
ANNUAL REPORT



December 31, 2010

STAAR INVESTMENT TRUST

LETTER TO SHAREHOLDERS
DECEMBER 31, 2010

Dear Shareholders,

2010 saw stocks advance nicely and from a technical standpoint a new bull market was confirmed. At the end of 2010, the S&P 500 had recovered over 65% of the value that was lost from its peak in October of 2007 to its bottom in March of 2009, not counting dividends.

Consider the accompanying charts that we published for our year-end letter. You can see that the comeback has been significant.

As we look back on 2010 and contemplate what is happening in 2011, the old adage the stock market “climbs a wall of worry” is apropos.

The news is fraught with worries. Turmoil in the Middle East, financial woes in Europe, the ongoing Afgan War and the Iraq wind-down along with nuclear threats from Iran and North Korea are cause for pause enough. But couple that with our own burgeoning government deficits, unemployment and protests in Wisconsin... and well it is easy to be a pessimist.

So why are stocks upbeat? As I said in our report six months ago, “companies are creating profits and more are doing so with increased sales, not just cutbacks and productivity increases. Entrepreneurs are alive and well and are starting businesses at a good pace. The global economies are proving resilient...” Indeed a global recovery is in process and we are in a new bull market.

Of course we don't know how long this bull will last, but if history is any guide, we may be only about half way into it. Are there risks? Most certainly, and investors need to be aware of them and organize their finances accordingly.

Bull markets in stocks do not occur in a straight line. There are setbacks along the way. 10% or greater pullbacks are not uncommon and should be expected. And a bull can be stopped in its tracks at least temporarily for many reasons, real and imagined, that cause more investors to sell than to buy.

| A. S&P 500 Price Analysis | | | |
|---------------------------|-------|-------------|--------------|
| (Large Cap Stocks) | Price | % From High | % From Low |
| High (2007) | 1,576 | | 136.3% |
| Low (2009) | 667 | -57.7% | |
| Mid-Point | 1,122 | -28.8% | 68.2% |
| 12/29/2010 | 1,260 | -20.0% | 89.0% |

| B. Russell 2k Price Analysis | | | |
|------------------------------|-------|-------------|---------------|
| (Small Cap Stocks) | Price | % From High | % From Low |
| High (2007) | 856 | | 149.6% |
| Low (2009) | 343 | -59.9% | |
| Mid-Point | 600 | -30.0% | 74.8% |
| 12/29/2010 | 790 | -7.7% | 130.4% |

| C. EFA Price Analysis | | | |
|-----------------------|-------|-------------|--------------|
| (Foreign Stocks) | Price | % From High | % From Low |
| High (2007) | 81 | | 164.0% |
| Low (2009) | 31 | -62.1% | |
| Mid-Point | 56 | -31.1% | 82.0% |
| 12/29/2010 | 58 | -28.1% | 89.8% |

STAAR INVESTMENT TRUST

LETTER TO SHAREHOLDERS (CONTINUED)
DECEMBER 31, 2010

But one thing I have learned over my almost three decades in the financial business is that the two worst motivations for investing are greed and fear. Usually, emotional decisions about money point you in the wrong direction.

A word about bonds: Interest rates have been at historical lows. Signs of inflation are increasing. The likelihood of rising interest rates is increasing. When interest rates rise, the value of bonds go down and in general, the longer the maturities the steeper the decline. We are positioning our bond funds accordingly, keeping maturities relatively short. We are willing to give up some yield and short-term performance to protect value.

Please know that we continue to work diligently on your behalf. If you ever have a question or concern, please don't hesitate to let us know. We appreciate you and care about you.

Sincerely,



J. André Weisbrod
Chairman of the Board of Trustees

Risk is always part of the investment consideration. Investors should carefully consider their cash flow needs and both short and long term goals before investing.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE
JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

Overall Market Performance

2010 saw a continued recovery in stocks with U.S. small companies leading the way to above average returns. The economy showed increasing, albeit modest signs of recovery. But more importantly, corporate earnings showed marked improvements and investors were attracted back to the market. Economic crises in Europe and concerns about China helped cause foreign stocks to trail the U.S. markets, and though in positive territory, experienced less than average returns for the year.

Interest rates on government debt remained in historically low ranges, giving bonds another positive year. The Federal Reserve has continued in an aggressive stimulation mode, keeping treasury yields low. By the end of the year, though, bond markets were retreating in the face of concerns about inflation. Commodity prices have seen significant increases and the effect of prices of goods and services is likely to be upward. This would place downward pressure on bond prices with long-term maturities at the greater risk.

AltCat Fund

| <i>For periods ending 12/31/10</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) |
|--|-------------------------|--------------------------|---------------------|--|---|--|---|---|
| STAAR AltCat Fund | +9.12% | +12.35% | +12.35% | -3.56% | +2.77% | +3.44% | +4.48% | +4.75% |
| S&P 500 Index | +6.68% | +15.06% | +15.06% | -2.86% | +2.29% | +1.41% | +4.77% | +6.39% |
| Morningstar Large Blend Fds Avg | +10.54% | +14.01% | +14.01% | -3.15% | +1.98% | +1.64% | +4.93% | +5.34% |

Portfolio Turnover 22.58%

** 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.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

As the markets improved in 2010, we reduced the Altact Fund's large cash opposition and put more of the assets "to work." Our incremental allocation approach has caused the Fund to trail its benchmark, but this is expected in the early stages of a bull market. This particular bull was confirmed in October of 2010 and as a result we increased our stake in equities significantly.

Of the positions held at the beginning of the year, the best performers were Textainer Group Holdings, Ltd (+74.44%), Walter Energy (+70.38%), McDermott International (+66.95%), Prudhoe Bay Royalty trust (+64.90%), NVE Corporation (+40.09) and EMC Corporation (+31.08%). Our best performing positions added during the year included iShares Chile, iShares Silver Trust, CSX Corporation, McDonald's Corporation, iShares Dow Jones US Real Estate, Wisdom Tree MidCap earnings and Costco Wholesale Corporation.

Of the positions held at the beginning of the year, the worst performers Silicon Precision Industries (-10.78%), Powershares Lux Nanotech (-6.57%), Powershares Wilderhill Clean Energy (-5.62%), ICU Medical (+0.16%), iShares S&P Global Health Care (+2.42%) and Kimberly-Clark Corporation (+3.09%). Our most disappointing positions added during the year included PPL Corporation and Johnson & Johnson.

