or funds and U.S. Treasury obligations. Under such circumstances the Fund(s) may be unable to pursue their investment goals.

(11) There are no restrictions regarding portfolio turnover. While the trust recognizes that a higher portfolio turnover will, in most cases, increase expenses, there are times when a high turnover may be justified, either to protect a portfolio against certain kinds of risks or to take advantage of opportunities presented by market conditions. In general, the Trust's objective is to keep expenses, and, therefore, turnover, as low as possible. This objective will be considered when screening other mutual funds for possible inclusion in a Fund's portfolio.

The Trust has certain non-fundamental policies that may be changed by the Trustees. Among these are the following:

- 1) No Fund may invest in securities for the purpose of exercising control over or management of an issuer; or
- 2) purchase securities of a closed-end or other investment company where the shares are not registered in the United States pursuant to applicable securities laws.
- 3) The Fund portfolios shall each not invest more than 10% of the value of its respective total assets in illiquid securities or other illiquid assets.

Item 17 – MANAGEMENT OF THE FUNDS

**Board of Trustees**

The Fund's Board of Trustees oversees the Fund's business and affairs, while day-to-day operations such as management of investments, recordkeeping, administration and other compliance responsibilities are the responsibility of Fund management which reports and is accountable to the Board. The Board is responsible for overseeing the operations and risk management of the Fund in accordance with the provisions of the Investment Company Act, other applicable laws and the Fund's charter. The Board does not have a role in oversight of Fund investments or investment risk, except to the extent that they adopt and review and ultimately enforce compliance with Fund policies and procedures intended to reduce risks such as compliance risk and valuation risk.

The Board is composed of four members, three of whom are Independent Trustees who are not "interested persons" of the Fund, as that term is defined in the Act. The Chairman of the Board, J. Andre Weisbrod, is an interested person of the Fund. The Fund does not have a lead independent director. Any Board member may propose items to be included on the Board's agenda. The Board meets four times per year in regularly scheduled quarterly meetings. In addition, the Independent Trustees generally meet without the presence of any interested person 2-3 times a year and the audit committee meets with the public accountants at least twice per year and separately as needed. They also meet several times per year to address particular responsibilities, such as approval of the advisory agreement, and they meet separately with auditors and the Chief Compliance Officer as often as necessary but at least once a year. Board members receive regular reports at least quarterly from the Adviser and the Chief Compliance Officer. The Board has directed the preparation of quantitative and qualitative information and reports to facilitate their risk management function. The Independent Trustees have access to the Chief Compliance Officer and key advisory personnel and Fund counsel to obtain information and assistance as needed and have access to independent legal counsel.

The Board conducts an annual self-assessment and believes that the Board's leadership structure is appropriate given the Fund's characteristics and circumstances including the Fund's net assets, distribution arrangements, and the services provided by the Fund's service providers. The Independent Trustees have determined that the communications between them and among them and Fund management are excellent and see no need to appoint a lead Independent Trustee.

The members of the Board have been selected because of their individual experiences and education and for their ability to engage actively in serving as fiduciaries of the Fund. We believe we have met our objective of having a Board composed of small business entrepreneurs with the background, experience and independence to raise issues and opinions and who understand the accountability, service and quality to which the Fund's shareholders are entitled.

**Board Members**

Name & Address	Term of Office and Length of Time Served	Position Held With Registrant	Principal Occupation(s) during Past 5 Years
J. Andre Weisbrod, 2669 Hunters Point Dr. Wexford, PA 15090, Age 60	Indeterminate / 14 Years	Trustee , Chairman, Interested Director	President, STAAR Financial Advisors, inc., (Investment Adviser to the Trust)
Jeffrey A. Dewhirst, 453 Washington Street. Leetsdale, PA 15056, Age 61	Indeterminate / 14 Years	Trustee, Secretary, Independent Director	Investment Banker, Principal, Dewhirst Capital Corporation
Thomas J. Smith, 736 Beaver St., Sewickley, PA 15141, Age 71	Indeterminate / 10 Years	Trustee, Independent Director	Advertising/marketing Consultant
Richard Levkoy, 1122 Church St., Ambridge, PA 15003, Age 57	Indeterminate / 9 Years	Trustee, Independent Director, Chairman of Audit Committee	Accountant

**Additional Biographical Information**

**J. Andre Weisbrod:**

Education: BFA, Ohio University, 1970. Young Life Institute/Fuller Seminary 1971-75. Chatered Financial Consultant, The American College, 1986.  
 Employment History: Founder, President & CEO, STAAR Financial Advisors, Inc., 1993 – present; Founder, Chaireman of the Board of Trustees, The STAAR Investment Trust, 1996- present; Registered Representative, Olde Economie, 1998-2007; Registered Representative, Janney Montgomery Scott, 1983-1998; Insurance Agent, Penn Mutual, 1981-1993; Free lance writer/designer, 1980-81; Product Manager, Sea Breeze Laboratories and Clairol/Bristol Myers, 1976-1979; Staff and Area Director, Young Life Cincinnati, 1971-76;  
 Other: Board Member, Entrepreneurial Thursdays, 2005–present; Living Bridge Church Worship Team, 2009-present; St. Stephen’s Church Vestry 1991-99, Board Member, Young Life 1985-1994

**Thomas Smith, Independent Trustee**

Education: Denison University. Bachelor of Arts  
 Employment History: 2004-Present – Part-time Consultant to Smith Brothers Agency; 1993-2003 -- Small Business owner/operator; 1989-92 -- President/CEO (Pittsburgh Office) of Della Femina McNamee U.S.; 1985-1989 -- President/CEO Ketchum International; 1978-84 -- Chairman/CEO Ketchum Advertising Pittsburgh and Washington, D.C. ; 1964-78 --Account Management Executive, Tatham-Laird & Kudner; 1960-1964 -- Officer, U.S. Navy; 1958-1960 -- Account Executive, Radio Station WCGO  
 Other: Board Positions -- Present: Imani Christian Academy and Starr Investment Trust; Past: D.T. Watson Rehabilitation Hospital; Gibson Greeting Cards; Ketchum Communications; Red Cross of Allegheny County; Salvation Army of Allegheny County; Pittsburgh Symphony; Saltworks Theatre Company; Sewickley Academy; Sewickley YMCA; St. Stephen’s Church (Sewickley) Vestry; Verland Foundation; World Vision, U.S

**Richard Levkoy**

Education: 1987 - 1993 La Roche College Pittsburgh, PA , Bachelor of Science In Accounting, *summa cum laude*  
 Employment History: 2006 - Present Accounting Consultant – CJL Engineering Moon Twp., PA; 2001 - Present St. Stephen’s Episcopal Church Sewickley, PA , Director of Finance; 2000 - 2006 Children’s Growth Fund Investment Partnership, Managing Partner; 1996 - 1999 Sewickley, PA, Chief Financial Officer - Sewickley Valley Healthcare Services, Senior Staff Accountant – Heritage Valley Health System; 1989 - 1995 Internal Medicine Associates Ambridge, PA, Business Manager / Accountant; 1983 - 2001 Levkoy Real Estate Partnership Sewickley, PA, Managing Partner  
 Other: 2002 - Present STAAR Investment Trust Pittsburgh, PA, Board Member & Chair of Audit Committee; Volunteer Experience -- Two short term mission trips to Juarez, Mexico, 2000 and 2001, Short term mission trip to New Orleans in 2007, Fund raising for student ministries

**Additional Biographical Information** (Continued)

Jeffrey Dewhirst

Education: B.A. Economics, Rutgers University, 1971, *Phi Beta Kappa*; MBA, University of Michigan, 1973.

Employment History: **2007 – Present President, Dewhirst Capital Corporation.** Owner and founder of Firm that provides merger, acquisition, divestiture, corporate finance and financial advisory services to middle market companies and private equity groups, as well as selected engagements for publicly traded companies; **2002 – 2007 Managing Director, Dewhirst Warrick LLC.** Co-founder of Firm that provided merger, acquisition, divestiture, corporate finance and financial advisory services to middle market companies and private equity groups, as well as selected engagements for publicly traded companies.; **1997 – 2002 President, Dewhirst Capital Corporation.** Owner and founder of Firm that provided merger, acquisition, divestiture, corporate finance and financial advisory services to middle market companies. Co-ventured with Warrick Financial Group, Inc. on certain engagements and transactions; **1993 – 1997 President, J. T. R. Capital Corporation.** One of two founders/partners of Firm that provided merger, acquisition, divestiture, corporate finance and financial advisory services to middle market companies; **1988 – 1993 Director, Corporate Finance/Investment Banking, Price Waterhouse.** Founded and managed the Pittsburgh-based Group that provided merger, acquisition, divestiture, corporate finance and financial advisory services to middle market companies. Became part of the firm's national Corporate Finance practice that eventually grew to include offices in 10 major cities; **1973 – 1988 Mellon Bank, N.A.** Held various progressive positions in middle market corporate lending and credit approval, including Vice President & Manager of the Pittsburgh Office and Senior Credit Officer of the Middle Market Lending Department.

Compensation

Each Trustee was compensated as follows in 2009.

\$ 500 Quarterly for Board Meetings and other service connected with the Board.

\$ 100 Quarterly for serving as Chairman, Officer or on a committee.

Reimbursement for reasonable expenses incurred in fulfilling Trustee duties.

Indemnification

The Declaration of Trust and the By-Laws of the Trust provide for indemnification by the Trust of its Trustees and Officers against liabilities and expenses incurred in connection with litigation in which they may be involved as a result of their positions with the Trust, unless it is finally adjudicated that they engaged in willful misconduct, gross negligence or reckless disregard of the duties involved in their offices, or did not act in good faith in the reasonable belief that their actions were in the best interest of the Trust and the Funds.

Members of the board and officers of the Trust owned Fund Shares as follows as of 12/31/2009:

Mr. J. Andre Weisbrod & Family :

Fund	% Owned
GBF	1.34%
STBF	0.57%
LCSF	5.29%
SCSF	5.51%
INTF	6.46%
ACF	10.12%

Mr. Weisbrod is the only non-independent director.

Committees

Due to the small size of the board, there is only one committee, the Audit Committee. Functions that might be fulfilled on larger boards by additional committees have been adequately fulfilled by the entire board.

The audit committee is comprised of only non-interested directors who hold separate meetings periodically to discuss the accounting of the Funds. The committee also meets periodically with the outside public accounting firm to discuss and monitor the accounting practices and auditing activities applied to the Funds. The committee met three times in 2009 to engage in these oversight activities.

Item 18 – CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

There are no Control Persons or Principal Holders to report.

Item 19 – INVESTMENT ADVISORY AND OTHER SERVICES

The Advisor to the Trust is STAAR Financial Advisors, Inc. (SFA), 604 McKnight Park Dr., Pittsburgh, PA 15237. The President and principal owner of SFA is J. Andre Weisbrod. He is also on the Board of Trustees of the STAAR Investment Trust.

Fees to be paid to the Adviser by terms of the Advisory Agreement are as follows:

	Monthly Rate*	Annualized*	2007 Amount Paid	2008 Amount Paid	2009 Amount Paid
GBF	.0292%	.35%	16,114	14,119	8,485
STBF	.0292%	.35%	5,526	6,201	12,083
LCSF	.0750%	.90%	40,607	32,107	23,624
SCSF	.0750%	.90%	41,904	27,356	21,624
INTF	.0750%	.90%	49,932	32,991	23,025
ACF	.0750%	.90%	30,747	27,990	23,287

\*These are maximum fees and are accrued daily and paid at the closing of the last business day of the month.

Fees paid for Mutual Fund Services including transfer agency, fund accounting, administration, shareholder services and compliance are as follows:

	2007 Amount Paid	2008 Amount Paid	2009 Amount Paid
GBF	12,250	15,761	11,255
STBF	5,251	7,827	15,860
LCSF	17,150	14,034	12,177
SCSF	17,714	11,955	11,111
INTF	21,093	14,213	11,809
ACF	12,994	12,281	11,866

These are maximum fees and are accrued daily and paid at the closing of the last business day of the month. In 2007 the Adviser was compensated at the rate of .38% annually. As of June 1, 2008 the Trust outsourced basic fund accounting and transfer agency services to Mutual Shareholder Services, LLC. At that time the Adviser’s compensation was reduced to .10% annually for certain fund services including compliance, prospectus writing and filing and other shareholder services still performed.

Mr. J. Andre Weisbrod serves as portfolio manager for each of the six series Funds. Mr. Weisbrod also manages discretionary accounts for private clients and advises other clients on a non-discretionary basis. Total assets under discretionary management arrangements at the end of 2009 were \$12.79 million among twenty-four individual clients. Non-discretionary account assets advised were estimated at over \$10 million. These activities may require decisions and/or advice to change allocations of an individual’s account among any STAAR Funds holdings such account may have. Mr. Weisbrod owned between \$30,000 and \$38,000 of STAAR Funds shares during 2009.

Other Investment Advice. There is no other Investment Advice to report.

TRANSFER AND DIVIDEND-PAYING AGENT

Mutual Shareholder Services, 8000 Town Centre Drive, Broadview Heights, OH 44147

CUSTODIAN

Huntington National Bank, 7 Easton Oval, Columbus, OH 43219

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Carson & Co., LLC, 201 Village Commons, Sewickley, PA 15143

Item 20 – Portfolio Managers

J. Andre Weisbrod is portfolio manager for all six Funds.

## Item 21 – BROKERAGE ALLOCATION AND OTHER PRACTICES

Transactions in Fund portfolios will generally be made with regard to volume and other discounts to keep transaction expenses as low as possible. The Trust may use brokers with which higher commissions are paid than could be obtained elsewhere in return for research and other services. There is no restriction as to the number of broker-dealers the Trust may use.

The criteria for selection of broker-dealers will include convenience, reasonableness of commissions, availability and selection of securities (i.e. mutual fund selling agreements, bond inventories and access to exchanges), and value-added services provided (i.e. research and reports). At least once every two years, commission structures will be compared with at least two representative firms, including a full-service brokerage and a discount brokerage not currently used by the Trust. If the Trustees determine that any broker(s) currently used are not reasonable with regard to price and service, a change of such brokers will be made unless more favorable arrangements can be obtained.

## Brokerage Commissions Paid

Fund	Broker-Dealer	2005	2006	2007	2008	2009	% of Comm Pd in 2009
GBF	Scottrade	0	0	0	0	221	11%
STBF	Scottrade	0	0	0	0	365	18%
LCSF	Scottrade	0	0	0	0	284	14%
SCSF	Scottrade	0	0	0	0	475	23%
INTF	Scottrade	0	0	0	0	355	17%
ACF	Scottrade	0	0	0	0	369	18%
GBF	WRP Investments, Inc.	0	0	0	491	0	0%
STBF	WRP Investments	0	0	0	157	0	0%
LCSF	WRP Investments	0	0	1,692	622	0	0%
SCSF	WRP Investments	0	0	1,541	291	0	0%
INTF	WRP Investments	0	0	1,683	639	0	0%
ACF	WRP Investments	0	0	2,328	1,306	0	0%
GBF	Sterne Agee & Leach	0	0	1,282	N/A	N/A	0%
STBF	Sterne Agee & Leach	0	0	643	N/A	N/A	0%
GBF	Olde Economie Financial Consultants, Ltd	289	2,000	0	0	0	0%
STBF	Olde Economie Financial Consultants, Ltd	273	350	0	0	0	0%
LCSF	Olde Economie Financial Consultants, Ltd	8,757	6,090	0	0	0	0%
SCSF	Olde Economie Financial Consultants, Ltd	9,488	7,372	0	0	0	0%
INTF	Olde Economie Financial Consultants, Ltd	7,581	9,747	0	0	0	0%
ACF	Olde Economie Financial Consultants, Ltd	5,267	9,340	0	0	0	0%

*NOTE: Commissions and payments to broker-dealers are estimated. Certain bonds may have been purchased where amounts are not available on confirmation statements or they are built into the initial offerings. Broker-dealers may receive 12b-1 "trailer" fees from certain underlying funds purchased through them. 12b-1 fees paid by underlying mutual funds owned by the Trust generally do not result in an increase in cost to the STAAR Funds' shareholders. Since the Advisor makes every effort to purchase all underlying mutual funds at net asset value, the STAAR Investment Trust Funds would have paid the same price for such mutual funds whether 12b-1 commissions were paid to a broker dealer or not.*

12b-1 Plan

Effective September 3, 1998 the Trust has adopted a Plan of Distribution or “12b-1 Plan” under which it may finance activities primarily intended to sell shares, provided the categories of expenses are approved in advance by the board of trustees and the expenses paid under the Plan were incurred within the preceding 12 months and accrued while the Plan is in effect.