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

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED)
JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

General Bond Fund

| <i>For periods ending 12/31/10</i> | Last Quarter | Year-to- Date | One Year | Three Year Avg. Annual Return¹ | Five Year Avg. Annual Return¹ | Ten Year Avg. Annual Return¹ | Since Pub. Incept. (5/28/97)¹ | Since Private Inception (4/4/96)¹ |
|---|-------------------------|--------------------------|---------------------|--|---|--|---|---|
| STAAR General Bond Fund | -0.62% | +2.79% | +2.79% | +2.33% | +3.04% | +3.45% | +4.14% | +4.00% |
| Barcap Intermediate Gov't Credit Index | -1.25% | +5.89% | +5.89% | +5.40% | +5.53% | +5.51% | +5.89% | +5.86% |
| Morningstar Intermed- Term Bd Fd Avg | -0.86% | +7.72% | +7.72% | +5.49% | +5.15% | +5.37% | +5.16% | +5.39% |

Current Yield as of 12/31/10: 2.33%** S.E.C. Yield as of 12/31/10: 2.21%***
Average Maturity..... 3.5 Years**** Portfolio Turnover 69.10%

** 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.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

Low interest rates among government securities and quality corporations continued to prevent the creation of good yields in bonds unless one was to take higher risks in the high yield (“junk”) bond markets, which the objectives of this Fund will not allow. Because of the spectre of inflation, we kept maturities mostly short and as a result we did not experience some of the gains longer maturity bonds made during the missle of the year. However, by year-end rates were rising a bit and as inflation becomes more of a reality the risk in longer maturities increases. The GBF is p[ositioned in anticipation of rising interest rates over the next couple years.

International Fund

| <i>For periods ending 12/31/10</i> | Last Quarter | Year-to- Date | One Year | Three Year Avg. Annual Return¹ | Five Year Avg. Annual Return¹ | Ten Year Avg. Annual Return¹ | Since Public Inception (5/28/97)¹ | Since Private Inception (4/4/96)¹ |
|--|-------------------------|--------------------------|---------------------|--|---|--|---|---|
| STAAR International Fund | +6.79% | +10.05% | +10.05% | -5.04% | +3.74% | +4.55% | +4.23% | +5.21% |
| EAFE Index | +6.61% | +7.75% | +7.75% | -7.02% | +2.46% | +3.50% | +4.82% | +4.58% |
| Morningstar Foreign Large Blend Fds | +7.37% | +10.24% | +10.24% | -6.78% | +2.69% | +3.13% | +5.06% | +4.72% |

Portfolio Turnover...8.68%.

** 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.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

International markets lost some of their steam toward the end of 2010. The European fiscal crises coupled with concerns about China caused many investors to allocate more to the significantly improving U.S. market. We continue to consider International markets as an important part of most portfolios. We consider Emerging markets as offering among the best upside potentials over the next decade. As the year progressed and bullish conditions improved, we reduced the Funds cash position.

Among positions held at the beginning of 2010, the best performers were America Movil S.A.B. de C.V. ADR (+22.58%), iShares Tawain (+21.06%) and Eaton Vance Greater India fund (+20.81%). We were also pleased to have added the following in 2010: iShares Chile, Tata Motors, Ltd, Ship Finance Int'l, Ltd, iShares Malaysia, iShares Turkey and iShares Canada, all of which contributed healthy gains.

The most disappointing positions held at the beginning of the year included Silicon Precision Industries Co, Ltd (-10.78%), iShares Belgium (+3.66%), iShares Brazil (+5.91%) and the Templeton Foreign Fund (+8.5%). One under performer added during the year was Tava Pharmaceutical Ind., Ltd.

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 12/31/10</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) |
|--|-------------------------|--------------------------|---------------------|--|---|--|---|---|
| STAAR Larger Company Stock Fund | +9.37% | +13.21% | +13.21% | -4.23% | -0.09% | +0.18% | +2.87% | +3.99% |
| S&P 500 Index | +6.68% | +15.06% | +15.06% | -2.86% | +2.29% | +1.41% | +4.77% | +6.39% |
| Morningstar Large Blend Funds Avg. | +10.54% | +14.01% | +14.01% | -3.15% | +1.98% | +1.64% | +4.93% | +5.34% |

Portfolio Turnover: 45.48%.

** 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.*

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

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 the markets improved during 2010, we incrementally reduced cash and put more money “to work” in the Fund. The early Fall saw a confirmation that a bull market was in progress and we anticipate continued economic and market improvement in 2011.

The best positions held since the binning of 2010 included McDermott Int'l (+66.95%), Prudhoe Bay Royalty Trust (+64.90%), EMC Corporation (+31.08%), iShares Russell MidCap Growth (+26.08%), Flowserve Corporation (+27.35%) and Waters corporation (+25.42%). Among positions added during the year, we were most pleased with CSX Corporation, McDonald's Corporation, the Fairholme Fund, Home Depot and Brown Advisory Growth Equity Fund.

Most disappointing among the positions held at the beginning of the year included Kimberly-Clark (+3.09%), iShares Dow Jones U.S. Healthcare (+4.08%) and Walgreen Co, (+7.80%). Of positions added in 2010, the following under performed: FLIR Systems, PPL Corporation, Johnson & Johnson, Corning, 3M Co. and Bristol-Myers Squibb.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED)
JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

Short Term Bond Fund

| <i>For periods ending 12/31/10</i> | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return | Five Year Avg. Annual Return | Ten Year Avg. Annual Return¹ | Since Public Inception (5/28/97)¹ | Since Private Inception (4/4/96)¹ |
|------------------------------------|---------------------|---------------------|-----------------|--------------------------------------|-------------------------------------|--|---|---|
| STAAR Short Term Bond Fund | -0.10% | +0.67% | +0.67% | +0.90% | +2.11% | +3.20% | +4.11% | +4.08% |
| Barcap 1-3 Year Government Index | -0.13% | +2.40% | +2.40% | +3.47% | +4.32% | +4.07% | +4.66% | +4.75% |
| Morningstar Short-Term Bd Fd Avg | -0.07% | +4.11% | +4.11% | +3.37% | +3.76% | +3.85% | +4.01% | +4.17% |

Current Yield as of 12/31/10... 2.70%** S.E.C. Yield as of 12/31/10... 4.56%***
Average Maturity..... 1.6 Yrs.**** Portfolio Turnover 92.33%

** 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.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

Low interest rates among government securities and quality corporations continued to prevent the creation of good yields in bonds unless one was to take higher risks in the high yield (“junk”) bond markets, which the objectives of this Fund will not allow. With the spectre of higher inflation and rising interest rates looming, the STBF is positioned to gradually follow interest rates higher.

Smaller Company Stock Fund

| <i>For periods ending 12/31/10*</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) |
|---|-------------------------|--------------------------|---------------------|--|---|--|---|---|
| STAAR Smaller Company Stock Fund | +14.08% | +20.82% | +20.82% | -0.34% | +1.78% | +4.28% | +6.48% | +6.53% |
| Russell 2000 Index | +16.25% | +26.85% | +26.85% | +2.22% | +4.47% | +6.33% | +6.93% | +7.35% |
| Morningstar Small Blend Fds Avg | +15.82% | +25.61% | +25.61% | +1.91% | +3.86% | +7.18% | +9.12% | +8.87% |

Portfolio Turnover 12.96%

** 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 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 again in 2010. Whether small cap leadership will continue is debatable, but we think there is reason for optimism in the small and smaller mid cap markets. Our incremental decrease of cash during the year was warranted by improving market conditions. The larger than average cash positions kept the Fund from matching the small cap indexes.