Among the activities to which 12b-1 expenses may be allocated are advertising, printing and mailing prospectuses to non-shareholders and compensation to broker-dealers for sales of shares and services to the Trust and shareholders. 12b-1 expenses may not exceed .25% of a Fund’s average net assets annually. Any 12b-1 fees paid by the Trust, as a percentage of net assets, for the previous year are listed in the prospectus under “Trust Expenses”. Due to these distribution expenses, long-term shareholders may pay more than the economic equivalent of the maximum front-end sales charge permitted by the National Association of Security Dealers, Inc.

In 2009 100% of 12b-1 fees\* were used to compensate broker-dealers for distribution and service of Fund Shares. Total amounts were paid as follows:

Purpose or Payee	GBF	STBF	LCSF	SCSF	INTF	ACF
WRP Investments, Inc.	\$ 546.94	\$ 3,780.03	\$ 148.87	\$ 154.70	\$ 195.08	\$ 204.68
Dautrich Seiler Fin. Svcs.	\$ -	\$ 56.60	\$ 43.46	\$ 45.89	\$ 87.20	\$ 56.38
Trustmont Financial Company	\$ 71.06	\$ 67.09	\$ 36.19	\$ 22.68	\$ 39.17	\$ 12.12
Advertising	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

\*Actual cash paid.

Item 22 – CAPITAL STOCK AND OTHER SECURITIES

There is only one class of shares issued by the trust. Each share has equal rights regarding voting, distributions and redemptions. Rights cannot be modified other than by a majority vote of shares outstanding.

Item 23 – PURCHASE, REDEMPTION AND PRICING OF SECURITIES BEING OFFERED

Detailed information on Purchase and Redemption of Shares as well as Pricing is included in the Prospectus. The Trust may suspend the right to redeem shares or postpone the date of payment upon redemption for more than seven (7) days for (a) any period during which the New York Stock Exchange is closed or trading on the exchange is restricted; (b) for any period during which an emergency exists which makes it impossible or impractical for the Funds to dispose of securities owned by them or the Funds cannot determine the value of their respective net assets or for such other periods as the Securities and Exchange Commission may permit.

Item 24 – TAX ATION OF THE FUNDS

The series Funds within the Trust intend to qualify as management investment companies for purposes of Subchapter M of the Internal Revenue Code and expect to be treated as a regulated investment company for income tax purposes.

Item 25 – UNDERWRITERS

There are no underwriters of the Funds.

Item 26 – CALCULATION OF PERFORMANCE DATA

Each Fund’s performance will be calculated on a Total Return basis, which is the sum of any income paid and any realized or unrealized gain or loss of principal. From time to time, the Funds may publish their average total returns for periods of time. The formula for calculating such returns is as follows:

$$P(1 + T)^n = ERV$$

where:

P = a hypothetical initial payment of \$10,000

T = average annual total return

n = number of years

ERV = ending redeemable value of a hypothetical \$10,000 payment made at the beginning at the 1, 5 or 10 year periods at the end of the 1, 5 or 10 year periods (or fractional portions thereof) Other time periods may be used from time to time.

Dividends and capital gains are assumed to be reinvested.

	Total Return Performance Since May 28, 1998 Public Inception					
	GBF	STBF	LCSF	SCSF	INTF	ACF
Payment	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Av. Annualized Tot Ret	4.26%	4.38%	2.09%	5.41%	3.78%	3.88%
Years: 5/28/97 to 12/31/09	12.59	12.59	12.59	12.59	12.59	12.59
Ending Value	\$16,906	\$17,167	\$12,972	\$19,412	\$15,957	\$16,142

Where Yield is calculated, the following formula is used:

$$YIELD = 2 * [((a-b)/cd) + 1]^6 - 1]$$

where:

a = dividends and interest earned during the period.

B = expenses accrued for the period (net of reimbursements).

C = the average daily number of shares outstanding during the period that were entitled to receive dividends.

D = the maximum offering price per share on the last day of the period.

Yield Calculation 30 Days Ended 12/31/2009

	GBF	STBF	LCSF	SCSF	INTF	ACF
Investment Income	6,697.27	3,223.55	10,150.65	7,497.39	26,408.62	16,108.82
Expenses	3,465.77	5,310.48	5,297.33	5,439.98	5,914.43	5,703.68
Net Investment Income	3,231.50	(2,086.93)	4,853.32	2,057.41	20,494.19	10,405.14
Avg. Shrs. Outstanding	222,474	346,798	277,836	303,074	264,863	253,038
Max Offer price end of Period	9.86	9.23	10.52	9.32	11.44	11.50
SEC 30 Day Yield	1.79%	0.00%	2.02%	0.89%	8.23%	4.35%

NOTE: Since the LCSF, SCSF, INTF and ACF tend to receive most of their income in December, the 30-day yields may overstate the annualized yields.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Trustees  
Staar Investment Trust

We have audited the statements of assets and liabilities, including the schedules of investments, of Staar Investment Trust (comprising, respectively, the General Bond Fund, Short Term Bond Fund, Larger Company Stock Fund, Smaller Company Stock Fund, International Fund and Alternative Categories Fund) as of December 31, 2009, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the 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 December 31, 2009 by correspondence with the custodians. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the portfolios constituting the Staar Investment Trust, as of December 31, 2009, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and their financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



Carson & Co, LLC  
Sewickley, Pennsylvania  
February 26, 2010

## STAAR INVESTMENT TRUST

## STATEMENT OF ASSETS AND LIABILITIES 12/31/2009

	<u>GBF</u>	<u>STBF</u>	<u>LCSF</u>	<u>SCSF</u>	<u>INTF</u>	<u>ACF</u>
Assets:						
Investments in Securities, at Value (Cost \$2,133,932; \$3,162,973; \$2,849,381; \$2,943,897; \$2,453,355; \$2,616,488, respectively)	\$2,176,769	\$3,184,827	\$2,924,795	\$2,826,658	\$3,033,396	\$2,910,489
Cash	-	-	-	-	-	-
Receivables:						
Prepaid Expenses	891	1,252	870	798	854	846
Dividends and Interest	<u>18,810</u>	<u>19,725</u>	<u>164</u>	<u>312</u>	<u>110</u>	<u>2,326</u>
Total Assets	<u>2,196,470</u>	<u>3,205,804</u>	<u>2,925,829</u>	<u>2,827,768</u>	<u>3,034,360</u>	<u>2,913,661</u>
Liabilities:						
Payables:						
Accrued Management Fees to Affiliate	274	400	939	903	964	932
Other Accrued Expenses	3,069	4,330	3,093	2,935	3,271	3,186
Dividends Payable	-	-	-	-	-	-
Securities Purchased	-	-	-	-	-	-
Total Liabilities	<u>3,343</u>	<u>4,730</u>	<u>4,032</u>	<u>3,838</u>	<u>4,235</u>	<u>4,118</u>
Net Assets	<u>\$2,193,127</u>	<u>\$3,201,074</u>	<u>\$2,921,797</u>	<u>\$2,823,930</u>	<u>\$3,030,125</u>	<u>\$2,909,543</u>
Net Assets Consist of:						
Paid In Capital	\$2,347,170	\$3,210,028	\$3,236,297	\$3,689,372	\$2,565,600	\$2,859,799
Accumulated Undistributed Net Investment Income (Loss) on Investments	126	(9,400)	(219,978)	(333,032)	(89,780)	(91,304)
Accumulated Undistributed Realized Loss on Investments	(197,006)	(21,408)	(169,936)	(415,171)	(25,736)	(152,953)
Unrealized Appreciation/ (Depreciation) in Value of Investments	<u>42,837</u>	<u>21,854</u>	<u>75,414</u>	<u>(117,239)</u>	<u>580,041</u>	<u>294,001</u>
Net Assets (for 222,474; 346,798; 277,836; 303,074; 264,863; 253,038, shares outstanding respectively)	<u>\$2,193,127</u>	<u>\$3,201,074</u>	<u>\$2,921,797</u>	<u>\$2,823,930</u>	<u>\$3,030,125</u>	<u>\$2,909,543</u>
Net Asset Value and Offering Price Per Share	<u>\$ 9.86</u>	<u>\$ 9.23</u>	<u>\$ 10.52</u>	<u>\$ 9.32</u>	<u>\$ 11.44</u>	<u>\$ 11.50</u>

The accompanying notes are an integral part of these financial statements.

**GENERAL BOND FUND** – Portfolio Valuation Date 12/31/2009

<u>Shares</u>	<u>Value</u>
<b>Short Term Corporate - 20.98%</b>	
50,000 Bank of America Corp., 4.375%, 12/1/10	\$ 51,618
100,000 Clorox Co., 4.20%, 1/15/10**	100,091
100,000 General Electric, 4.25%, 9/13/10	102,814
100,000 IB-Capital One, 5.70%, 9/15/11	105,037
100,000 Simon Property Group L.P., 4.875%, 3/18/10	<u>100,661</u>
	460,221
<b>Intermediate Corporate - 30.09%</b>	
50,000 E.I. Du Pont De Nemour, 5.00%, 7/15/13	53,862
100,000 IB-Alcoa, Inc., 5.375%, 1/15/13	104,290
100,000 IB-Home Depot, Inc., 5.25%, 12/16/13	107,056
200,000 IB-United Health Group, 4.75%, 2/10/14	204,923
50,000 Philip Morris International, 4.875%, 5/16/13	52,783
100,000 IB-Merrill Lynch, 6.05%, 5/16/16	100,900
2,500 Pimco Corporate Opportunity Fund	<u>36,000</u>
	659,814
<b>Short Term US Gov't/Gov't Agency - 6.82%</b>	
43,000 IB-Fed National MTG ASSN, 4.375%, 6/21/10	43,806
100,000 IB-Fed HM LN MTG CP, 4.375%, 11/9/11	<u>105,772</u>
	149,578
<b>Long Term US Gov't/Gov't Agency - 2.23%</b>	
50,000 Freddie Mac, 4.00%, 3/15/21	48,839
<b>Intermediate US Gov't/Gov't Agency - 26.00%</b>	
200,000 Federal Home Loan Bank, 1.75%, 12/17/14	197,188
200,000 Federal Home Loan Mortgage, 1.50%, 5/15/13	200,521
100,000 Federal Home Loan Mortgage, 2.00%, 5/15/14	99,845
700 Ishares Barclays TIPS Bond	<u>72,730</u>
	570,284
TOTAL FOR CORPORATE/GOVERNMENT BONDS (Cost \$1,845,899) - 86.12%	<u>1,888,736</u>
<b>SHORT TERM INVESTMENTS – 13.13%</b>	
Short-term Investment Company Prime	
288,033 Portfolio 0.14% * (Cost \$288,033)	<u>288,033</u>
TOTAL INVESTMENTS (Cost \$2,133,932) - 99.25%	2,176,769
OTHER ASSETS LESS LIABILITIES - 0.75%	<u>16,358</u>
NET ASSETS - 100.00%	<u>\$ 2,193,127</u>

\* Variable Rate Security. \*\* Callable bond in 2009. All securities held by the Fund were income producing during the period.

## BREAKDOWN BY GENERAL ASSET TYPE (Unaudited)

Cash & Equivalents	32%
Corporate	33%
ETF Bond Funds, not reated	5%
US Treasury & Gov Agency	30%

## BREAKDOWN BY GENERAL RATING (S&amp;P) (Unaudited)

AAA Rated	37%
AA rated	5%
A Rated	30%
BBB Rated	22%
ETF Bond Funds/Non-Rated	6%

The accompanying notes are an integral part of these financial statements.

**Short Term Bond Fund** – Portfolio Valuation Date 12/31/2009

<u>Shares</u>	<u>Value</u>
<b>Intermediate US Gov't/Gov't Agency - 12.32%</b>	
400,000 Federal Home Loan Bank, 1.75%, 12/17/14	\$ 394,375
<b>Short Term Corporate - 34.24%</b>	
140,000 American Express Travel, 5.25%, 11/21/2011	146,814
100,000 CBS Corp., 6.625%, 5/15/11	104,796
300,000 Clorox Co., 4.20%, 1/15/2010**	300,273
75,000 General Electric, 4.25%, 9/13/10	77,110
50,000 IB-Capital One, 5.70%, 9/15/11	52,519
100,000 IB-Merrill Lynch, 5.77%, 7/25/11	105,714
100,000 Morgan Stanley, 4.00%, 1/15/10	100,073
100,000 PNC Funding Corp., 4.50%, 3/10/10	100,656
55,000 Transamerican Financial Corp. CP, 0.00%, 3/1/10	54,739
50,000 Xerox Corp., 6.875%, 8/15/11	<u>53,428</u>
	1,096,122
<b>Short Term US Gov't/Gov't Agency - 23.99%</b>	
100,000 Federal National Mortgage Association, 2.00%, 1/30/12	101,313
100,000 Federal Home Loan Bank, 1.30%, 9/15/11	100,031
200,000 Federal National Mortgage Association, 1.625%, 11/25/11	200,187
100,000 Federal Home Loan Mortgage, 1.625%, 8/11/11	100,256
100,000 Federal National Mortgage Association, 2.00%, 1/9/12	101,468
15,000 IB-Fed HM LN BK, 3.66%, 9/30/10	15,338
1,800 Ishares Barclays 1-3 Year Treasury Bond Fund	<u>149,328</u>
	767,921
TOTAL FOR BONDS (Cost \$2,236,564) - 70.55%	<u>2,258,418</u>
<b>SHORT TERM INVESTMENTS - 28.94%</b>	
926,409 Federated Prime Obligations Fund 0.14% * (Cost \$926,409)	<u>926,409</u>
TOTAL INVESTMENTS (Cost \$3,162,973) - 99.49%	3,184,827
OTHER ASSETS LESS LIABILITIES - 0.51%	<u>16,247</u>
NET ASSETS - 100.00%	<u>\$ 3,201,074</u>

\*Variable rate security \*\* Callable bond in 2009; the coupon rate shown represents the yield at December 31, 2009. All securities held by the Fund were income producing during the period.

## BREAKDOWN BY GENERAL ASSET TYPE (Unaudited)

Cash & Equivalents	49%
US Treasury & Gov Agency	36%
Corporate	15%

## BREAKDOWN BY GENERAL RATING (S&amp;P) (Unaudited)

AAA Rated	44%
AA rated	3%
A Rated	14%
BBB Rated	32%
B Rated	0%
ETF Bond Funds/Non-Rated	7%

The accompanying notes are an integral part of these financial statements.

**Larger Company Stock Fund** – Portfolio Valuation Date 12/31/2009

<u>Shares</u>	<u>Value</u>
<b>Alternative Categories - 0.57%</b>	
200 Prudhoe Bay Royalty Trust	\$ 16,560
<b>Larger Company Stocks - 74.08%</b>	
10,759 American Fundamental Investors Fund Class-F-1	352,023
7,793 American Washington Mutual Investors Fund Class-F-1	191,560
300 Anadarko Petroleum Corp.	18,726
6,872 Brandywine Blue	148,376
440 Calamos Growth Fund Class-A *	19,561
1,651 Dodge & Cox Stock Fund	158,762
600 EMC Corp. *	10,482
100 Flowserv Corp.	9,453
12,575 Franklin Rising Dividends Fund Class-A *	350,961
12,652 Heartland Select Value *	315,156
200 IBM Corp.	26,180
500 Internet HOLDR's ADR	29,120
200 I-Shares DJ US Healthcare Sector Index	12,764
600 I-Shares DJ US Medical Devices Index	31,787
200 I-Shares Russell Midcap Growth Index Fund	9,068
700 I-Shares S&P 500 Index	78,267
300 I-Shares GSSI Natural Resources Index Fund	10,293
300 ITT Corp.	14,922
200 Kellogg Co.	10,640
4,826 Mairs & Power Growth	304,623
300 McDermott International Panama *	7,203
2,239 Tocqueville Fund *	44,610
100 Walgreen Corp.	3,672
100 Waters Corp. *	6,196
	<u>2,164,405</u>
TOTAL FOR SECURITIES (Cost \$2,105,551) - 74.65%	<u>2,180,965</u>
SHORT TERM INVESTMENTS - 25.45%	
743,830 Federated Prime Obligations Fund 0.14% ** (Cost \$743,830)	<u>743,830</u>
TOTAL INVESTMENTS (Cost \$2,849,381) - 100.10%	2,924,795
OTHER ASSETS LESS LIABILITIES - (0.10)%	<u>(2,998)</u>
NET ASSETS - 100.00%	<u>\$ 2,921,797</u>

\* Non-income producing securities during the period. \*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2009.  
ADR - American Depository Receipt

**BREAKDOWN BY GENERAL ASSET TYPE (Unaudited)**  
(Includes estimated cash positions of mutual funds owned by the Fund)

Cash & Equivalents	27%
Domestic Stock	67%
Foreign Stock	6%

**BREAKDOWN BY MANAGEMENT STYLE (Unaudited)**  
(Does not include estimated cash positions of mutual funds owned by the Fund)

Cash & Equivalents	25%
Larger Company Stocks	4%
Large Cap Blend	27%
Large Cap Growth	19%
Large Cap Value	12%
Larger Mid-Cap Growth	1%
Larger Mid-Cap Blend	11%
Larger Hedge	0%
Smaller Mid-Cap Growth	1%

The accompanying notes are an integral part of these financial statements.

**Smaller Company Stock Fund** – Portfolio Valuation Date 12/31/2009

<u>Shares</u>	<u>Value</u>
<b>Smaller Company Stocks - 77.00%</b>	
700 Big Lots, Inc. *	\$ 20,286
10,138 Columbia Acorn Fund Class-Z *	250,214
300 Corporate Executive Board Co.	6,846
11,613 Franklin Microcap Value Fund *	314,006
200 ICU Medical, Inc. *	7,288
200 Ishares Russell 2000 Index Fund	12,488
2,000 Ishares Russell 2000 Value Index Fund	116,080
8,387 Keeley Smallcap Value Fund Class-A *	166,224
500 Nalco Holding Co.	12,755
200 NVE Corp. *	8,256
100 Papa Johns International, Inc. *	2,336
200 Powell Industries, Inc. *	6,306
1,000 Powershares Lux Nanotech	10,490
1,000 Powershares Wilderhill Clean Energy *	11,000
100 Quality Systems, Inc.	6,280
19,678 Royce Microcap Investment Fund *	269,988
26,016 Royce Opportunity Fund *	234,928
8,826 Satuit Capital Microcap Fund Class-A *	217,814
200 Shaw Group, Inc. *	5,750
100 Terra Nitrogen Co., L.P.	10,408
1,600 Textainer Group Holding Ltd.	27,040
15,083 The Aberdeen Small Cap Fund Class A *	181,292
300 United Guardian, Inc.	3,444
100 Walter Energy, Inc.	7,531
80,802 Wasatch Smallcap Value Fund *	234,325
300 Web MD Health Corp. *	11,547
500 Wisdom Tree Smallcap Dividend	19,400
	<u>2,174,322</u>
 TOTAL FOR SECURITIES (Cost \$2,291,561) - 77.00%	 <u>2,174,322</u>
 SHORT TERM INVESTMENTS - 23.10%	
652,336 Federated Prime Obligations Fund 0.14% ** (Cost \$652,336)	<u>652,336</u>
 TOTAL INVESTMENTS (Cost \$2,943,897) - 100.10%	 2,826,658
 OTHER ASSETS LESS LIABILITIES - (0.10)%	 <u>(2,728)</u>
 NET ASSETS - 100.00%	 <u>\$ 2,823,930</u>

\*Non-income producing securities during the period. \*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2009

**BREAKDOWN BY GENERAL ASSET TYPE (Unaudited)**  
(Includes estimated cash positions of mutual funds owned by the Fund)

Cash & Equivalents	27%
Domestic Stock	65%
Foreign Stock	6%
Other	2%

**BREAKDOWN BY MANAGEMENT STYLE (Unaudited)**  
(Does not include estimated cash positions of mutual funds owned by the Fund)

Cash & Equivalents	23%
Smaller Company Stocks	5%
Small Cap Blend	15%
Small Cap Growth	15%
Small Cap Value	5%
Smaller Mid-Cap Growth	9%
Micro-Cap Blend	0%
Micro-Cap Growth	17%
Micro-Cap Value	11%
Hedge	0%

The accompanying notes are an integral part of these financial statements.

**International Fund** – Portfolio Valuation Date 12/31/2009

<u>Shares</u>	<u>Value</u>
<b>International - 67.61%</b>	
13,668 Aberdeen International Equity Institutional Fund	\$ 169,892
200 Accenture Plc.	8,300
10,548 American Europacific Growth Fund Class-F-1 *	402,414
200 American Movil S.A.B. ADR	9,396
100 Diageo Plc. ADR	6,941
7,777 Harbor International Institutional Fund *	426,718
1,000 I-Shares MSCI Australia Index Fund	22,840
500 I-Shares MSCI Austria Index Fund	9,780
1,800 I-Shares MSCI Belgium Index Fund	22,968
1,500 I-Shares MSCI EAFE Index Fund	82,920
1,000 I-Shares MSCI Japan Index Fund	9,740
1,500 I-Shares MSCI Taiwan Index Fund *	19,455
550 I-Shares MSCI S&P Latin America 40 Index Fund	26,285
4,301 Marsico International Opportunities Fund *	51,530
10,118 Putnam International Capital Opportunities Fund Class-A *	306,665
11,318 Saturna Sextant International Institutional Fund *	161,614
1,000 Siliconware Precision Industries Co.	7,010
46,451 Franklin Templeton Foreign Fund Class A *	<u>304,257</u>
	2,048,725
<b>Developing Markets - 12.76%</b>	
300 Builders Emerging Markets 50 ADR Index	13,239
551 Eaton Vance Greater India Fund Class-A *	12,874
500 First Trust ISE Chindia Index	10,670
14,036 Franklin Templeton Developing Markets Fund Class A *	309,353
200 I-Shares MSCI Brazil Index Fund	14,922
1,000 I-Shares MSCI Malaysia Index Fund	10,620
200 SPDR S&P Emerging Asia Pacific Fund	<u>14,836</u>
	386,514
TOTAL FOR SECURITIES (Cost \$1,855,198) - 80.37%	<u>2,435,239</u>
<b>SHORT TERM INVESTMENTS - 19.74%</b>	
598,157 Federated Prime Obligations Fund 0.14% * (Cost \$598,157)	<u>598,157</u>
TOTAL INVESTMENTS (Cost \$2,453,355) - 100.11%	3,033,396
OTHER ASSETS LESS LIABILITIES - (0.11)%	<u>(3,271)</u>
NET ASSETS - 100.00%	<u>\$ 3,030,125</u>

\*Non-income producing securities during the period. \*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2009

**BREAKDOWN BY GENERAL ASSET TYPE (Unaudited)**  
*(Includes estimated cash positions of mutual funds owned by the Fund)*

Cash & Equivalents	24%
Domestic Stock	1%
Foreign Emerging Mkts	13%
Foreign Stock	61%
Other	1%

**BREAKDOWN BY MANAGEMENT STYLE (Unaudited)**  
*(Does not include cash positions of mutual funds owned by the Fund.)*

Cash & Equivalents	20%
Larger Company Stocks	1%
Large Cap Blend	36%
Large Cap Growth	20%
Large Cap Value	13%
Mid Cap Blend	10%
Mid Cap Value	0%
Hedge	0%

The accompanying notes are an integral part of these financial statements.

## ALTCAT FUND – Portfolio Valuation 12/31/2009

<u>Shares</u>		<u>Value</u>
<b>Alternative Categories - 17.88%</b>		
200	DJ Wilshire REIT Exchange Traded Fund	\$ 9,842
1,500	First Trust-ISE Revere Natural Gas	26,385
5,841	Franklin Natural Resources Fund Class-A *	181,290
11,609	Live Oak Health Sciences Fund *	140,240
400	Powershares DB Agriculture Fund *	10,576
200	Prudhoe Bay Royalty Trust	16,560
1,125	Vanguard Health Care Fund	<u>135,268</u>
		520,161
<b>Developing - 2.03%</b>		
118	Eaton Vance Greater India Fund Class-A *	2,746
900	First Trust ISE Chindia Index	19,206
500	SPDR S&P Emerging Asia Pacific Fund	<u>37,090</u>
		59,042
<b>Global - 10.03%</b>		
1,179	American Smallcap World Fund Class-F-1 *	36,855
7,815	Franklin Global Mutual Discovery Fund Class-A	208,805
500	I-Shares S&P Global Infrastructure Fund	17,040
800	Market Vectors-Nuclear Energy ETF	18,128
600	Powershares Global Water Portfolio	<u>10,896</u>
		291,724
<b>International - 8.62%</b>		
200	Accenture Plc.	8,300
200	American Movil S.A.B. ADR	9,396
200	Diageo Plc. ADR	13,882
1,500	I-Shares MSCI Australia Index Fund	34,260
350	I-Shares MSCI EAFE Index Fund	19,348
1,000	I-Shares MSCI Japan Index Fund	9,740
200	I-Shares MSCI Spain Index Fund	9,608
250	I-Shares S&P Latin America 40 Index Fund Class-F	11,948
3,849	Ivy Pacific Opportunities Fund Class-A *	57,350
3,730	Matthews Asian Growth & Income Fund	58,825
1,200	Siliconware Precision Industries Co.	8,412
600	WisdomTree International Financial Sector Fund	<u>9,600</u>
		250,669
<b>Larger Company Stocks - 17.26%</b>		
300	Anadarko Petroleum Corp.	18,726
600	EMC Corp. *	10,482
100	Flowserv Corp.	9,453
800	Internet HOLDR's	46,592
300	I-Shares DJ US Basic Materials Sector Fund	17,973
400	I-Shares DJ US Health Care Sector Index Fund	25,528
1,200	I-Shares DJ US Medical Devices Index Fund	63,575
200	I-Shares Russell Midcap Growth Index Fund	9,068
200	McDermott International Panama *	4,802
1,586	Muhlenkamp Fund *	80,371
5,898	Neuberger Berman Focus Fund Class-Advisor *	52,317
900	Powershares Cleantech Portfolio	22,086
2,183	Vanguard Energy Fund	131,219
100	Walgreen Corp.	3,672
100	Waters Corp. *	<u>6,196</u>
		502,060

Continued next page

The accompanying notes are an integral part of these financial statements.

**ALTCAT FUND** – Portfolio Valuation 12/31/2009 (Cont.)

<u>Shares</u>	<u>Value</u>
<b>Long Term Corporate - 1.48%</b>	
3,000 Pimco Corporate Opportunity Fund	43,200
<b>Smaller Company Stocks - 5.45%</b>	
300 Corporate Executive Board Co.	6,846
400 ICU Medical, Inc. *	14,576
500 Ishares Russell 2000 Index Fund	31,220
200 NVE Corp. *	8,256
100 Papa Johns International, Inc. *	2,336
200 Powell Industries *	6,306
1,500 Powershares Lux Nanotech	15,735
1,000 Powershares Wilderhill Clean Energy Fund *	11,000
100 Quality Systems, Inc.	6,280
100 Terra Nitrogen Co., L.P.	10,408
1,000 Textainer Group Holding Ltd.	16,900
1,200 United Guardian Inc.	13,776
200 Walter Energy, Inc.	15,062
	158,701
<b>Developing Markets - 1.82%</b>	
1,200 Builders Emerging Markets 50 ADR Index	52,956
TOTAL FOR SECURITIES (Cost \$1,584,512) - 64.56%	1,878,513
<b>SHORT TERM INVESTMENTS - 35.47%</b>	
1,031,976 Federated Prime Obligations Fund 0.14% ** (Cost \$1,031,976)	1,031,976
TOTAL INVESTMENTS (Cost \$2,616,488) - 100.03%	2,910,489
OTHER ASSETS LESS LIABILITIES - (0.03)%	(946)
NET ASSETS - 100.00%	<u>\$ 2,909,543</u>

\* Non-income producing securities during the period. \*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2009

**BREAKDOWN BY GENERAL ASSET TYPE (Unaudited)**

(Includes estimated cash positions of mutual funds owned by the Fund.)

Cash & Equivalents	40%
US Large-Cap Stocks	17%
US Mid-Cap Stocks	0%
Smaller Company Stocks	5%
Global Diversified Stocks	7%
International Diversified Stocks	8%
Developing Markets	4%
Alternative Categories – Sectors, Countries, Hedges	17%
Hedges	0%
Bonds	1%
Other	1%

**BREAKDOWN BY MANAGEMENT STYLE (Unaudited)**

(Does not include cash positions of mutual funds owned by the Fund.)

Cash & Equivalents	36%
Large Cap Blend	23%
Large Cap Growth	17%
Large Cap Value	8%
Mid Cap Blend	1%
Mid Cap Growth	6%
Mid Cap Value	0%
Smaller Company Stocks	4%
Small Cap Blend	1%
Small Cap Growth	2%
Small Cap Value	0%
Bonds	2%
Hedges	0%
Other	0%

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED 12/31/2009

	<u>GBF</u>	<u>STBF</u>	<u>LCSE</u>	<u>SCSE</u>	<u>INTF</u>	<u>ACF</u>
Investment Income:						
Dividends (Net of foreign taxes withheld \$0, \$0, \$63, \$0, \$0 and \$0, respectively	\$ 14,308	\$ 5,554	\$ 25,644	\$ 11,451	\$ 32,767	\$ 29,972
Interest	<u>87,159</u>	<u>95,012</u>	<u>4,294</u>	<u>3,849</u>	<u>3,146</u>	<u>5,810</u>
Total Investment Income	101,467	100,566	29,938	15,300	35,913	35,782
Expenses:						
Advisory Fees (Note 3)	8,485	12,083	23,624	21,624	23,025	23,287
Distribution Fees	604	3,455	203	166	267	232
Transfer Agent and Fund Accounting Fees	8,816	12,408	9,552	8,708	9,250	9,278
Administrative Fees	2,439	3,452	2,625	2,403	2,559	2,588
Audit Fees	8,382	12,105	9,143	8,385	9,372	9,195
Legal Fees	3,009	4,280	3,098	2,798	2,917	3,045
Custody Fees	3,187	3,364	3,301	3,470	3,316	4,108
Printing Fees	801	1,091	851	806	837	843
Insurance Fees	1,840	2,530	1,665	1,403	1,476	1,590
Compliance Fees	1,237	1,723	1,168	1,002	1,059	1,154
Director's Fees	1,513	2,098	1,568	1,424	1,518	1,621
Other	<u>2,072</u>	<u>3,740</u>	<u>3,148</u>	<u>3,198</u>	<u>3,345</u>	<u>3,330</u>
Total Expenses	42,385	62,329	59,946	55,387	58,941	60,271
Fees Waived and Reimbursed by the Advisor (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>42,385</u>	<u>62,329</u>	<u>59,946</u>	<u>55,387</u>	<u>58,941</u>	<u>60,271</u>
Net Investment Income/(Loss)	<u>59,082</u>	<u>38,237</u>	<u>(30,008)</u>	<u>(40,087)</u>	<u>(23,028)</u>	<u>(24,489)</u>
Realized and Unrealized Gain (Loss) on Investments:						
Realized Gain (Loss) on Investments	(55,195)	(16,643)	(46,291)	(62,435)	(25,995)	(153,115)
Net Change in Unrealized Appreciation on Investments	<u>137,120</u>	<u>40,134</u>	<u>482,672</u>	<u>669,827</u>	<u>749,847</u>	<u>620,893</u>
Net Realized and Unrealized Gain on Investments	<u>81,925</u>	<u>23,491</u>	<u>436,381</u>	<u>607,392</u>	<u>723,852</u>	<u>467,778</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 141,007</u>	<u>\$ 61,728</u>	<u>\$ 406,373</u>	<u>\$ 567,305</u>	<u>\$ 700,824</u>	<u>\$ 443,289</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS  
Year Ended December 31, 2009 and Year Ended December 31, 2008

	GBF		STBF		LCSF		SCSF		INTF		ACF	
	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008	12/31/2009	12/31/2008
Increase in Net Assets From Operations:												
Net Investment Income	\$ 59,082	\$ 132,963	\$ 38,237	\$ 33,376	\$ (30,008)	\$ (15,352)	\$ (40,087)	\$ (36,196)	\$ (23,028)	\$ (9,112)	\$ (24,489)	\$ (5,949)
Net Realized (Loss) on Investments	(55,195)	(135,612)	(16,643)	(4,398)	(46,291)	(123,645)	(62,435)	(352,737)	(25,995)	232,392	(153,115)	179,668
Net Change in Unrealized Appreciation/(Depreciation) on Investments	137,120	(128,218)	40,134	(23,238)	482,672	(1,273,160)	669,827	(884,773)	749,847	(2,137,943)	620,893	(1,356,215)
Net Increase/(Decrease) in Net Assets Resulting from Operations	141,007	(130,867)	61,728	14,536	406,373	(1,412,157)	567,305	(1,273,706)	700,824	(1,914,663)	443,289	(1,182,496)
Distributions to Shareholders from:												
Net Investment Income	(89,391)	(118,710)	(52,543)	(28,225)	-	-	-	-	-	-	-	-
Realized Gains	-	-	-	-	-	-	-	-	-	(232,133)	-	(179,506)
Return of Capital	(947)	-	(568)	(8,845)	-	-	-	-	-	-	-	-
Net Change in Net Assets from Distributions	(90,338)	(118,710)	(53,111)	(37,070)	-	-	-	-	-	(232,133)	-	(179,506)
Capital Share Transactions:												
Proceeds from Sale of Shares	26,741	1,811,916	228,810	2,664,207	124,662	135,144	270,013	45,891	219,363	87,048	277,275	252,140
Shares Issued on Reinvestment of Dividends	89,854	118,402	52,940	36,983	-	-	-	-	-	230,867	-	178,635
Cost of Shares Redeemed	(617,759)	(2,035,120)	(779,544)	(347,351)	(221,955)	(532,585)	(201,281)	(626,092)	(218,615)	(1,680,066)	(187,190)	(514,339)
Net Increase from Shareholder Activity	(501,164)	(104,802)	(497,794)	2,353,839	(97,293)	(397,441)	68,732	(580,201)	748	(1,362,151)	90,085	(83,564)
Net Assets:												
Net Increase/(Decrease) in Net Assets	(450,495)	(354,379)	(489,177)	2,331,305	309,080	(1,809,598)	636,037	(1,853,907)	701,572	(3,508,947)	533,374	(1,445,566)
Beginning of Period	2,643,622	2,998,001	3,690,251	1,358,946	2,612,717	4,422,315	2,187,893	4,041,800	2,328,553	5,837,500	2,376,169	3,821,735
End of Period (Including Accumulated Undistributed Net Investment Income)	\$ 2,193,127	\$ 2,643,622	\$ 3,201,074	\$ 3,690,251	\$ 2,921,797	\$ 2,612,717	\$ 2,823,930	\$ 2,187,893	\$ 3,030,125	\$ 2,328,553	\$ 2,909,543	\$ 2,376,169
Accumulated Undistributed Net Investment Income/(Loss)	\$ 126	\$ 31,382	\$ (9,400)	\$ 5,474	\$ (219,978)	\$ (189,969)	\$ (333,032)	\$ (292,945)	\$ 89,780	\$ (66,752)	\$ (91,304)	\$ (66,815)

The accompanying notes are an integral part of these financial statements.