STAAR INVESTMENT TRUST

MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED)
JANUARY 1 - DECEMBER 31, 2010 (UNAUDITED)

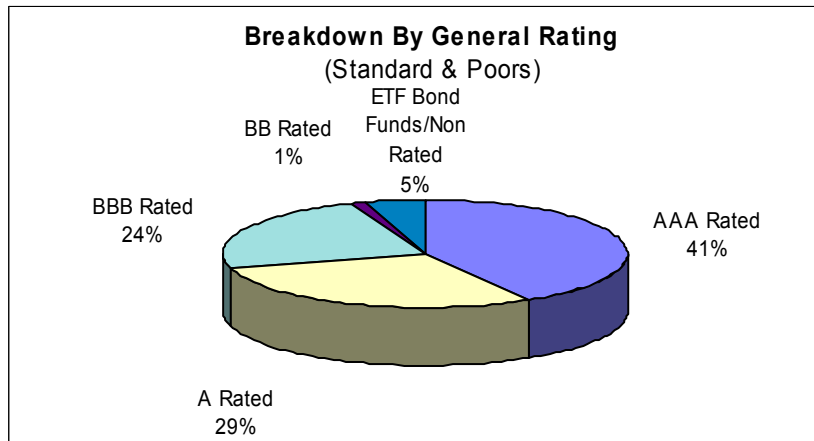
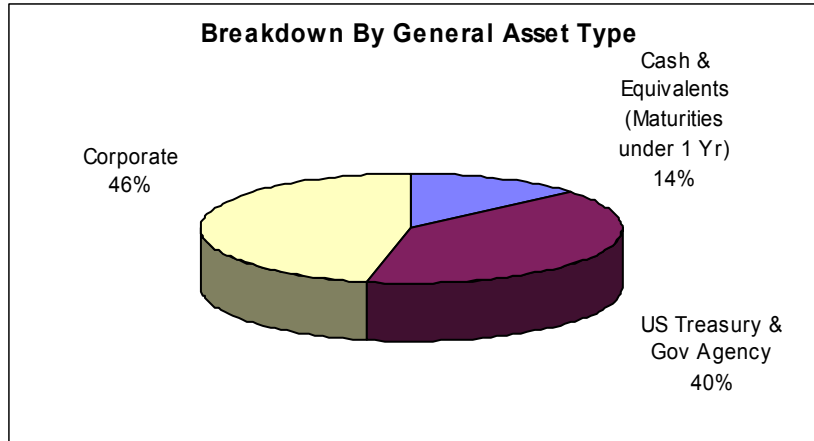
Among the best performing positions since the beginning of 2010 were the Textainer Group Holdings, Ltd (+74.44%), Walter Energy (+70.38%), NVE Corp (+40.09%) and Royce Opportunities Fund (+33.78%). Among positions added during the year, the better performers included Inventure Foods, Steven Madden and Koppers Holdings.

Under performing positions held at the beginning of the year included Powershares Lux Nanotech (-6.57%), Powershares Wilderhill Cleran Energy (-5.62%), ICU Medical (+0.16%), Powell Industries (+4.28%) and Quality Systems (+13.09%). Positions added during the year that under performed were Chemical Financial Corp and Eastgroup Properties.

STAAR INVESTMENT TRUST

STAAR GENERAL BOND FUND

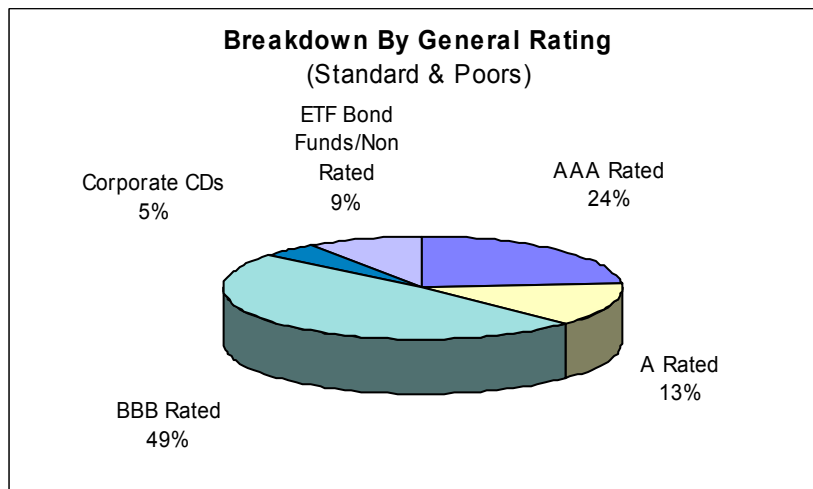
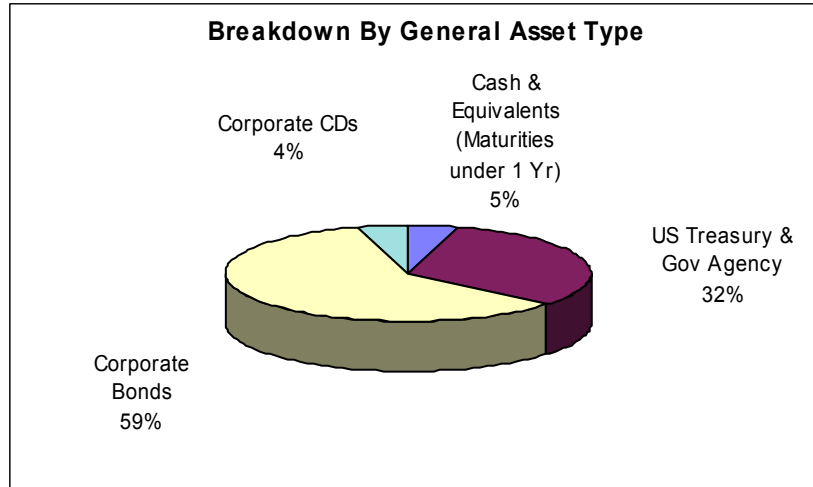
GRAPHICAL ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)



STAAR INVESTMENT TRUST

STAAR SHORT-TERM BOND FUND

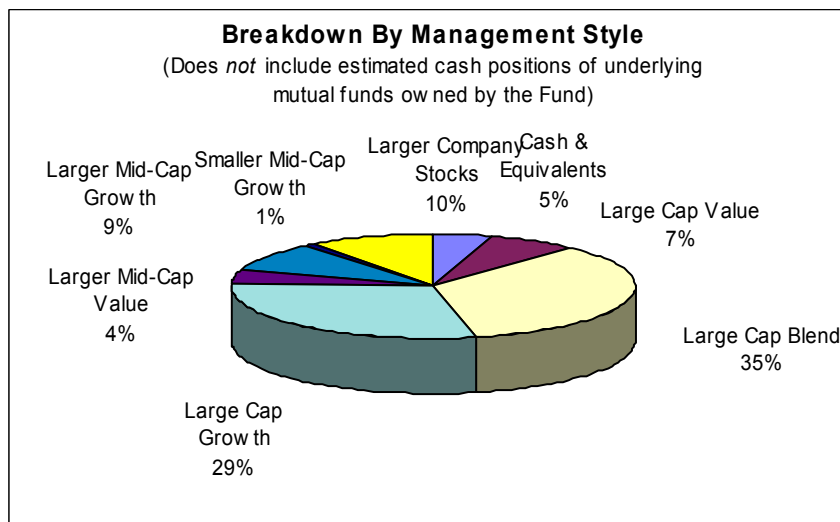
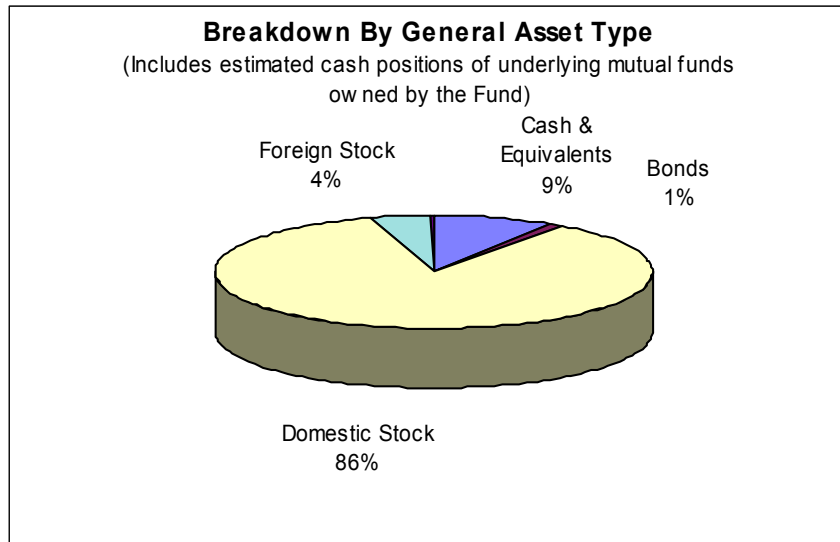
GRAPHICAL ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)



STAAR INVESTMENT TRUST

STAAR LARGER COMPANY STOCK FUND

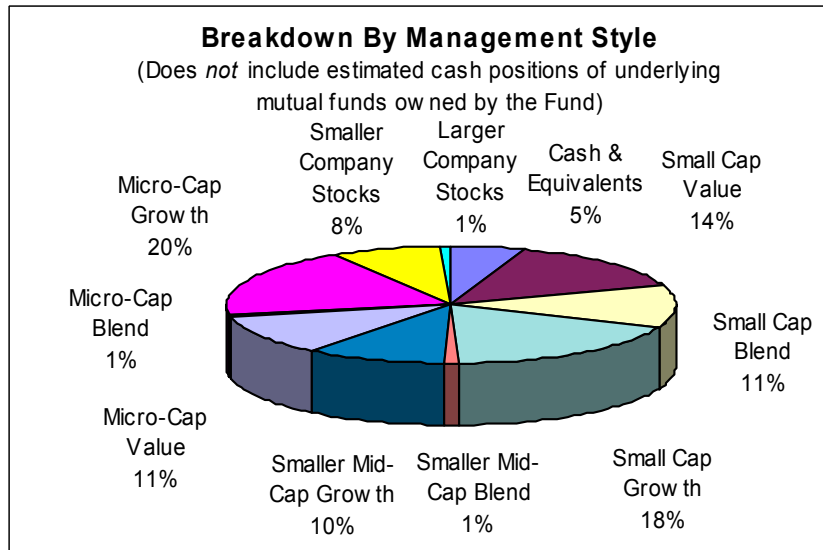
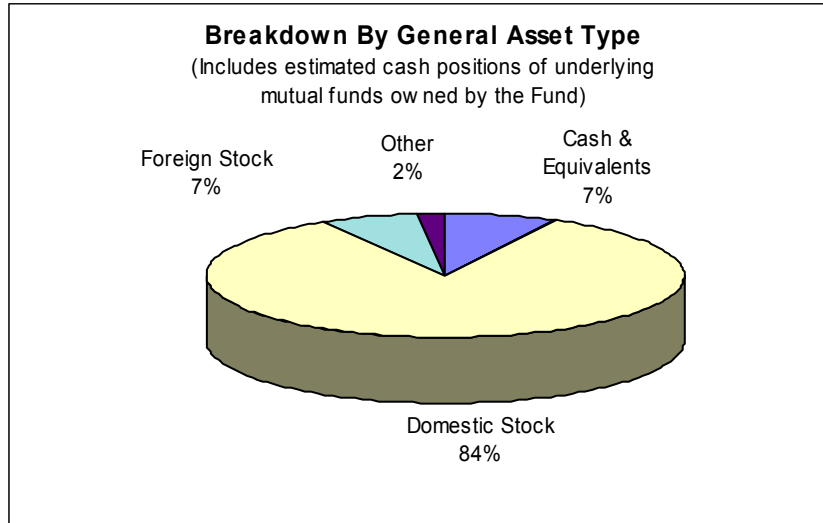
GRAPHICAL ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)