**Supplementary Information – Selected per Share Data and Ratios  
Period from January 1, 2004 through December 31, 2009**
**General Bond Fund**

	Years Ended				
	<u>12/31/ 2009</u>	<u>12/31/ 2008</u>	<u>12/31/ 2007</u>	<u>12/31/ 2006</u>	<u>12/31/ 2005</u>
Net Asset Value, at Beginning of Period	\$ 9.65	\$ 10.14	\$ 10.11	\$ 10.06	\$ 10.45
Income From Investment Operations:					
Net Investment Income *	0.24	0.33	0.35	0.35	0.35
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>0.34</u>	<u>(0.51)</u>	<u>0.10</u>	<u>0.01</u>	<u>(0.34)</u>
Total from Investment Operations	0.58	(0.18)	0.45	0.36	0.01
Distributions:					
From Net Investment Income	(0.37)	(0.31)	(0.42)	(0.31)	(0.40)
From Net Realized Gain	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total from Distributions	(0.37)	(0.31)	(0.42)	(0.31)	(0.40)
Net Asset Value, at End of Period	\$ 9.86	\$ 9.65	\$ 10.14	\$ 10.11	\$ 10.06
Total Return **	6.13%	(1.74)%	4.53%	3.73%	0.11%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 2,193	\$ 2,644	\$ 2,998	\$ 3,688	\$ 1,791
Ratio of Expenses to Average Net Assets	1.75%	1.44%	1.56%	1.33%	1.31%
Ratio of Net Investment Income (Loss) to Average Net Assets	2.44%	3.32%	3.48%	3.47%	3.40%
Portfolio Turnover	37.18%	103.60%	30.22%	40.48%	17.84%
Such Ratios are After Effect of Expenses Waived	-	-	-	\$ 0.01	\$ 0.02

\* Per share net investment income has been determined on the basis of average shares outstanding during the period.

\*\* Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends, and is not annualized for periods of less than one year.

**Short Term Bond Fund**

	Years Ended				
	<u>12/31/ 2009</u>	<u>12/31/ 2008</u>	<u>12/31/ 2007</u>	<u>12/31/ 2006</u>	<u>12/31/ 2005</u>
Net Asset Value, at Beginning of Period	\$ 9.21	\$ 9.38	\$ 9.30	\$ 9.21	\$ 9.40
Income From Investment Operations:					
Net Investment Income *	0.10	0.17	0.31	0.28	0.24
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>0.06</u>	<u>(0.15)</u>	<u>0.10</u>	<u>0.04</u>	<u>(0.23)</u>
Total from Investment Operations	0.16	0.02	0.41	0.32	0.01
Distributions:					
From Net Investment Income	(0.14)	(0.19)	(0.33)	(0.23)	(0.20)
From Net Realized Gain	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total from Distributions	(0.14)	(0.19)	(0.33)	(0.23)	(0.20)
Net Asset Value, at End of Period	\$ 9.23	\$ 9.21	\$ 9.38	\$ 9.30	\$ 9.21
Total Return **	1.79%	0.19%	4.41%	3.50%	0.07%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 3,201	\$ 3,690	\$ 1,358	\$ 1,494	\$ 983
Ratio of Expenses to Average Net Assets	1.82%	1.58%	1.41%	1.12%	1.02%
Ratio of Net Investment Income (Loss) to Average Net Assets	1.11%	1.87%	3.33%	3.04%	2.60%
Portfolio Turnover	78.72%	115.00%	41.49%	11.79%	48.02%
Such Ratios are After Effect of Expenses Waived	-	-	-	\$ 0.01	\$ 0.03

\* Per share net investment income has been determined on the basis of average shares outstanding during the period.

\*\* Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends, and is not annualized for periods of less than one year.

The accompanying notes are an integral part of these financial statements.

**Larger Company Stock Fund**

	Years Ended				
	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Net Asset Value, at Beginning of Period	\$ 9.03	\$13.56	\$14.05	\$13.14	\$12.67
Income From Investment Operations:					
Net Investment Income *	(0.11)	(0.05)	(0.09)	(0.08)	(0.12)
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>1.60</u>	<u>(4.48)</u>	<u>0.59</u>	<u>1.32</u>	<u>0.59</u>
Total from Investment Operations	1.49	(4.53)	0.50	1.24	0.47
Distributions:					
From Net Investment Income	-	-	-	-	-
From Net Realized Gain	<u>-</u>	<u>-</u>	<u>(0.99)</u>	<u>(0.33)</u>	<u>-</u>
Total from Distributions	-	-	(0.99)	(0.33)	-
Net Asset Value, at End of Period	<u>\$10.52</u>	<u>\$ 9.03</u>	<u>\$13.56</u>	<u>\$14.05</u>	<u>\$13.14</u>
Total Return **	16.50%	(33.41)%	3.57%	9.44%	3.69%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$2,922	\$2,613	\$4,422	\$4,488	\$4,786
Ratio of Expenses to Average Net Assets	2.30%	1.91%	1.90%	1.84%	1.97%
Ratio of Net Investment Income (Loss) to Average Net Assets	(1.15)%	(0.42)%	(0.59)%	(0.56)%	(0.94)%
Portfolio Turnover	17.08%	15.99%	36.83%	22.95%	14.00%
Such Ratios are After Effect of Expenses Waived	-	-	-	-	-

\* Per share net investment income has been determined on the basis of average shares outstanding during the period.

\*\* Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends, and is not annualized for periods of less than one year.

**Smaller Company Stock Fund**

	Years Ended				
	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Net Asset Value, at Beginning of Period	\$ 7.41	\$11.38	\$13.87	\$14.85	\$15.43
Income From Investment Operations:					
Net Investment Income *	(0.13)	(0.11)	(0.14)	(0.17)	(0.23)
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>2.04</u>	<u>(3.86)</u>	<u>(0.33)</u>	<u>2.26</u>	<u>1.04</u>
Total from Investment Operations	1.91	(3.97)	(0.47)	2.09	0.81
Distributions:					
From Net Investment Income	-	-	-	-	-
From Net Realized Gain	<u>-</u>	<u>-</u>	<u>(2.02)</u>	<u>(3.07)</u>	<u>(1.39)</u>
Total from Distributions	-	-	(2.02)	(3.07)	(1.39)
Net Asset Value, at End of Period	<u>\$ 9.32</u>	<u>\$ 7.41</u>	<u>\$11.38</u>	<u>\$13.87</u>	<u>\$14.85</u>
Total Return **	25.78%	(34.89)%	(3.40)%	14.22%	5.22%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$2,824	\$2,188	\$4,041	\$4,850	\$5,026
Ratio of Expenses to Average Net Assets	2.31%	1.96%	1.92%	1.83%	1.96%
Ratio of Net Investment Income (Loss) to Average Net Assets	(1.68)%	(1.17)%	(0.98)%	(1.06)%	(1.50)%
Portfolio Turnover	14.03%	16.27%	40.26%	37.46%	23.04%
Such Ratios are After Effect of Expenses Waived	-	-	-	-	-

\* Per share net investment income has been determined on the basis of average shares outstanding during the period.

\*\* Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends, and is not annualized for periods of less than one year.

The accompanying notes are an integral part of these financial statements.

## International Fund

	12/31/2009	12/31/2008	Years Ended		12/31/2005
			12/31/2007	12/31/2006	
Net Asset Value, at Beginning of Period	\$ 8.70	\$16.33	\$15.62	\$13.54	\$11.59
Income From Investment Operations:					
Net Investment Income *	(0.09)	(0.03)	0.09	(0.01)	(0.04)
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>2.83</u>	<u>(6.64)</u>	<u>2.35</u>	<u>2.90</u>	<u>1.99</u>
Total from Investment Operations	2.74	(6.67)	2.44	2.89	1.95
Distributions:					
From Net Investment Income	-	-	(0.09)	-	-
From Net Realized Gain	<u>-</u>	<u>(0.96)</u>	<u>(1.64)</u>	<u>(0.81)</u>	<u>-</u>
Total from Distributions	-	(0.96)	(1.73)	(0.81)	-
Net Asset Value, at End of Period	\$11.44	\$ 8.70	\$16.33	\$15.62	\$13.54
Total Return **	31.49%	(40.82)%	15.63%	21.38%	16.82%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$3,030	\$2,329	\$5,837	\$5,378	\$4,750
Ratio of Expenses to Average Net Assets	2.31%	1.96%	1.92%	1.86%	1.99%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.90)%	(0.25)%	0.51%	(0.06)%	(0.34)%
Portfolio Turnover	15.30%	21.47%	18.46%	15.66%	16.23%
Such Ratios are After Effect of Expenses Waived	-	-	-	-	-

\* Per share net investment income has been determined on the basis of average shares outstanding during the period.

\*\* Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends, and is not annualized for periods of less than one year.

## Alcat Fund

	12/31/2009	12/31/2008	Years Ended		12/31/2005
			12/31/2007	12/31/2006	
Net Asset Value, at Beginning of Period	\$ 9.74	\$15.58	\$14.46	\$14.28	\$13.25
Income From Investment Operations:					
Net Investment Income *	(0.10)	(0.03)	(0.01)	(0.08)	(0.13)
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>1.86</u>	<u>(5.01)</u>	<u>2.09</u>	<u>1.75</u>	<u>1.70</u>
Total from Investment Operations	1.76	(5.04)	2.08	1.67	1.57
Distributions:					
From Net Investment Income	-	-	-	-	-
From Net Realized Gain	<u>-</u>	<u>(0.80)</u>	<u>(0.96)</u>	<u>(1.49)</u>	<u>(0.54)</u>
Total from Distributions	-	(0.80)	(0.96)	(1.49)	(0.54)
Net Asset Value, at End of Period	\$11.50	\$ 9.74	\$15.58	\$14.46	\$14.28
Total Return **	18.07%	(32.37)%	14.45%	11.65%	11.91%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$2,910	\$2,376	\$3,821	\$3,095	\$3,445
Ratio of Expenses to Average Net Assets	2.34%	1.90%	1.91%	1.89%	2.01%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.95)%	(0.19)%	(0.08)%	(0.55)%	(0.94)%
Portfolio Turnover	34.12%	32.95%	19.88%	11.08%	35.48%
Such Ratios are After Effect of Expenses Waived	-	-	-	-	-

\* Per share net investment income has been determined on the basis of average shares outstanding during the period.

\*\* Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends, and is not annualized for periods of less than one year.

The accompanying notes are an integral part of these financial statements.

**STAAR INVESTMENT TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 – Organization and Purpose**

STAAR Investment Trust (the Trust) was organized as a Pennsylvania business trust under applicable statutes of the Commonwealth of Pennsylvania. It was formed on February 28, 1996 and became effective March 19, 1996. The name was changed to STAAR Investment Trust in September 1998. The Trust is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (effective May 28, 1997) as a non-diversified, open-end management investment company.

The Trust consists of six separate series portfolios (funds). The funds are organized in such a manner that each fund corresponds to a standard asset allocation category, with the exception of the Alternative Categories Fund, which is a flexibly managed fund that may invest in assets not included in the other funds. The Funds are:

- STAAR General Bond Fund (GBF)
- STAAR Short Term Bond Fund (STBF)
- STAAR Larger Company Stock Fund (LCSF)
- STAAR Smaller Company Stock Fund (SCSF)
- STAAR International Fund (INTF)
- STAAR Alternative Categories Fund (ACF)

Each fund is managed separately and has its own investment objectives and strategies in keeping with the asset allocation category for which it is named. Each fund may invest in other open-end funds (mutual funds), exchange-traded funds (ETFs), closed-end funds and individual securities.

**NOTE 2 – Summary of Significant Accounting Policies**

The following is a summary of significant accounting policies employed by the Fund in preparing its financial statements:

*Security Valuation-* Equity securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Advisor in conformity with guidelines adopted by and subject to review of the Board of Trustees. The Board has adopted guidelines for good faith pricing, and has delegated to the Advisor the responsibility for determining fair value prices, subject to review by the Board of Trustees.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Trustees. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value.

In accordance with the Trust's good faith pricing guidelines, the Advisor is required to consider all appropriate factors relevant to the value of securities for which it has determined other pricing sources are not available or reliable as described above. No single standard for determining fair value controls, since fair value depends upon the circumstances of each individual case. As a general principle, the current fair value of securities being valued by the Advisor would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accord with this principle may, for example, be based on (i) a multiple of earnings; (ii) a discount from market of a similar freely traded security (including a derivative security or a basket of securities traded on other markets, exchanges or among dealers); or (iii) yield to maturity with respect to debt issues, or a combination of these and other methods.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon the actual sale of those investments.

## NOTES TO FINANCIAL STATEMENTS (Cont.)

December 31, 2009

*Share Valuation*- The price (net asset value) of the shares of the Fund is normally determined as of 4:00 p.m., Eastern time on each day the Fund is open for business and on any other day on which there is sufficient trading in the Fund's securities to materially affect the net asset value. The Fund is normally open for business on every day except Saturdays, Sundays and the following holidays: New Year's Day, Martin Luther King Day, Presidents Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas.

*Accounting Standards Codification, 820 (FAS 157)* - The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective July 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of December 31, 2009:

<b>GBF</b>	Investments
<u>Valuation Inputs:</u>	<u>In Securities</u>
Level 1 – Quoted Prices	\$ 288,033
Level 2 – Significant Other Observable Inputs	1,888,736
Level 3 – Significant Unobservable Inputs	-
Total	\$2,176,769

<b>STBF</b>	Investments
<u>Valuation Inputs:</u>	<u>In Securities</u>
Level 1 – Quoted Prices	\$ 926,409
Level 2 – Significant Other Observable Inputs	2,258,418
Level 3 – Significant Unobservable Inputs	-
Total	\$3,184,827

<b>LCSF</b>	Investments
<u>Valuation Inputs:</u>	<u>In Securities</u>
Level 1 – Quoted Prices	\$2,924,795
Level 2 – Significant Other Observable Inputs	-
Level 3 – Significant Unobservable Inputs	-
Total	\$2,924,795

<b>SCSF</b>	Investments
<u>Valuation Inputs:</u>	<u>In Securities</u>
Level 1 – Quoted Prices	\$2,826,658
Level 2 – Significant Other Observable Inputs	-
Level 3 – Significant Unobservable Inputs	-
Total	\$2,826,658

<b>INTF</b>	Investments
<u>Valuation Inputs:</u>	<u>In Securities</u>
Level 1 – Quoted Prices	\$3,033,396
Level 2 – Significant Other Observable Inputs	-
Level 3 – Significant Unobservable Inputs	-
Total	\$3,033,396

<b>ACF</b>	Investments
<u>Valuation Inputs:</u>	<u>In Securities</u>
Level 1 – Quoted Prices	\$2,910,489
Level 2 – Significant Other Observable Inputs	-
Level 3 – Significant Unobservable Inputs	-
Total	\$2,910,489

**NOTES TO FINANCIAL STATEMENTS (Cont.)**  
December 31, 2009

*Security Transaction Timing-* Security transactions are recorded on the dates transactions are entered into (the trade dates). Dividend income and distributions to shareholders are recognized on the ex-dividend date. Interest income is recognized on an accrual basis. The Fund uses the identified cost basis in computing gain or loss on sale of investment securities. Discounts and premiums on securities purchased are amortized over the life of the respective securities. Withholding taxes on foreign dividends are provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

*Income Taxes-* The Fund intends to continue to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended. By so qualifying, the Fund will not be subject to federal income taxes to the extent that it distributes substantially all of its net investment income and any realized capital gains. It is the Fund's policy to distribute annually, prior to the end of the calendar year, dividends sufficient to satisfy excise tax requirements of the Internal Revenue Service. This Internal Revenue Service requirement may cause an excess of distributions over the book year-end accumulated income.