STAAR INVESTMENT TRUST

STAAR SMALLER COMPANY STOCK FUND

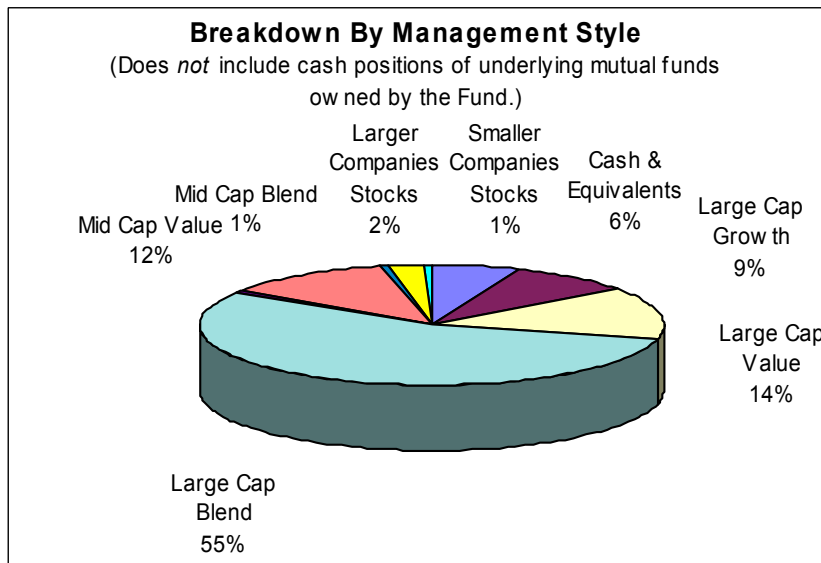
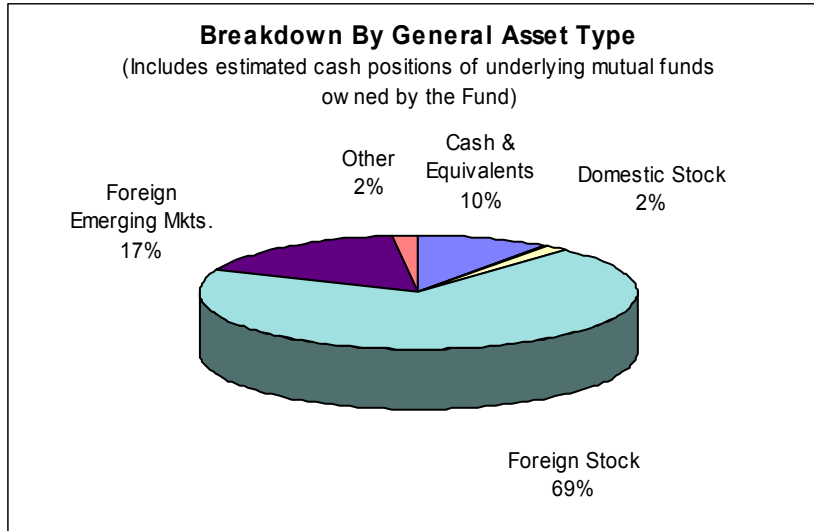
GRAPHICAL ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)



STAAR INVESTMENT TRUST

STAAR INTERNATIONAL FUND

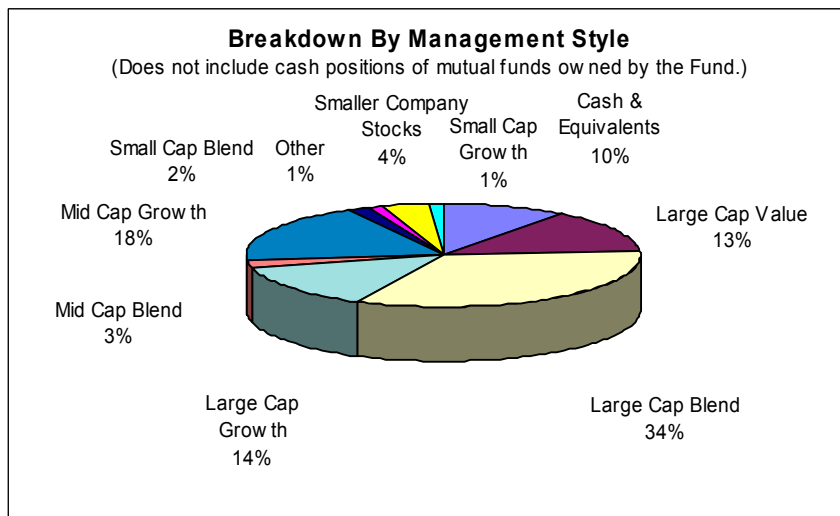
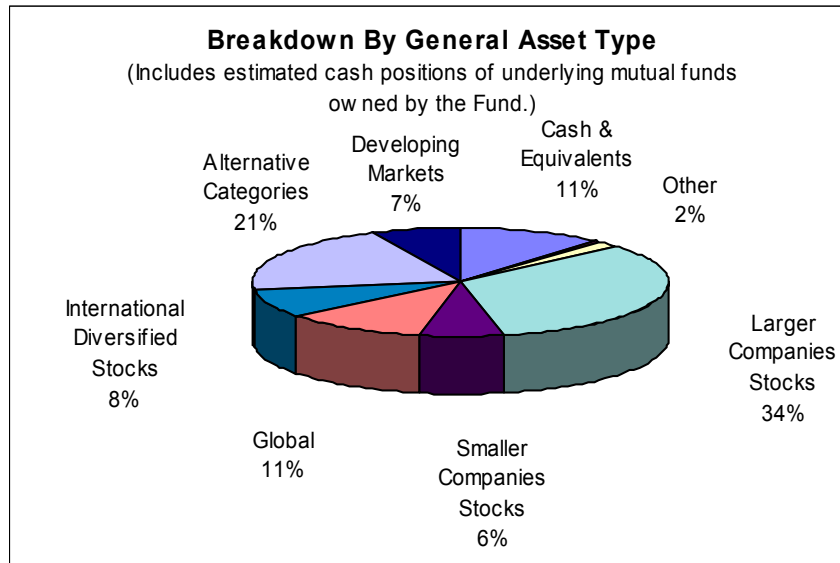
GRAPHICAL ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)



STAAR INVESTMENT TRUST

STAAR ALTERNATIVE CATEGORIES FUND

GRAPHICAL ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)



STAAR INVESTMENT TRUST

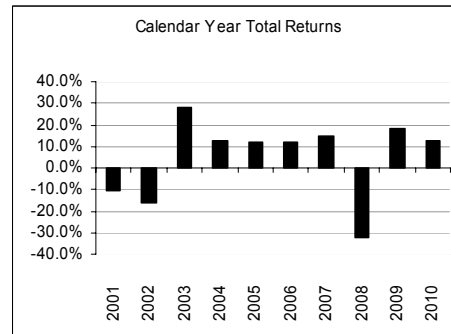
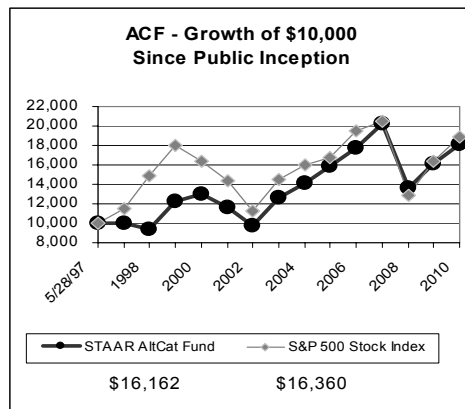
PERFORMANCE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

Perspective & Performance

Indexes used for comparisons are selected as being closest to each Fund's objectives.