*Distributions to Shareholders-* The Fund intends to distribute to its shareholders substantially all of its net realized capital gains and net investment income, if any, at year-end. Distributions will be recorded on ex-dividend date.

*Use of Estimates-* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increase and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

*Other-* Generally accepted accounting principles require that permanent financial reporting tax differences relating to shareholder distributions be reclassified to paid in capital.

**Note 3. Investment Management Agreement and Other Transactions with Affiliates**

In 2006, the Board of Trustees approved a management agreement (the "Management Agreement") with the Advisor to furnish investment advisory and management services to the Fund. The Board has made annual extensions to the Management Agreement in through the period of December 2010. The extensions provide that the Fund will pay the Advisor a monthly fee based on the Fund's average daily net assets at the annual rate of 0.35% for the STBF, 0.35% for the GBF, and 0.90% for all other portfolios.

The president of the investment Advisor is the organizer of the Trust. The Management Agreement provides for an expense reimbursement from the investment Advisor if the Trust's total expense for any series (Fund), exclusive of taxes, interest, cost of portfolio acquisitions and dispositions and extraordinary expenses, for any fiscal year, exceeded the level of expenses which such series is permitted to bear under the most restrictive expense limitation imposed on open-ended investment companies by any state in which shares of such series are then qualified. The Management Agreement also stipulates that all organizational expenses of the Trust were paid by the investment Advisor as well as certain marketing, legal, accounting, transfer agent, and custodial services for the first two years. Such costs continued to be absorbed by the investment Advisor through December 31, 2001, except for marketing and certain other costs associated with the sale and distribution of shares.

Effective January 1, 2002, the Trust began paying certain operating expenses including custodian, registration, legal and auditing fees, and printing and insurance expenses, and a portion of bookkeeping fees. Remaining bookkeeping fees continued to be absorbed by the investment advisor.

Effective September 1, 1998, the Trust's shareholders approved a 12b-1 arrangement, which provides commission payments to broker/dealers who refer investors who become shareholders in STAAR Investment Trust. This arrangement remained in effect through August 1, 2001 when a new 12b-1 arrangement, discussed below was implemented and which includes these fees. The commission structure under this arrangement is .5% for bond funds and 1.0% for stock funds for the first 12 months from date of purchase and .15% for bond funds and .25% for stock funds thereafter. Commissions were calculated based on fair market values and were payable monthly in the first 12 months and quarterly thereafter. For the period May through December 2000, 12b-1 commission expenses were also absorbed by the investment advisor. Subsequent to December 31, 2000, the investment Advisor no longer absorbed 12b-1 fees.

**NOTES TO FINANCIAL STATEMENTS (Cont.)**  
December 31, 2009

Certain affiliated persons holding shares in the six portfolios purchased such shares at net asset value at respective dates of purchase. Those affiliated persons held aggregate investments in the respective funds as of December 31, 2009, as follows:

Affiliates	Shares Owned					
	GBF	STBF	LCSF	SCSF	INTF	ACF
J. Andre Weisbrod, Trustee, Interested Director, Chairman, & Family	3,361	2,183	14,572	16,099	16,387	24,987
Jeffrey A. Dewhirst, Trustee, Independent Director, Secretary, & Family	-	-	-	-	-	-
Richard Levkoy, Trustee, Independent Director, Chairman of Audit Committee	-	-	-	-	-	-
Thomas J. Smith, Trustee, Independent Director	-	-	-	-	-	-
Employees	-	-	-	2,514	-	-
Other Affiliated Persons	-	-	-	-	-	-
Total No. Shares	<u>3,361</u>	<u>2,183</u>	<u>14,572</u>	<u>18,613</u>	<u>16,387</u>	<u>24,987</u>

Affiliates	December 31, 2009 Value of Shares Owned					
	GBF	STBF	LCSF	SCSF	INTF	ACF
J. Andre Weisbrod, Trustee, Interested Director, Chairman, & Family	\$33,138	\$20,147	\$153,302	\$150,047	\$187,473	\$287,352
Jeffrey A. Dewhirst, Trustee, Independent Director, Secretary, & Family	-	-	-	-	-	-
Richard Levkoy, Trustee, Independent Director, Chairman of Audit Committee	-	-	-	-	-	-
Thomas J. Smith, Trustee, Independent Director	-	-	-	-	-	-
Employees	-	-	-	23,429	-	-
Other Affiliated Persons	-	-	-	-	-	-
Total No. Shares	<u>\$33,138</u>	<u>\$20,147</u>	<u>\$153,302</u>	<u>\$173,476</u>	<u>\$187,473</u>	<u>\$287,352</u>

Mr. Weisbrod is an interested director because he is an owner of the Advisor. Aggregate annual Trustee fees were \$9,600 for 2009 and 2008.

#### Note 4. Capital Share Transactions

The Funds are authorized to issue an unlimited number of shares of separate series. Paid in capital at December 31, 2009 was \$2,347,170 representing 222,474 shares outstanding for the GBF, \$3,210,028 representing 346,798 shares outstanding for the STBF, \$3,236,297 representing 277,836 shares outstanding for the LCSF, \$3,689,372 representing 303,074 shares outstanding for the SCSF, \$2,565,600 representing 264,863 shares outstanding for the INTF, and \$2,859,799 representing 253,038 shares outstanding for the ACF. Transactions in capital shares were as follows:

SHARES	GBF	STBF	LCSF	SCSF	INTF	ACF
Sale of Shares	2,780	24,964	13,170	34,946	22,572	27,590
Shares Issued on Reinvestment of Dividends	9,281	5,752	-	-	-	-
Shares Redeemed	(63,548)	(84,618)	(24,765)	(27,262)	(25,427)	(18,449)
Net Increase/(Decrease)	<u>(51,487)</u>	<u>(53,903)</u>	<u>(11,595)</u>	<u>7,684</u>	<u>(2,855)</u>	<u>9,141</u>

DOLLARS	GBF	STBF	LCSF	SCSF	INTF	ACF
Sale of Shares	\$26,741	\$228,810	\$124,662	\$270,013	\$219,363	\$ 277,275
Shares issued on Reinvestment of Dividends	89,854	52,940	---	---	---	---
Shares Redeemed	(617,759)	(779,544)	(221,955)	(201,281)	(218,615)	(187,190)
Net Increase (Decrease)	<u>\$(501,164)</u>	<u>\$(497,794)</u>	<u>(97,293)</u>	<u>\$68,732</u>	<u>\$ 748</u>	<u>\$ 90,085</u>

#### Note 5. Investment Transactions

For the year ended December 31, 2009, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$768,412 and \$1,399,127 for the GBF, \$2,197,269 and \$1,802,733 for the STBF, \$327,972 and \$454,823 for the LCSF, \$284,146 and \$245,649 for the SCSF, \$308,806 and \$373,578 for the INTF, and \$545,446 and \$561,015 for the ACF, respectively.

**Note 6. Tax Matters**

At December 31, 2009, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) are as follows:

<b>GBF</b>			
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
	\$57,280	\$(14,443)	\$42,837
<b>STBF</b>			
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
	\$34,487	\$(12,633)	\$21,854
<b>LCSF</b>			
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
	\$309,197	\$(233,783)	\$75,414
<b>SCSF</b>			
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
	\$262,242	\$(379,481)	\$(117,239)
<b>INTF</b>			
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
	\$632,453	\$(52,412)	\$580,041
<b>ACF</b>			
	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
	\$374,012	\$(80,011)	\$294,001

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows:

<b>GBF</b>		<u>Value</u>
Undistributed ordinary income	\$	126
Undistributed long-term capital loss		(197,006)
Unrealized appreciation on investments		42,837
<b>STBF</b>		<u>Value</u>
Undistributed ordinary loss	\$	(9,400)
Undistributed long-term capital loss		(21,408)
Unrealized appreciation on investments		21,854
<b>LCSF</b>		<u>Value</u>
Undistributed ordinary loss	\$	(219,978)
Undistributed long-term capital loss		(169,936)
Unrealized depreciation on investments		75,414
<b>SCSF</b>		<u>Value</u>
Undistributed ordinary loss	\$	(333,032)
Undistributed long-term capital loss		(415,171)
Unrealized depreciation on investments		(117,239)
<b>INTF</b>		<u>Value</u>
Undistributed ordinary loss	\$	(89,780)
Undistributed long-term capital loss		(25,736)
Unrealized appreciation on investments		580,041
<b>ACF</b>		<u>Value</u>
Undistributed ordinary loss	\$	(91,304)
Undistributed long-term capital loss		(152,953)
Unrealized appreciation on investments		294,001

Permanent book and tax differences relating to shareholder distributions may result in reclassifications to paid in capital and may affect the per-share allocation between net investment income and realized and unrealized gain/loss. Undistributed net investment income and accumulated undistributed net realized gain/loss on investment transactions may include temporary book and tax differences which reverse in subsequent periods. Any taxable income or gain remaining at fiscal year end is distributed in the following year.

The tax-basis components of distributions paid in 2009 are as follows:

For the fiscal year ended December 31, 2009 the GBF paid an ordinary distribution of \$89,391, and a return of capital distribution of \$947 for a total distribution of \$90,338.

For the fiscal year ended December 31, 2009 the STBF paid an ordinary distribution of \$52,543 and a return of capital distribution of \$568 for a total distribution of \$53,111.

As of December 31, 2009, the following net capital loss carryforwards existed for federal income tax purposes:

<u>Year expiring</u>	<u>GBF</u>	<u>STBF</u>	<u>LCSF</u>	<u>SCSF</u>	<u>INTF</u>	<u>ACF</u>
2012	\$ 3,821	\$ -	\$ -	\$ -	\$ -	\$ -
2013	1,524	4,765	-	-	-	-
2014	711	-	-	-	-	-
2015	142	-	-	-	-	-
2016	135,613	-	123,645	352,736	-	-
2017	55,195	16,643	46,291	62,435	25,995	153,115
	<u>\$ 197,006</u>	<u>\$ 21,408</u>	<u>\$ 169,936</u>	<u>\$ 415,171</u>	<u>\$ 25,995</u>	<u>\$ 153,115</u>

The above capital loss carryforwards may be used to offset capital gains realized during subsequent years and thereby relieve the Trust and its shareholders of any federal income tax liability with respect to the capital gains that are so offset. The Trust will not make distributions from capital gains while a capital loss carryforward remains.

**Note 7. New Accounting Pronouncements**

The Fund adopted Accounting Standards Codification 840-35-51 (Financial Accounting Standards Board Staff Position No. 157-4) – Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions that are Not Orderly on June 15, 2009. At adoption the Fund evaluated the level and activity for the assets and liabilities of the Fund to ascertain that the fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. Management of the Fund does not believe that any adjustments were necessary to the financial statements at adoption.

**End of Notes to Financial Statements**

**EXPENSE ILLUSTRATION  
DECEMBER 31, 2009 (UNAUDITED)**

**Expense Examples**

As a shareholder of the STAAR Investment Trust, you incur ongoing costs, which consist of management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, July 1, 2009 through December 31, 2009.

**Actual Expenses**

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

**Hypothetical Example for Comparison Purposes**

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

**Bond**

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,035.85	\$8.98
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,016.38	\$8.89

\* Expenses are equal to the Fund's annualized expense ratio of 1.75%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

**Short-Term**

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,008.21	\$9.21
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,016.03	\$9.25

\* Expenses are equal to the Fund's annualized expense ratio of 1.82%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

**Larger Company**

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,156.04	\$12.50
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.61	\$11.67

\* Expenses are equal to the Fund's annualized expense ratio of 2.30%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

## Expense Examples (Cont.)

## Smaller Company

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,179.75	\$12.69
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.56	\$11.72

\* Expenses are equal to the Fund's annualized expense ratio of 2.31%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

## International

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,194.15	\$12.78
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.56	\$11.72

\* Expenses are equal to the Fund's annualized expense ratio of 2.31%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

## Alternative

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2009</u>	<u>December 31, 2009</u>	<u>July 1, 2009 to December 31, 2009</u>
Actual	\$1,000.00	\$1,131.89	\$12.57
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.41	\$11.88

\* Expenses are equal to the Fund's annualized expense ratio of 2.34%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

The following table provides information regarding each Trustee who is not an “interested person” of the Trust, as defined in the Investment Company Act of 1940.

<u>Name, Address, Age</u>	<u>Position(s) Held with the Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Number of Portfolios Overseen</u>	<u>Principal Occupation During Past Five Year and Current Directorships</u>
Richard Levkoy * 103 Skrabut Lane Sewickley, PA 15143, 57	Trustee	Continuous, 9 yrs.	1 Series Trust (6 Funds)	Accountant; None
Thomas J. Smith * 736 Beaver Street Sewickley, PA 15143, 71	Trustee	Continuous, 10 yrs.	1 Series Trust (6 Funds)	Advertising/Marketing Consulting; Board Member, Imani Christian Academy
Jeffrey A. Dewhirst 453 Washington Street. Leetsdale, PA 15056, 61	Secretary/ Trustee	Continuous, 14 yrs.	1 Series Trust (6 Funds)	Investment Banker; None

#### Statement of Additional Information

The Fund's Statement of Additional Information ("SAI") includes additional information about the trustees and is available, without charge, upon request. You may call toll-free (800) 332-7738 PIN 3370 to request a copy of the SAI or to make shareholder inquiries.

#### Portfolio Holdings

The Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Fund's first and third fiscal quarters end on March 31 and September 30. The Fund's Forms N-Q are available on the SEC's website at <http://sec.gov>, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at (800) 332-7738 PIN 3370.

#### Proxy Voting Guidelines

The Fund's Advisor is responsible for exercising the voting rights associated with the securities held by the Fund. A description of the policies and procedures used by the Advisor in fulfilling this responsibility is available without charge by calling (800) 332-7738 PIN 3370. It is also included in the Fund's State of Additional Information, which is available on the Securities and Exchange Commission's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies, Form N-PX, relating to portfolio securities during the most recent 12-month period ended June 30 will be available without charge, upon request, by calling our toll free number (800) 332-7738 PIN 3370.

## Management Discussion of Fund Performance\*

### Overall Market Performance

The first half of 2009 saw a tremendous drop in stock values culminating in a drastic sell off in February and early March. At one point the S&P was down over 25% from the December 31, 2008 close. From that fear-induced bottom, the markets recovered dramatically and by the end of December had risen almost 65% to finish the year with a 26.46% total return. The EAFE International Index total return for 2009 was 31.78% and the Russell 2000 returned 27.17%.

Interest rates on government debt remained in historically low ranges. The Federal Reserve has continued in an aggressive stimulation mode, keeping treasury yields below 1% for maturities less than two years. At the end of the year the yield on 3-month treasury bills was .06%, .47% for one-year, 1.70% for three year treasuries and 2.69% for five years. The total return for the Barcap Aggregate Bond index for the 12 months was 5.9%. The Barcap 1-3 year Government Index's total return was 1.41% while taxable money market funds averaged only .17% for the year.

### AltCat Fund

<i>For periods ending 12/31/09</i>	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR AltCat Fund</b>	<b>+3.32%</b>	<b>+18.07%</b>	<b>+18.07%</b>	<b>-2.96%</b>	<b>+2.69%</b>	<b>+2.79%</b>	<b>+3.88%</b>	<b>+4.22%</b>
S&P 500 Index	+6.04%	+26.46%	+26.46%	-5.63%	+0.42%	-0.95%	+3.96%	+5.79%
Morningstar Large Blend Fds Avg	+5.72%	+28.17%	+28.17%	-5.53%	+0.46%	+0.01%	+3.24%	+4.74%

Portfolio Turnover 34.12%

\* Total returns include reinvested dividends and gains. Management waived \$.03 per share of fees in 2003. The Trust was formed as a PA private business trust and investment operations commenced on 4/4/96. Public registration was effective on 5/28/97 with no changes in investment operations.

The S&P500 is a broad index of the 500 largest companies in various market sectors. It is a market-capitalization weighted average, which emphasizes the largest companies. The index is unmanaged and has no expenses. The Morningstar Large Blend Funds Category is an average of the total returns of all funds tracked and categorized as such by Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar.

Our large cash position in the AltCat Fund made the rollercoaster ride less thrilling and preserved value during the downturn. While we did some cautious buying into the market rebound we retained a relatively large cash position. Therefore the AltCat Fund trailed the S&P 500 for 2009.

Of the positions held at the beginning of the year, the best performers were the Eaton Vance Greater India Fund (+93.78%), Ivy Pacific Opportunities Fund (+69.32%), iShares Australia Index Fd (+67.9%), iShares Dow Jones US Basic Materials Index (+64.37%), Franklin Natural Resources Fund (+62.34%) and iShares S&P North Amer Tech-Multimed Ntwrk Index (+60.57%). Our best performing positions added during the year included July purchases of Walter Industries, which increased over 100% by year-end. March purchases of Internet HLDRS rose 86%, Powershares DB base Metals Fund increased 83.6%, iShares Taiwan was up 75.8% and BLDRS Emerging Markets 50 ADR rose 60.5%. Our July purchase of Textainer Group Holdings, Ltd appreciated over 54.87% plus a substantial dividend.

Of the positions held at the beginning of the year, the worst performers included FCG (Revere Natural gas index), which increased only +2.2%. iShares Japan Index Fund returned only +3.14%. Our worst performing positions added during the year included Powell Ind. at 0%. Two positions were bought and sold due to deteriorating price during the year: Papa John's was sold at a -11.0% loss and NVE Corp was sold with a -11.7% loss.

We are pleased to report that at the end of December the ACF retained its Five-Star rating from Morningstar.

## General Bond Fund

<i>For periods ending 12/31/09</i>	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return <sup>1</sup>	Five Year Avg. Annual Return <sup>1</sup>	Ten Year Avg. Annual Return <sup>1</sup>	Since Pub. Incept. (5/28/97) <sup>1</sup>	Since Private Inception (4/4/96) <sup>1</sup>
<b>STAAR General Bond Fund</b>	+0.61%	+6.13%	+6.13%	+2.92%	+2.51%	+4.07%	+4.26%	+4.08%
Barcap Intermediate Gov't Credit Index	+0.31%	+5.25%	+5.25%	+5.90%	+4.66%	+5.93%	+5.91%	+5.87%
Morningstar Intermed-Term Bd Fd Avg	+1.16%	+13.97%	+13.97%	+4.45%	+3.84%	+5.53%	+5.18%	+5.22%

Current Yield as of 12/31/09: 2.01%\*\* S.E.C. Yield as of 12/31/09: 1.79%\*\*\* Average Maturity..... 3.3 Years\*\*\*\* Portfolio Turnover 37.18%

\* The published returns are total returns including reinvestment of dividends. Management waived \$.01 per share of fees in 2006, \$.02 in 2005 and \$.03 in 2003. The Trust was formed as a PA private business trust and investment operations commenced on 4/4/96. Public registration was effective on 5/28/97 with no changes in investment operations. On August 12, 2004 shareholders approved changes to the Fund. The Intermediate Bond Fund became the General Bond Fund. Performances shown that includes periods prior to August 2004 include performances achieved under the different investment objective approved by shareholders.

The Barcap Intermediate Gov't Credit Index is a broad bond market index including both corporate investment grade and government (Treasury and gov. agency) indexes including bonds with maturities up to 10 years. The index is unmanaged and does not have expenses. The Morningstar Intermediate-Term Bond Category is an average of the total returns of all intermediate bond funds tracked and categorized as such by Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar.

\*\* Current Yield is calculated by dividing the projected annual net income by the current net assets (total portfolio value less accrued expenses)

\*\*\* S.E.C. Yield is calculated by taking actual net income received during the past thirty days divided by the average shares for the last thirty days, divided by the maximum offering price on the last day of the period and then annualized.

\*\*\*\* Average maturity does not include cash and cash equivalents.

Low interest rates among government securities and quality corporations prevented significant returns in bonds unless one was to take higher risks in the high yield ("junk") bond markets or time purchases of longer-term bonds that could have resulted in higher gains. Our objectives do not allow investing in "junk" bonds and the risk of higher future interest rates caused us to continue with shorter maturities.

## International Fund

<i>For periods ending 12/31/09</i>	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return <sup>1</sup>	Five Year Avg. Annual Return <sup>1</sup>	Ten Year Avg. Annual Return <sup>1</sup>	Since Public Inception (5/28/97) <sup>1</sup>	Since Private Inception (4/4/96) <sup>1</sup>
<b>STAAR International Fund</b>	+2.88%	+31.49%	+31.49%	-3.46%	+4.99%	+1.67%	+3.78%	+4.86%
EAFE Index	+2.18%	+31.78%	+31.78%	-6.04%	+3.54%	+1.17%	+3.95%	+4.33%
Morningstar Foreign Large Blend Fds	+2.81%	+31.24%	+31.24%	-6.15%	+3.58%	+0.62%	+3.48%	+4.34%

Portfolio Turnover...15.30%.

\* Published returns are total returns including reinvested dividends. Management waived \$.02 of fees in 2003. The Trust was formed as a PA private business trust and investment operations commenced on 4/4/96. Public registration was effective on 5/28/97 with no changes in investment operations.

The MSCI EAFE index is a broad international index widely accepted as a benchmark for international stock performance. It consists of an aggregate of 21 individual country indexes, which represent the major world, markets. The index is unmanaged and has no expenses. The Morningstar Foreign Stock Funds Category Average is an average of the total returns of all funds tracked and categorized as such by Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar.

**International Fund (Cont.)**

International markets recovered stronger than the USA markets after being down 30% in the first quarter. By the end of the year the EAFE Index was up 31.78%. The International Fund performed almost equal to the EAFE, yet did so holding more than 20% cash most of the year.

Among those held at the beginning of the year, the best performing positions were Eaton Vance Greater India Fund (+93.78%), Templeton Developing markets Fund (+73.92%), iShares Australia Index (+67.9%), BLDRS Emerging Markets 50 ADR Index (+65.54%) and the Putnam International Capital Opportunities Fund (+56.76%).

Our best performing positions added during the year included March purchases of iShares Taiwan index (+75.8%) and iShares Brazil Index (+74.6%) plus April purchases of First Trust ISE Chindia Fund (+77.4%), iShares MSCI Belgium Index (+53.9%) and iShares MSCI Austria Index (+53.8%).

Of the positions held at the beginning of the year, the worst performer was iShares Japan Index Fund, which returned only +3.14%. All other positions returned above 26% except the cash position.

We are pleased to report that at the end of December the INTF retained its Five-Star rating from Morningstar.

**Larger Company Stock Fund**

<i>For periods ending 12/31/09</i>	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR Larger Company Stock Fund</b>	<b>+4.06%</b>	<b>+16.50%</b>	<b>+16.50%</b>	<b>-7.03%</b>	<b>-1.83%</b>	<b>-1.33%</b>	<b>+2.09%</b>	<b>+3.35%</b>
S&P 500 Index	+6.04%	+26.46%	+26.46%	-5.63%	+0.42%	-0.95%	+3.96%	+5.79%
Morningstar Large Blend Funds Avg.	+5.72%	+28.17%	+28.17%	-5.53%	+0.46%	+0.01%	+3.24%	+4.74%

Portfolio Turnover: 17.08%.

*\* Published returns are total returns including reinvested dividends. Management waived \$.03 per share of fees in 2003. The Trust was formed as a PA private business trust and investment operations commenced on 4/4/96. Public registration was effective on 5/28/97 with no changes in investment operations.*

*The S&P500 is a broad index of the 500 largest companies in various market sectors. It is a market-capitalization weighted average, which emphasizes the largest companies. The index is unmanaged and has no expenses. The Morningstar Large Blend Funds Category is an average of the total returns of all funds tracked and categorized as such by Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar.*

As with our other equity funds, the LCSF navigated the big early year dip with less of a downturn due to a large cash position. Continued conservative cash positions caused the total return for the year to be less than the S&P 500.

The best performing positions held since the beginning of the year included Calamos Growth Fund (+52.47%), Heartland Select Value (+38.6%), iShares Dow Jones US Medical Devices (+38.5%), and American Funds Fundamental Investors Fund (+33.4%). In March we bought Internet HLDRS Fund (+85.9%), FLS – Flowserve Corp (+48.5%), MDR – McDermott International (+38.3%), APC – Anadarko Petroleum New (+38.0%) and IBM – International Business Machines (+35.6%).

The worst performing positions held since the beginning of the year included Brandywine Blue Fund (+9.3%), American Funds Washington and Franklin Rising Dividends Fund (+17.1%). Of positions bought during the year, only Walgreen's (-3.1%) had significantly disappointing results.

## Short Term Bond Fund

<i>For periods ending 12/31/09</i>	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return <sup>1</sup>	Since Public Inception (5/28/97) <sup>1</sup>	Since Private Inception (4/4/96) <sup>1</sup>
<b>STAAR Short Term Bond Fund</b>	+0.14%	+1.79%	+1.79%	+2.11%	+1.99%	+4.06%	+4.38%	+4.33%
Barcap 1-3 Year Government Index	+0.09%	+1.41%	+1.41%	+5.03%	+4.18%	+4.65%	+4.87%	+4.92%
Morningstar Short-Term Bd Fd Avg	+1.11%	+9.30%	+9.30%	+3.47%	+3.28%	+4.14%	+4.09%	+4.18%

Current Yield as of 12/31/09... 0.63%\*\* S.E.C. Yield as of 12/31/09... 0.00%\*\*\* Average Maturity..... 1.9 Yrs.\*\*\*\* Portfolio Turnover 78.72%

\* *Published returns are total returns including reinvested dividends. Management waived \$.01 per share of fees in 2006 and \$.03 in both 2005 and 2003. The Trust was formed as a PA private business trust and investment operations commenced on 4/4/96. Public registration was effective on 5/28/97 with no changes in investment operations. On August 12, 2004 shareholders approved changes to the Fund. The Long Term Bond Fund became the Short Term Bond Fund. The Short Term Bond Fund was previously named the Long Term Bond Fund. Performances shown that includes periods prior to August 2004 include performances achieved under the different investment objective approved by shareholders. The Barcap 1-3 Year Government Index includes both the Treasury Bond index (all public obligations of the U.S. Treasury, excluding flower bonds and foreign-targeted issues) and the Agency Bond Index (all publicly issued debt of U.S. Government agencies and quasi-federal corporations and corporate-debt guaranteed by the U.S. Government). The index is unmanaged and has no expenses. The Morningstar Short-Term Bond Category is an average of the total returns of all short-term bond funds tracked and categorized as such by Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar.*

\*\* Current Yield is calculated by dividing the projected annual net income by the current net assets (total portfolio value less accrued expenses)

\*\*\* S.E.C. Yield is calculated by taking actual net income received during the past thirty days divided by the average shares for the last thirty days, divided by the maximum offering price on the last day of the period and then annualized.

\*\*\*\* Average maturity does not include cash and cash equivalents.

Low interest rates among government securities and quality corporate bonds prevented significant returns in short-term bonds unless one was to take higher risks in the high yield ("junk") bond markets. Our objectives do not allow for such risks. However, the STBF's return exceeded the Barcap 1-3 Yr Government index.

## Smaller Company Stock Fund

<i>For periods ending 12/31/09*</i>	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR Smaller Company Stock Fund</b>	+2.76%	+25.78%	+25.78%	-7.51%	-1.00%	+2.43%	+5.41%	+5.56%
Russell 2000 Index	+3.87%	+27.17%	+27.17%	-6.07%	+0.51%	+3.51%	+5.46%	+6.03%
Morningstar Small Blend Fds Avg	+4.85%	+31.80%	+31.80%	-6.11%	+0.47%	+5.85%	+7.07%	+7.76%

Portfolio Turnover 14.03%

\* *Published returns are total returns including reinvested dividends. Management waived \$.03 per share of fees in 2003. The Trust was formed as a PA private business trust and investment operations commenced on 4/4/96. Public registration was effective on 5/28/97 with no changes in investment operations. The Russell 2000 Index is an unmanaged total return index of the smallest 2000 companies in the Russell 3000 Index and is generally considered in the industry as representing the*

### Smaller Company Stock Fund (Cont.)

universe of small company stocks. The index is unmanaged and has no expenses. *The Morningstar Small Blend Funds Average is an average of all short-term bond funds tracked and categorized as such by Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar.*

The smaller company market as represented by the Russell 2000 Index beat the S&P 500 Index by less than 1 percent. In spite of holding 20% or more cash most of the year, the SCSF performed only slightly behind the Russell 2000.

Among the best performing positions since the beginning of the year were the Royce Opportunity Fund (+62.1%), Wasatch Small Cap Value Fund (+55.9%) and the Satuit Capital Microcap Fund (+50.0%). During the year we made purchases of new positions that performed very well. These included Walter Energy Inc. (+110.6%) plus Web MD, Nalco Holding Co. and United Guardian, all of which returned over 60%. We were also pleased with the purchase of Textainer Group Holdings, which appreciated 54.8% plus a substantial dividend.

The worst positions included the iShares Russell 2000 Value Index (+20.6%) and the Keeley Small Cap Value Fund (+21.7%).

**For a prospectus, call 1-888-717-8227 (1-888-71STAAR) or visit [www.staarfunds.com](http://www.staarfunds.com)**

### NON-FINANCIAL STATEMENT NOTES

The Registrant, STAAR Investment Trust (the Trust), is an open-end, management investment company including six series Funds. It was formed on February 28, 1996 as a private Pennsylvania business trust for the purposes of commencing business as an investment company under the name STAAR System Trust. It had engaged in no prior business activities. Its public registration became effective on May 28, 1997. The name was changed to STAAR Investment Trust on April 3, 1998. There has been no material change in operations since the beginning of investment operations on April 4, 1996.

Each Fund has adopted certain fundamental investment policies. These fundamental investment policies cannot be changed unless the change is approved by (a) 66 2/3% or more of the voting securities present in person or by proxy at a meeting (if the holders of 50% or more of the outstanding securities are present in person or by proxy) or (b) more than 50% of the outstanding voting securities of the Fund, whichever is lesser. The fundamental policies can be found in the Prospectus and Statement of Additional Information, which may be obtained from STAAR Investment Trust using the contact information below.

A board of trustees is responsible for providing and overseeing management, operations and shareholder services for the Funds under the applicable laws of the commonwealth of Pennsylvania. The board generally meets quarterly to review Fund operations, performance and any appropriate issues and to take action as needed.

Due to the small size of the board, there is only one committee, the Audit Committee. Functions that might be fulfilled on larger boards by additional committees have been adequately fulfilled by the entire board. The audit committee is comprised of only non-interested directors who hold separate meetings periodically to discuss the accounting of the Funds. The committee also meets periodically with the outside public accounting firm to discuss and monitor the accounting practices and auditing activities applied to the Funds.

The Board of Trustees has adopted a number of policies adopted to protect shareholders. Details may be found in the Statement of Additional Information, which may be obtained from STAAR Investment Trust using the contact information below. Among these are...

**Fair value Pricing:** The Board has adopted a policy and procedures for fair value pricing. However, since the practice of the manager is to purchase securities that are widely traded and easily priced by third party services, the Trust rarely needs to employ this policy.

**Personal transactions policy:** Independent Trustees and access persons of the Adviser are required to disclose quarterly any securities transactions they make in securities that are owned by the Trust. Pre-clearance of a personal transaction in a Security required to be approved by regulations must be obtained from the Compliance Officer or a person (Clearing Officer) who has been authorized by the Compliance Officer to pre-clear transactions. A Clearing Officer seeking pre-clearance with respect to his or her own transaction shall obtain such pre-clearance from another Clearing Officer.

**Short-term trading and market timing policy:** The board has taken measures to guard against short-term trading and market timing abuses that could adversely affect shareholder value.

**Trading Error Policies and Procedures:** The Board has adopted a policy whereby the Advisor addresses any errors that may occur in trading securities for the Funds.

**Bonding:** A Fidelity Bond is required to protect shareholders, clients and the firms serving them against inappropriate activities on the part of access persons.

**Anti-Money Laundering:** Pursuant to the USA Patriot Act, the Board has adopted a policy governing the "know your client" principle that governs the collection of personal and/or corporate information from investors.

**Business Continuity Plan:** The Board has adopted a plan to address disaster management in the event of fire, terrorism, theft, natural disaster or other events that could interrupt the business of the Funds.

**Proxy Voting Policy:** The Board has adopted a Proxy Voting Policy.

Code of Ethics: The Board has adopted a code of ethics.

Transactions in Fund portfolios will generally be made with regard to volume and other discounts to keep transaction expenses as low as possible. The Trust may use brokers with which higher commissions are paid than could be obtained elsewhere in return for research and other services. There is no restriction as to the number of broker-dealers the Trust may use.