Alternative Categories Fund -- A flexibly managed, multi-asset global fund of funds investing primarily in assets that offer opportunities for growth of capital.

| For periods ending 12/31/10 | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return ¹ | Five Year Avg. Annual Return ¹ | Ten Year Avg. Annual Return ¹ | Since Public Inception (5/28/97) ¹ | Since Private Inception (4/4/96) ¹ |
|---------------------------------|--------------|--------------|----------|--|---|--|---|---|
| STAAR AltCat Fund (ACF) | +9.12% | +12.35% | +12.35% | -3.56% | +2.77% | +3.44% | +4.48% | +4.75% |
| S&P 500 Index | +6.68% | +15.06% | +15.06% | -2.86% | +2.29% | +1.41% | +4.77% | +6.39% |
| Morningstar Large Blend Fds Avg | +10.54% | +14.01% | +14.01% | -3.15% | +1.98% | +1.64% | +4.93% | +5.34% |



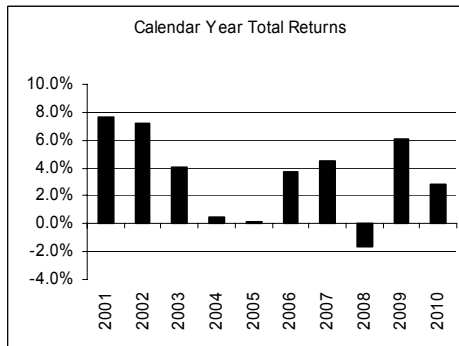
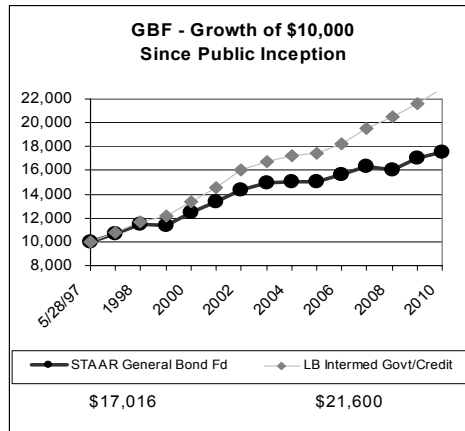
¹ Performance figures are total returns, including dividends and capital gains reinvested, except as noted with **. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You should read the prospectus carefully and consider investment objectives, risks and expenses carefully before investing. The General Bond Fund was formerly named the Intermediate Bond Fund. The Short Term Bond Fund was previously named the Long Term Bond Fund. The investment objectives were changed by a vote of shareholders in August of 2004. Performance shown that includes periods prior to August 2004 include performance achieved under the different investment objectives. The Trust was formed as a PA private business trust and investment operations commenced 4/4/96. Public inception was effective on 5/28/97 with no changes in investment operations, except for the General Bond Fund and the Short Term Bond Fund.

STAAR INVESTMENT TRUST

PERFORMANCE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

General Bond Fund -- A high-grade general bond portfolio of US Gov't, Gov't Agency and Investment Grade Corp. Bonds with a flexible average maturity.

| For periods ending 12/31/10 | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return ¹ | Five Year Avg. Annual Return ¹ | Ten Year Avg. Annual Return ¹ | Since Pub. Incept. (5/28/97) ¹ | Since Private Inception (4/4/96) ¹ |
|--------------------------------------|---------------|---------------|---------------|--|---|--|---|---|
| STAAR General Bond Fund (GBF) | -0.62% | +2.79% | +2.79% | +2.33% | +3.04% | +3.45% | +4.14% | +4.00% |
| Barcap Intermed Gov/Cred Index | -1.25% | +5.89% | +5.89% | +5.40% | +5.53% | +5.51% | +5.89% | +5.86% |
| Morningstar Intermed-Term Bd Fd Avg | -0.86% | +7.72% | +7.72% | +5.49% | +5.15% | +5.37% | +5.16% | +5.39% |



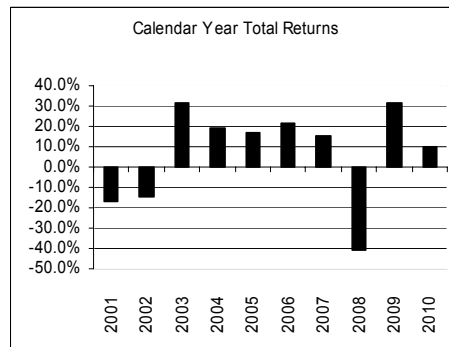
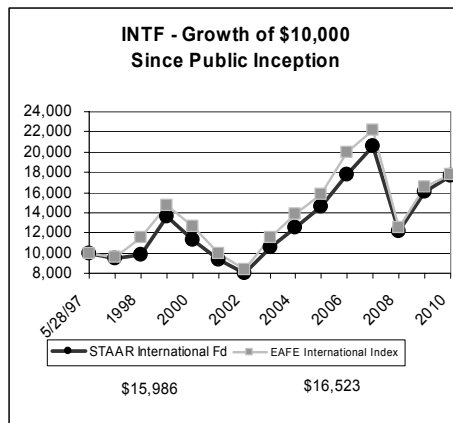
¹ Performance figures are total returns, including dividends and capital gains reinvested, except as noted with **. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You should read the prospectus carefully and consider investment objectives, risks and expenses carefully before investing. The General Bond Fund was formerly named the Intermediate Bond Fund. The Short Term Bond Fund was previously named the Long Term Bond Fund. The investment objectives were changed by a vote of shareholders in August of 2004. Performance shown that includes periods prior to August 2004 include performance achieved under the different investment objectives. The Trust was formed as a PA private business trust and investment operations commenced 4/4/96. Public inception was effective on 5/28/97 with no changes in investment operations, except for the General Bond Fund and the Short Term Bond Fund.

STAAR INVESTMENT TRUST

PERFORMANCE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

International Fund -- A fund of funds in which the underlying investments are primarily common stocks of companies in countries outside the U.S., including emerging markets. Individual stocks may be owned.

| For periods ending 12/31/10 | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return ¹ | Five Year Avg. Annual Return ¹ | Ten Year Avg. Annual Return ¹ | Since Public Inception (5/28/97) ¹ | Since Private Inception (4/4/96) ¹ |
|---|--------------|--------------|----------|--|---|--|---|---|
| STAAR International Fund (INTF) | +6.79% | +10.05% | +10.05% | -5.04% | +3.74% | +4.55% | +4.23% | +5.21% |
| EAFE Index | +6.61% | +7.75% | +7.75% | -7.02% | +2.46% | +3.50% | +4.82% | +4.58% |
| Morningstar Foreign Large Blend Fds Avg | +7.37% | +10.24% | +10.24% | -6.78% | +2.69% | +3.13% | +5.06% | +4.72% |