Detailed information as to securities pricing and the purchase and redemption of shares is found in the Prospectus, which may be obtained from STAAR Investment Trust using the contact information below. The Trust may suspend the right to redeem shares or postpone the date of payment upon redemption for more than seven (7) days for (a) any period during which the New York Stock Exchange is closed or trading on the exchange is restricted; (b) for any period during which an emergency exists which makes it impossible or impractical for the Funds to dispose of securities owned by them or the Funds cannot determine the value of their respective net assets or for such other periods as the Securities and Exchange Commission may permit.

Performance data is provided and calculated according to SEC guidelines and formulas may be found in the Statement of Statement of Additional Information, which may be obtained from STAAR Investment Trust using the contact information below.

For a Prospectus and/or copy of the Statement of Additional Information or other information, contact STAAR Investment Trust, Mutual Shareholder Services, 8000 Town Centre Drive, Broadview Heights, OH 44147 or call 1-888-717-8227 (1-888-71STAAR).

PART C  
PART C: OTHER INFORMATION

The Prospectus and this Statement of Additional Information do not contain all of the information contained in the Trust's registration Statement. The Registration Statement and its exhibits may be examined at the offices of the Securities and Exchange Commission in Washington, D.C.

Statements contained in the Prospectus and this Statement of Additional Information as to the contents of any agreement or other document referred to are not necessarily complete and reference is made to the copy of the agreement or document filed as an exhibit to the Registration Statement for their complete and unqualified contents.

OTHER INFORMATION

Item 28. EXHIBITS

Exhibit Number	Description of Exhibit
X(a)	Declaration of Trust of the Registrant
X(b)	By-laws of the Registrant
(c)	Not Applicable
X(d)	Investment Advisory Agreement between Registrant and Staar Financial Advisors, Inc. (the "Advisor")
(e)	Not Applicable
(f)	Not Applicable
XX(g)	Custodian Agreement between Registrant and StarBank.
X	(h) Form of Transfer Agency and Shareholder Services Agreement among Registrant and the Advisor (see (d) above)
X(h)	Consent to Use of Name contained in (d) above
99(i)	Opinion of Counsel and Consent of Counsel
99(j)	Consent of Independent Accountants
(k)	Not Applicable
(l)	Not Applicable
XXX(m)	Rule 12b-1 Plan
XXXX(n)	Financial Data Schedule
(o)	Not Applicable
(p)	Board of Trustees Code of Ethics
	X - Filed with Initial N-1A and incorporated herein by reference.
	XX - Filed with Pre-effective Amendment # 1 to Form N-1A and incorporated herein by reference.
	XXX - Filed with Proxy Statement in Post Definitive 14A filing
	XXXX - Filed with Form NSAR

Item 29 - PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

The Registrant is not directly or indirectly controlled by or under common control with any person other than the Trustees. The Registrant does not have any subsidiaries.

Item 30 - INDEMNIFICATION

Under the Registrant's Declaration of Trust and By-laws, any past or present Trustee or Officer of the Registrant is indemnified to the fullest extent permitted by law against liability and all expenses reasonably incurred by him or her in connect with any action, suit or proceeding to which he or she may be a party or is otherwise involved by reason of his or her being or having been a Trustee or Officer of the Registrant. The Declaration of Trust and By-laws of the Registrant do not authorize indemnification where it is determined, in the manner specified in the Declaration of Trust and the By-laws of the Registrant, that such Trustee or Officer has not acted in good faith in the reasonable belief that his or her actions were in the best interest of the Registrant.

Moreover, the Declaration of Trust and By-laws of the Registrant do not authorize indemnification where such Trustee or Officer is liable to the Registrant or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of his duties.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to Trustees, Officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a Trustee, Officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such Trustee, Officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the questions whether such indemnification is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The Registrant, its Trustees and Officers, its investment adviser, and persons affiliated with them are insured under a policy of insurance maintained by the Registrant and its investment adviser, within the limits and subject to the limitations of the policy, against certain expenses in connection with the defense of actions, suits and proceedings, and certain liabilities that might be imposed as a result of such actions, suits and proceedings, to which they are parties by reason of being or having been such Trustees or Officers. The policy expressly excludes coverage for any Trustee or Officer whose personal dishonesty, fraudulent breach of trust, lack of good faith, or intention to deceive or defraud has been adjudicated or may be established or who willfully fails to act prudently.

Item 31 - BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

Staar Financial Advisors, Inc. (the "Adviser"), is a registered investment adviser providing investment advice to individuals, employee benefit plans, charitable and other nonprofit organizations, and corporations and other business entities.

Set forth below is a list of the Officers and Directors of the Adviser together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years.

<b>Name/Business</b>	<b>Position with Advisor</b>	<b>Other</b>
J. Andre Weisbrod	President, Director	Registered Representative WRP Investments, Inc.
Charles Sweeney	Secretary & Director	Marketing Consultant Graphic Arts Technology Council; Before 1992 Graphic Arts Sales Eastman Kodak Company
James A. Gordon	Director	Retired

Item 32 - PRINCIPAL UNDERWRITER

Inapplicable.

**Item 33 - LOCATION OF ACCOUNTS AND RECORDS**

The Registrant maintains the records required by Section 31(a) of the Investment Company Act of 1940, as amended and Rules 31a-1 to 31a-3 inclusive thereunder at Mutual Shareholder Services, 8000 Town Centre Drive, Broadview Heights, OH 44147 and its Pittsburgh office located at 604 McKnight Park Drive, Pittsburgh, PA, 15237. Certain records, including the physical possession of its securities, may be maintained pursuant to Rule 31a-3 at the main office of the Registrant's custodian located as to the custodian, at Huntington National Bank, 7 Easton Oval, Columbus, OH 43219, and, as to the transfer and dividend disbursing agent functions, at Mutual Shareholder Services, 8000 Town Centre Drive, Broadview Heights, OH 44147.

**Item 34 - MANAGEMENT SERVICES**

Inapplicable

**Item 35 - UNDERTAKINGS**

Inapplicable

**NOTICE**

"The General Bond Fund (GBF)," "The Short-Term Bond Fund (STBF)," "The Larger Company Stock Fund (LCSF)," "The Smaller Company Stock Fund (SCSF)," "The International Fund (INTF)," and "The Alternative Categories Fund (AltCat)" are the designations of the Trustees under the Declaration of Trust of the Trust dated February 28, 1996 as amended from time to time. The Declaration of Trust has been filed with the Secretary of State of the Commonwealth of Pennsylvania. The obligations of the Registrant are not personally binding upon, nor shall resort be had to the private property of, any of the Trustees, shareholders, officers, employees or agents of the Registrant, but only the Registrant's property shall be bound.

SIGNATURES

Pursuant to the requirements of (the Securities Act of 1933 and the Investment Company Act of 1940 the Registrant (certifies that it meets all of the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Pittsburgh, and the State of Pennsylvania on the 29th day of April, 2009.

The Staar Investment Trust

Registrant

By: /s/ J. Andre Weisbrod  
J. Andre Weisbrod, Trustee

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

/s/ Jeffrey A. Dewhirst  
Jeffrey A. Dewhirst  
Trustee  
(Signature) April 29, 2010  
(date)

/s/ Thomas J. Smith  
Thomas J. Smith  
Trustee  
(Signature) April 29, 2010  
(date)

/s/ Richard Levkoy  
Richard levkoy  
Trustee  
(Signature) April 29, 2010  
(date)

/s/ J. Andre Weisbrod  
J. Andre Weisbrod  
Trustee  
(Signature) April 29, 2010  
(date)

Exhibit 99(i)

Consent & Opinion of Legal Counsel

The Undersigned consents to the use of his name and the references in the Post Effective Amendment to the Registration Statement on Form N-1A of the STAAR INVESTMENT TRUST, of his opinion dated April 28, 2010.

Pittsburgh, PA.

/s/ Thomas E. Sweeney, Jr.  
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Date: April 29, 2010

Thomas E. Sweeney, Jr

Sweeney Law Offices

P.O. Box 82637  
Pittsburgh, PA 15218

(412) 731-1000  
Fax (412) 731-9190

April 29, 2010

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

RE: Staar Investment Trust, Registration Nos. 333-08685; 811-09152 under the Securities Act of 1933 and the Investment Company Act of 1940

Ladies and Gentlemen:

We represent Staar Investment Trust (the "*Company*") in connection with its filing of Post-Effective Amendment No. 23 (the "*Post-Effective Amendment*") to the Company's Registration Statement Registration Nos. 333-08685; 811-09152 Form N-1A under the Securities Act of 1933 (the "*Securities Act*") and the Investment Company Act of 1940. The Post-Effective Amendment is being filed pursuant to Rule 485(b) under the Securities Act.

We have reviewed the Post-Effective Amendment and, in accordance with Rule 485(b)(4) under the Securities Act, we hereby represent that the Post-Effective Amendment does not contain disclosures which would render it ineligible to become effective pursuant to Rule 485(b).

Sincerely,

/s/ Thomas E. Sweeney, Jr.

Thomas E. Sweeney, Jr.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form N 1-A of the Staar Investment Trust of our report, dated February 26, 2010 on the Statements of Assets and Liabilities, including the schedules of investments, as of December 31, 2009, and the related Statements of Operations for the year ended then and the Statements of Changes in Net Assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended.

/s/ Carson & Co., LLC  
Carson & Co., LLC  
Certified Public Accountants

Sewickley, PA  
May 1, 2010

Board of Trustees CODE OF ETHICS

**CODE OF ETHICS****Section I Statement of General Fiduciary Principles**

This Code of Ethics (the "Code") has been approved by the Board of Trustees of the STAAR INVESTMENT TRUST (the "Trust"), including a majority of the Trustees who are not "interested persons" of the Trust ("Independent Trustees"), as defined by the Investment Company Act of 1940 (the "Act"). The Code has been adopted by the Trust and by STAAR FINANCIAL ADVISORS, INC. (the "Advisor"), the investment adviser of the Trust in compliance with Rule 17j-1 under the Investment Company Act of 1940 (the "Act"). The purpose of the Code is to establish standards and procedures for the detection and prevention of activities by which persons having knowledge of the investments and investment intentions of the Trust may abuse their fiduciary duties to the trust and otherwise to deal with the types of conflict of interest situations to which Rule 17j-1 is addressed.

The Code is based on the principle that the trustees and officers of the Trust and the personnel of the *Adviser* who provide services to the Trust, owe a fiduciary duty to the Trust to conduct their personal securities transactions in a manner that does not interfere with the Trust's transactions or *otherwise* take unfair advantage of their relationship with the Trust. All such trustees, officers and personnel of the Trust and the Adviser ("Trust Employees") are expected to adhere to this general principle as well as to comply with all of the specific provisions of this Code that are applicable to them.

Technical compliance with the Code will not automatically insulate any Trust Employee from scrutiny of transactions that show a pattern of compromise or abuse of the individual's fiduciary duties to the Trust. Accordingly, all Trust Employees must seek to avoid any actual or potential conflicts between their personal interests and the interests of the Trust and its shareholders. In sum, all Trust Employees shall place the interests of the Trust before their own personal interests.

Every Trust Employee must read and retain this Code of Ethics, and should recognize that he or she is subject to its provisions.

The Trust and the Adviser shall use reasonable diligence and institute procedures reasonably necessary to prevent violations of this Code.

**Section II Definitions**

- (A) "**Access Person**" means any trustee, director, general partner, member, officer, or Advisory Person (as defined below) of the Trust or of the Adviser.
- (B) An "**Advisory Person**" of the Trust or of the Adviser means: (i) any employee of the Trust or the Adviser, or of any company in a control relationship to the Trust or the Adviser, who in connection with his or her regular functions or duties makes, participates in, or obtains current information regarding the purchase or sale of any Security by the Trust, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and (ii) any natural person in a control relationship to the Trust or the Adviser who obtains information concerning recommendations made to the Trust with regard to the purchase or sale of any Security.
- (C) "**Beneficial Ownership**" has the meaning set forth in paragraph (a)(2) of Rule 16a-1 under the Securities Exchange Act of 1934, and for purposes of this *Code* shall be deemed to include, but not be limited to, any interest by which an Access Person or any member of his or her *immediate* family (i.e., a person who is related by blood or marriage to, and who is living in the same household as, the Access Person), can directly or indirectly derive a monetary or other economic benefit from the purchase, sale (or other acquisition or disposition) or ownership of a Security, including for this purpose any such interest that arises as a result of a general partnership interest in a general or limited partnership; an interest in a trust; a right to dividends that is separated or separable from the underlying Security; a right to acquire equity Securities through the exercise or conversion of any derivative Security (whether or not presently exercisable); and a performance related advisory fee (other than an asset based fee).'

- (D) **"Compliance Officer"** means the chief compliance officer of the Advisor.
- (E) **"Control"** shall have the same meaning as that set forth in Section 2(a)(9) of the investment Company Act of 1940 (the "Act").
- (F) **"Covered Security"** means any Security (as defined below) other than a Security that is: (i) a direct obligation of the Government of the United States; (ii) a bankers acceptance, certificate of deposit, commercial paper, or high quality short-term debt security, including a repurchase agreement; or (iii) a share of an open-end investment company registered under the 1940 Act.
- (G) **"Independent Trustee"** means a trustee of the Trust who is not an "interested person" of the Trust within the meaning of Section 2(a-19) of the Investment Company Act.
- (H) **"Initial Public Offering"** means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
- (I) **"Investment Personnel"** means: (i) any employee of the Trust or the Adviser (or of any company controlling, controlled by or under common control with the Trust or the Adviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of Securities by the Trust; and (ii) any natural person who controls the Trust or the Adviser and who obtains information concerning recommendations made regarding the purchase or sale of Securities by the Trust.
- (J) **"Limited Offering"** means an offering of Securities that is exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) or Section 4(6) thereof or Rule 504, Rule 505 or Rule 506 thereunder.
- (K) **"Security"** includes all stock, debt obligations and other securities and similar instruments of whatever kind, including any warrant or option to acquire or sell a security. References to a Security in this Code (e.g., a prohibition or requirement applicable to the purchase or sale of a Security) shall be deemed to refer to and to include any warrant for, option in, or Security immediately convertible into that Security, and shall also include any instrument (whether or not such instrument itself is a Security) which has an investment return or value that is based, in whole or part, on that Security (collectively, "Derivatives"). Therefore, except as otherwise specifically provided by this Code: (i) any prohibition or requirement of this Code applicable to the purchase or sale of a Security shall also be applicable to the purchase or sale of a Derivative relating to that Security; and (ii) any prohibition or requirement of this Code applicable to the purchase or sale of a Derivative shall also be applicable to the purchase or sale of a Security relating to that Derivative.
- (L) A Security is **"being considered for purchase or sale"** when a recommendation to purchase or sell that Security has been made or communicated and, with respect to the person making the recommendation, when such person seriously considers making such a recommendation.
- (M) **"Trust Employee"** means any person who is a trustee, director, officer or employee of the Trust or the Advisor.

<sup>1</sup> Beneficial ownership will not be deemed to exist solely as a result of any indirect interest a person may have in the investment performance of an account managed by such person, or over which such person has supervisory responsibility, which arises from such person's compensation arrangement with the Advisor or any affiliate of the Advisor under which the performance of the account, or the profits derived from its management, is a factor in the determination of such person's compensation.

### Section III Objective and General Prohibitions

Although certain provisions of this Code apply only to Access Persons, all Trust Employees must recognize that they are expected to conduct their personal activities in accordance with the standards set forth in Sections I, III and VII of this Code. Therefore, a Trust Employee may not engage in any investment transaction under circumstances where the Trust Employee benefits from or interferes with the purchase or sale of investments by the Trust. In addition, Trust Employees may not use information concerning the investments or investment intentions of the Trust or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Trust. Disclosure by a Trust Employee of such information to any person outside of the course or scope of the responsibilities of the Trust Employee to the Trust and the

Adviser will be deemed to be a violation of this prohibition.

Trust Employees may not engage in conduct which is deceitful, fraudulent, or manipulative, or which involves false or misleading statements, in connection with the purchase or sale of investments by the Trust. In this regard, Trust Employees should recognize that Rule 17j-1 makes it unlawful for any affiliated person or principal underwriter of the Trust, or any affiliated person of such a person, directly or indirectly, in connection with the purchase or sale of a Security held or to be acquired by the investment company to:

- (i) employ any device, scheme or artifice to defraud the Trust;
- (ii) make any untrue statement of a material fact to the Trust or omit to state to the Trust a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.
- (iii) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the Trust; or
- (iv) engage in any manipulative practice with respect to the Trust.

Trust Employees should also recognize that a violation of this Code or of Rule 17j-1 may result in the imposition of: (1) sanctions as provided by Section V below; or (2) administrative, civil and, in certain cases, criminal fines, sanctions or penalties.