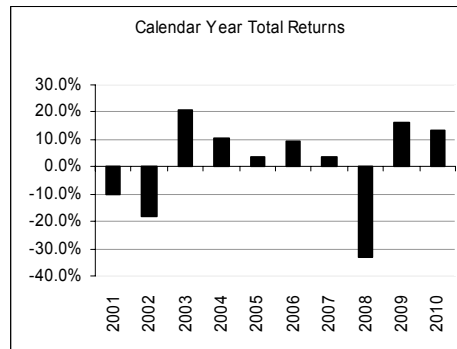
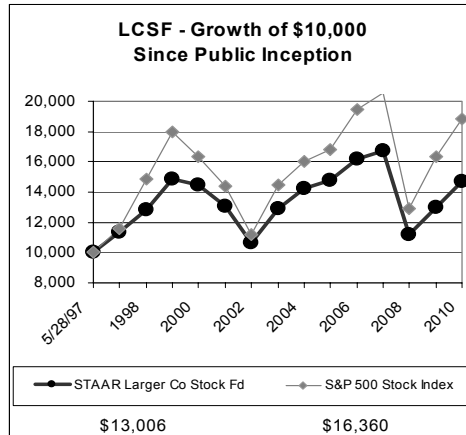
¹ Performance figures are total returns, including dividends and capital gains reinvested, except as noted with **. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You should read the prospectus carefully and consider investment objectives, risks and expenses carefully before investing. The General Bond Fund was formerly named the Intermediate Bond Fund. The Short Term Bond Fund was previously named the Long Term Bond Fund. The investment objectives were changed by a vote of shareholders in August of 2004. Performance shown that includes periods prior to August 2004 include performance achieved under the different investment objectives. The Trust was formed as a PA private business trust and investment operations commenced 4/4/96. Public inception was effective on 5/28/97 with no changes in investment operations, except for the General Bond Fund and the Short Term Bond Fund.

STAAR INVESTMENT TRUST

PERFORMANCE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

Larger Company Stock Fund -- A fund of funds in which the underlying investments are primarily common stocks of large and larger mid-cap companies. Individual stocks may be owned. Objective: Growth w/ some Income.

| For periods ending 12/31/10 | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return ¹ | Five Year Avg. Annual Return ¹ | Ten Year Avg. Annual Return ¹ | Since Public Inception (5/28/97) ¹ | Since Private Inception (4/4/96) ¹ |
|---|--------------|--------------|----------|--|---|--|---|---|
| STAAR Larger Company Stock Fund (LCSF) | +9.37% | +13.21% | +13.21% | -4.23% | -0.09% | +0.18% | +2.87% | +3.99% |
| S&P 500 Index | +6.68% | +15.06% | +15.06% | -2.86% | +2.29% | +1.41% | +4.77% | +6.39% |
| Morningstar Large Blend Fds Avg | +10.54% | +14.01% | +14.01% | -3.15% | +1.98% | +1.64% | +4.93% | +5.34% |



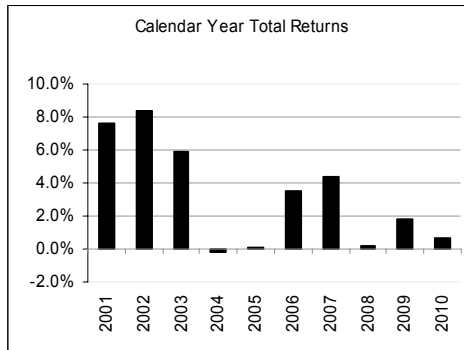
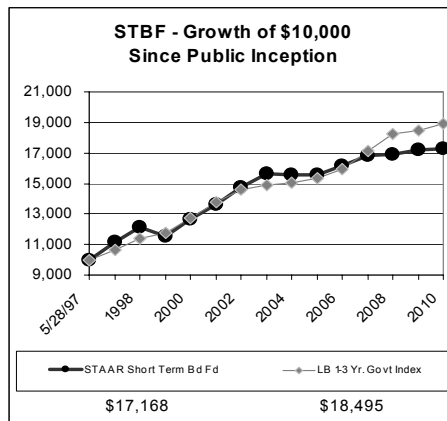
¹ Performance figures are total returns, including dividends and capital gains reinvested, except as noted with **. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and Morningstar. Past performance is no guarantee of future results. Investment returns and principal values fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. You should read the prospectus carefully and consider investment objectives, risks and expenses carefully before investing. The General Bond Fund was formerly named the Intermediate Bond Fund. The Short Term Bond Fund was previously named the Long Term Bond Fund. The investment objectives were changed by a vote of shareholders in August of 2004. Performance shown that includes periods prior to August 2004 include performance achieved under the different investment objectives. The Trust was formed as a PA private business trust and investment operations commenced 4/4/96. Public inception was effective on 5/28/97 with no changes in investment operations, except for the General Bond Fund and the Short Term Bond Fund.

STAAR INVESTMENT TRUST

PERFORMANCE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

Short Term Bond Fund -- A high-grade bond portfolio of US Gov't, Gov't Agency and Investment Grade Corporate Bonds with an average maturity between 1 and 3 years.

| For periods ending 12/31/10 | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return ¹ | Five Year Avg. Annual Return ¹ | Ten Year Avg. Annual Return ¹ | Since Public Inception (5/28/97) ¹ | Since Private Inception (4/4/96) ¹ |
|--|---------------|---------------|---------------|--|---|--|---|---|
| STAAR Short Term Bond Fund (STBF) | -0.10% | +0.67% | +0.67% | +0.90% | +2.11% | +3.20% | +4.11% | +4.08% |
| Barcap 1-3 Year US Govt Index | -0.13% | +2.40% | +2.40% | +3.47% | +4.32% | +4.07% | +4.66% | +4.75% |
| Morningstar Short-Term Bd Fd Avg | -0.07% | +4.11% | +4.11% | +3.37% | +3.76% | +3.85% | +4.01% | +4.17% |



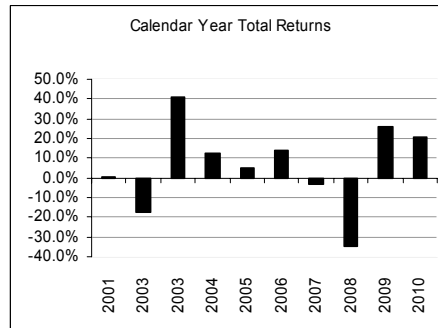
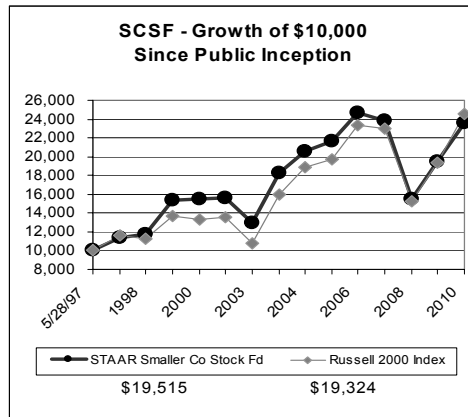
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STAAR INVESTMENT TRUST