#### **Section IV Prohibited Transactions**

- (A) Investment Personnel may not purchase or otherwise acquire direct or indirect Beneficial Ownership of any Security in an Initial Public Offering or a Limited Offering unless he or she obtains pre-clearance pursuant to Section V and reports obtains pre-clearance of such transaction pursuant to Section V; and to the Trust the information described in Section VI of this Code.

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<sup>2</sup> The prohibitions of this Section IV apply to Securities acquired or disposed of in any type of transaction, including but not limited to non-brokered transactions, such as purchases and sales of privately placed Securities and Securities acquired directly from an issuer, except to the extent that *one* of the exemptions from the prohibitions set forth in Section IV(C) is applicable.

- (B) An Access Person may *not* purchase or otherwise acquire direct or indirect Beneficial Ownership of any Security, and may not sell or otherwise dispose of any Security in which he or she has direct or indirect Beneficial Ownership, if he or she knows or should know at the time of entering into the transaction that: (1) the Trust has purchased or sold the Security within the last 5 calendar days, or is purchasing or *selling* or is going to purchase or sell the Security in the next 5 calendar days; or (2) the Adviser has within the last 5 calendar days considered purchasing or selling the Security for the Trust or is considering purchasing or selling the Security for the Trust or within the next 5 calendar days is going to consider purchasing or selling the Security for the Trust, unless such Access Person.
  - (i) obtains pre-clearance of such transaction pursuant to Section V; and
  - (ii) reports to the Trust the information described in Section VI of this Code.

For purposes of administering this Code, Access Persons who are Advisory Persons shall be presumed to have the requisite knowledge of the Trust's transactions so as to require pre-clearance, regardless of whether such persons actually have such knowledge. Accordingly, all Advisory Persons shall obtain pre-clearance of all transactions in Securities in accordance with this Section IV(B) except in the case of a transaction as to which one of the exceptions from pre-clearance set forth in Section IV(C) below applies.

Because investment recommendations and decisions made for the Trust are made by *persons* who are associated with the Adviser, Access Persons who are not associated with the Adviser will, in the absence of evidence to the contrary, be presumed not to have the requisite knowledge of the Trust's transactions so as to require pre-clearance of transactions. Accordingly, Access Persons who are Independent Trustees shall not be required to obtain pre-clearance of a transaction unless at the time of the transaction they have actual knowledge of the matters described in (B) above.

- (C) The prohibitions of this Section IV do not apply to:
  - (1) Purchases that are made by reinvesting cash dividends pursuant to an

- automatic dividend reinvestment program ("DRIP") (however, this exception does not apply to optional cash purchases pursuant to a DRIP);
- (2) Purchases and redemptions of shares of registered, open-end mutual funds (but not shares of closed-end funds), including shares of the Trust;
  - (3) Bank certificates of deposit and bankers' acceptances;
  - (4) Commercial paper and high quality debt instruments (including repurchase agreements) with a stated maturity of 12 months or less;
  - (5) U.S. Treasury obligations;
  - (6) Purchases of rights issued by an issuer pro rata to all holders of a class of its Securities, if such rights are acquired from such issuer, and the exercise of such rights;
  - (7) Transactions in exchange traded futures contracts;
  - (8) Involuntary (*i.e.*, non-volitional) purchases, sales and transfers of Securities;
  - (9) Transactions in an account over which the Access Person does not exercise, directly or indirectly, any influence or control; provided, however, that such influence or control shall be presumed to exist in the case of the account of an immediate family member of the Access Person who lives in the same household as the Access Person, absent a written determination by the Compliance Officer to the contrary; and
  - (10) Transactions in Securities of a type that are not permissible investments for the Trust.

## Section V Pre-clearance Procedures

### (A) Obtaining Pre-Clearance.

Pre-clearance of a personal transaction in a Security required to be approved pursuant to Section IV above must be obtained from the Compliance Officer or a person who has been authorized by the Compliance Officer to pre-clear transactions. Each of these persons is referred to in this Code as a "Clearing Officer." A Clearing Officer seeking pre-clearance with respect to his or her own transaction shall obtain such pre-clearance from another Clearing Officer.

### (B) Time of Clearance.

- (1) An Access Person may pre-clear trades only in cases where such person has a present intention to effect a transaction in the Security for which pre-clearance is sought. It is not appropriate for an Access Person to obtain a general or open-ended pre-clearance to cover the eventuality that he or she may buy or sell a Security at some future time depending upon market developments. Consistent with the foregoing, an Access Person *may* not simultaneously request pre-clearance to buy and sell the same Security.
- (2) Pre-clearance of a *trade* shall be valid and in effect only for a period of 24 hours from the time pre-clearance is given; provided, however, that a pre-clearance expires upon the person becoming aware of facts or circumstances that would prevent a proposed trade from being pre-cleared were such facts or circumstances made known to a Clearing Officer. Accordingly, if an Access Person becomes aware of new or changed facts or circumstances that give rise to a question as to whether pre-clearance could be obtained if a Clearing Officer was aware of such facts or circumstances, the person shall be required to so advise a Clearing Officer before proceeding with such transaction.

### (C) Form.

Pre-clearance must be obtained in writing by completing and signing the form provided for that purpose by the Trust, which form shall set forth the details of the proposed transaction, and obtaining the signature of a Clearing Officer. The form is attached as Schedule A.

### (D) Filing.

The Compliance Officer shall retain copies of all completed pre-clearance forms, with the required signatures.

### (E) Factors Considered in Pre-Clearance of Personal Transactions.

A Clearing Officer may refuse to grant pre-clearance of a personal transaction in his or her sole discretion without being required to specify any reason for the refusal. Generally, a Clearing Officer will consider the following factors in determining whether or not to pre-clear a proposed transaction:

- (1) Whether the amount or nature of the transaction or person making it is likely to affect the price or market for the

Security; and

(2) Whether the person making the proposed purchase or sale is likely to benefit from purchases or sales being made or being considered on behalf of the Trust; and

(F) Monitoring; of Personal Transactions after Pre-Clearance.

After pre-clearance is given to an Access Person, the Compliance Officer shall periodically monitor each Access Person's transactions to ascertain whether pre-cleared transactions have been executed within 24 hours and whether such transactions were executed in the specified amounts.

## Section VI Certifications and Reports by Access Persons<sup>3</sup>

(A) Initial Certifications and Initial Holdings Reports

(1) Within 30 days after a person becomes an Access Person, except as provided in section VI (D), such person shall complete and submit to the Compliance Officer an Initial Certification *and* Holdings Report on the form attached as Schedule C.

(B) Quarterly Transaction Reports

(1) Within 30 days after the end of each calendar quarter, each Access Person shall make a written report to the Compliance Officer of all transactions in Covered Securities occurring in the quarter in which he or she had any direct or indirect Beneficial Ownership, except that the report need not set forth information regarding the following types of transactions:

- (a) Purchases and redemptions of shares of registered, open-end mutual funds but not shares of closed-end funds), including shares of the Trust;
- (b) Bank certificates of *deposit* and bankers' acceptances;
- (c) Commercial paper and high quality debt instruments (including repurchase agreements) with a stated maturity of 12 months or less;
- (d) U.S. Treasury obligations; and
- (e) Transactions in an account over which the Access Person does not exercise, directly or indirectly, any influence or control provided, however, that such influence or control shall be presumed to exist in the case of the account of an immediate family member of the Access Person who lives in the same household as the Access Person, absent a written determination by the Compliance Officer to the contrary.

(f) Such report is hereinafter called a "Quarterly Transaction Report."

(2) Except as provided in Section VI (D), a Quarterly Transaction Report shall be on the form attached as Schedule B and must contain the following information with respect to each reportable transaction:

- (3) Date and nature of the transaction (purchase, sale or any other type of acquisition or disposition);
- (4) Title, number of shares or principal amount of each Security and the price at which the transaction was effected; and
- (5) Name of the broker, dealer or bank with or through whom the transaction was effected.

(C) A Quarterly Transaction Report may contain a statement that the report is not to be construed as an admission that the person making it has or had any direct or indirect Beneficial Ownership of any Security to which the report relates.

(D) Annual Certifications *and* Annual Holdings Reports

(1) Annually, by January 30 of each year, except as provided in Section VI (D), each Access Person shall complete and submit to the Compliance Officer an Annual Certification and Holdings Report on the form attached as Schedule D.

(E) Exceptions from Reporting Requirements

- (F) Notwithstanding the quarterly reporting requirement set forth in Section VI (B), an Independent Trustee is not required to file a Quarterly Transaction Report unless he or she was actually aware of the Trust's trading activity at any time during the 15 day period immediately preceding or after such Independent Trustee engaged in a Securities transaction.
- (G) Independent Trustees are not required to file Initial Holdings Reports or Annual Holdings Reports.
- (H) In lieu of submitting a Quarterly Transaction Report, an Access Person may arrange for the Compliance Officer to be sent duplicate confirmations and statements for accounts through which transactions in Securities in which the Access Person has any direct or indirect Beneficial Ownership are effected. However, a Quarterly Transaction Report must be submitted for any quarter during which the Access Person has acquired or disposed of direct or indirect Beneficial Ownership of any Security if such transaction was not in an account for which duplicate confirmations and statements are being sent. Access Persons who are associated persons of the Adviser and who provide duplicate confirmations and statements for their accounts to the Adviser will be deemed to satisfy the requirement to submit a Quarterly Transaction Report if such confirmations and statements reflect all transactions in Securities required to be reported by them hereunder. The Adviser shall deliver such confirmations and statements or analysis thereof to permit the Compliance Officer to ascertain compliance with this Code. Any Access Person relying on this Section VI(DX3) *shall* be required to certify as to the *identity* of all accounts through which Covered Securities in which they have direct or indirect Beneficial Ownership are purchased, sold and held.

3 The reporting requirements of this Section VI apply to Securities acquired or disposed of in all types of transactions, including but not limited to non-brokered transactions, such as purchases and sales privately placed Securities and Securities acquired directly from an issuer, except to the extent that one of the exemptions from the reporting requirements applies.

(E) It is the responsibility of each Access Person to take the initiative to comply with the requirements of this Section VI. Any effort by the Trust or by the Adviser to *facilitate* the reporting process does not change or alter that responsibility.

## Section VII Additional Prohibitions

### Confidentiality of Trust Transactions.

Until disclosed in a public report to shareholders or to the SEC in the normal course, all information concerning the Securities "being considered for purchase or sale" by the Trust shall be kept confidential by all Trust employees and disclosed by them only on a "need to know" basis. It shall be the responsibility of the Compliance Officer to report any inadequacy found in this regard to the trustees of the Trust

### Outside business Activities, Relationships and Directorships.

Access Persons may not engage in any outside business activities or maintain a business relationship with any person or company that may give rise to conflicts of interest or jeopardize the integrity or reputation of the Trust. Similarly, no such outside business activities or relationship may be inconsistent with the interests of the Trust. Access Persons who are members, officers or employees of the Adviser may not serve as a director of any public or private company, except with the prior approval of the Compliance Officer, and all directorships held by such Access Persons shall be reported to the Compliance Officer.

### Gratuities.

Trust Employees shall not, directly or indirectly, take, accept, receive or give gifts or other consideration in merchandise, services or otherwise, except:

- (1) Customary business gratuities such as meals, refreshments, beverages and entertainment that are associated with the legitimate business purpose, reasonable in cost, appropriate as to time and place, do not influence or give the appearance of influencing the recipient and cannot be viewed as a bribe, kickback or payoff; and business related gifts or nominal value.
- (2) The appearance of influencing the recipient and cannot be viewed as a bribe, kickback or payoff; and business related gifts or nominal value.

## Section VIII Certification by Access Persons

The certifications of each Access Person required to be made pursuant to Section VI shall include certifications that the Access Person has read and understands this Code and recognizes that he or she is subject to it. Access Persons shall also be required to certify in their annual certifications that they have complied with the requirements of this Code.

## Section IX      Sanctions

Any violation of this Code shall be subject to the imposition of such sanctions by the Trust as may be deemed appropriate under the circumstances to achieve the purposes of rule 17j-1 and this Code. The sanctions to be imposed shall be determined by the Board of Trustees, including a majority of the Independent Trustees; provided, however, that with respect to violations by personnel of the Adviser (or of a company which controls the Adviser, the sanctions to be imposed shall be determined by the Adviser (or the controlling person thereof), as applicable. Sanctions may include, but are not limited to, suspension or termination of employment, a letter of censure and/or restitution of an amount equal to the difference between the price paid or received by the Trust and the more advantageous price paid or received by the offending person.

## **Section X**    **Administration and Construction**

(A) The *administration* of this *Code* shall be the responsibility of the Compliance Officer.

(B) The duties of the Compliance Officer are as follows:

- (1) Continuous maintenance of current lists of the *names* of all Trust Employees and Access Persons with an appropriate description of their title or employment, including a notation of any directorships held by Access Persons who are partners, members, officers, or employees of the Adviser or of any company which controls the Adviser, and the date each such person became an Access Person;
- (2) On an annual basis, providing each Trust Employee with a copy of this Code and informing such persons of their duties and obligations hereunder;
- (3) Obtaining the certifications and reports required to be submitted by Access Persons under this Code (except that the Compliance Officer may presume that Quarterly Transaction Reports need not be filed by Independent Trustees in the absence of facts indicating that a report must be filed), and reviewing the reports submitted by Access Persons.
- (4) Maintaining or supervising the maintenance of all records and reports required by this Code;
- (5) Preparing listings of all securities transactions reported by Access Persons and reviewing such transactions against a listing of transactions effected by the Trust;
- (6) Issuance, either personally or with the assistance of counsel as may be appropriate, of any interpretation of this Code which may appear consistent with the objectives of Rule 17j-1 and this Code;
- (7) Conduct of such inspections or investigations as shall reasonably be required to detect and report, with recommendations, any apparent violations of this Code to the Board of Trustees of the Trust; and
- (8) Submission of a semi-annual report to the Board of Trustees containing a description of: any detected violation of this Code, noting in each case any *sanction* imposed; any transactions that suggest the possibility of a violation of this Code or of interpretations issued by the Compliance Officer, and any other significant information concerning the appropriateness of and actions taken under this Code;

(C) The Compliance Officer shall maintain and cause to be maintained in an easily accessible place, the following records:

- (1) A copy of this Code and any other codes of ethics adopted pursuant to Rule 17j-1 by the Trust and the Adviser for a period of 5 years;
- (2) A record of each violation of this Code and any other code specified in (C)(1) above, and of any action taken as a result of such violation for a period of not less than 5 years *following* the end of the fiscal year of the Trust in which the violation occurred;
- (3) A copy of each report made pursuant to this Code and any other code specified in (CXI) above, by an Access Person or the *Compliance Officer*, for a period of not less than 5 years from the end of the fiscal year of the Trust in which such report or interpretation was made or issued, the most recent 2 years of which shall be kept in a place that is easily accessible; and
- (4) A list of all persons, currently or within the past 5 years, who are or were required to make reports pursuant to Rule 17j-1 and this Code or any other code specified in (C)(1) above, or who are or were responsible for reviewing such reports.
- (5) A record of any decision, and the reasons supporting the decision, to approve any investment in an Initial Public Offering or a Limited Offering by Investment Personnel, for at least 5 years after the end of the fiscal year in which such approval was granted.

(D) Review of Code by Board of Trustees

- (1) On an annual basis, and at such other time as deemed to be necessary or appropriate by the trustees, the trustees shall review operation of the code and shall adopt such amendments thereto as may be necessary to assure that the provisions of the code establish standards and procedures that are reasonably designed to detect and prevent activities that would constitute violations of rule 17j-1.

- (2) In connection with the annual review of the code by the Trustees, the Trust and the Adviser shall each provide to the board of Trustees, and the Board of Trustees shall consider, a written report (which may be a joint report on behalf of the Trust and the Adviser) that:
- (3) Describes any issues arising under the code or related procedures during the past year, including, but not limited to, information about material violations of the Code or any procedures adopted in the connection therewith and that describes the sanctions imposed in response to material violations; and
- (4) Certifies that the Trust and the Adviser have each adopted procedures reasonably necessary to prevent Access Persons from violating the code.

This Code may not be amended or modified except in a written form, which is specifically approved by majority vote of the Independent Trustees within six months after such amendment or modification. In connection with any such amendment or modification, the Trust and the Adviser each provide a certification that procedures reasonably necessary to prevent Access Persons from violating the Code, as proposed to be amended or modified, have been adopted.

This Code was approved by the Board of Trustees of the Trust at a meeting held on November 30, 1999. It was updated and approved by the Board at a meeting held December 15, 2005

J. Andre Weisbrod

/s/ J. Andre Weisbrod, Chairman

Date: 11/30/1999, Amended 12/15/2005