PERFORMANCE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

Smaller Company Stock Fund -- A fund of funds in which the underlying investments are primarily common stocks of small, micro-cap and smaller mid-cap companies. Individual stocks may be owned.

| For periods ending 12/31/10 | Last Quarter | Year-to-Date | One Year | Three Year Avg. Annual Return ¹ | Five Year Avg. Annual Return ¹ | Ten Year Avg. Annual Return ¹ | Since Public Inception (5/28/97) ¹ | Since Private Inception (4/4/96) ¹ |
|--|----------------|----------------|----------------|--|---|--|---|---|
| STAAR Smaller Company Stock Fund (SCSF) | +14.08% | +20.82% | +20.82% | -0.34% | +1.78% | +4.28% | +6.48% | +6.53% |
| Russell 2000 Index | +16.25% | +26.85% | +26.85% | +2.22% | +4.47% | +6.33% | +6.93% | +7.35% |
| Morningstar Small Blend Fds Avg | +15.82% | +25.61% | +25.61% | +1.91% | +3.86% | +7.18% | +9.12% | +8.87% |



¹ Performance figures are total returns, including dividends and capital gains reinvested, except as noted with **. Indexes were quoted as published in various publications or sources, including the Wall St. Journal and 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. You should read the prospectus carefully and consider investment objectives, risks and expenses carefully before investing. The General Bond Fund was formerly named the Intermediate Bond Fund. The Short Term Bond Fund was previously named the Long Term Bond Fund. The investment objectives were changed by a vote of shareholders in August of 2004. Performance shown that includes periods prior to August 2004 include performance achieved under the different investment objectives. The Trust was formed as a PA private business trust and investment operations commenced 4/4/96. Public inception was effective on 5/28/97 with no changes in investment operations, except for the General Bond Fund and the Short Term Bond Fund.

For a current prospectus, call 1-888-717-8227 or visit www.staarfunds.com

STAAR INVESTMENT TRUST

STAAR GENERAL BOND FUND

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|--|----------------|
| Short Term Corporate - 25.52% | |
| 200,000 Alcoa, Inc. 5.375%, 1/15/13 | \$ 213,195 |
| 100,000 IB-Capital One, 5.70%, 9/15/11 | 103,231 |
| 100,000 Goldman Sachs Group Inc. 5.7%, 9/1/12 | 106,736 |
| 50,000 Harley-Davidson Inc. 5.25%, 12/15/12 | 52,362 |
| 100,000 Merrill Lynch 5.77%, 7/25/11 MTN | 102,810 |
| 50,000 Philip Morris International, Inc. 4.875%, 5/16/13 | 54,128 |
| 30,000 Regions Financial Corp. 4.875%, 4/26/13 | <u>29,250</u> |
| | 661,712 |
| Intermediate Corporate - 28.66% | |
| 100,000 Bank of America Corp. 4.50%, 4/1/15 | 101,634 |
| 30,000 Centurylink Inc. 6.00%, 4/1/17 | 30,775 |
| 30,000 Donnelly RR & Sons Co. 4.95%, 4/1/14 | 30,736 |
| 50,000 E.I. Du Pont De Nemour, 5.00%, 7/15/13 | 54,689 |
| 30,000 Hartford Financial Services Group, 4.00%, 3/30/15 | 30,081 |
| 100,000 Hartford Financial Services Group, 4.75%, 3/1/14 | 104,143 |
| 100,000 Merrill Lynch 6.05%, 5/16/16 | 103,031 |
| 2,500 Pimco Corporate Opportunity Fund | 42,425 |
| 30,000 Sunoco Inc. 5.75%, 1/15/17 | 31,326 |
| 200,000 United Health Group, 4.75%, 2/10/14 | <u>214,064</u> |
| | 742,904 |
| Long Term US Gov't/Gov't Agency - 3.83% | |
| 100,000 Federal Home Loan Mortgage Corp. 2.00%, 7/27/22 | 99,336 |
| Short Term US Gov't/Gov't Agency - 11.43% | |
| 39,000 Federal Farm Credit Bank 4.75%, 12/12/13 | 43,072 |
| 50,000 Federal Home Loan Bank 2.25%, 6/2/14 | 49,702 |
| 100,000 Federal Home Loan Mortgage Corp. 4.375%, 11/9/11 | 103,312 |
| 100,000 Federal National Mortgage Association, 1.375%, 7/19/13 | <u>100,314</u> |
| | 296,400 |

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

STAAR INVESTMENT TRUST

STAAR GENERAL BOND FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|---------------------|
| Intermediate US Gov't/Gov't Agency - 28.01% | |
| 50,000 Federal Farm Credit Bank 1.98%, 11/24/15 | 49,146 |
| 50,000 Federal Farm Credit Bank 2.05%, 12/21/15 | 48,807 |
| 50,000 Federal Farm Credit Bank 2.45%, 12/28/15 | 49,879 |
| 100,000 Federal Home Loan Bank, Call/Step 1.00%, 9/23/15 | 98,519 |
| 150,000 Federal Home Loan Mortgage Corp. 1.50%, 6/15/15 | 151,058 |
| 100,000 Federal Home Loan Mortgage Corp. Call/Step, 2.00%, 3/15/15 | 100,396 |
| 100,000 Federal National Mortgage Association, 2.625%, 11/20/14 | 103,802 |
| 50,000 Federal National Mortgage Association, 2.25%, 3/28/16 | 49,226 |
| 700 Ishares Lehman Tips Bond | <u>75,264</u> |
| | 726,097 |
| | |
| TOTAL FOR CORPORATE/GOVERNMENT BONDS (Cost \$2,473,408) - 97.45% | <u>2,526,449</u> |
| | |
| SHORT TERM INVESTMENTS - 1.54% | |
| 39,703 Federated Prime Obligations Fund 0.17% * (Cost \$39,703) | <u>39,703</u> |
| | |
| TOTAL INVESTMENTS (Cost \$2,513,111) - 98.99% | 2,566,152 |
| | |
| OTHER ASSETS LESS LIABILITIES - 1.01% | <u>26,301</u> |
| | |
| NET ASSETS - 100.00% | <u>\$ 2,592,453</u> |

* Variable rate security; the coupon rate shown represents the yield at December 31, 2010.
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST

STAAR SHORT-TERM BOND FUND

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|--|----------------|
| Short Term Corporate - 58.66% | |
| 100,000 Alcoa, Inc. 5.375%, 1/15/13 | \$ 106,597 |
| 140,000 American Express Travel, 5.25%, 11/21/11 | 144,485 |
| 50,000 IB-Capital One, 5.70%, 9/15/11 | 51,615 |
| 100,000 Citigroup Inc. 5.50%, 4/11/13 | 106,483 |
| 100,000 Daimler Finance NA LLC, 7.30%, 1/15/12 | 106,248 |
| 150,000 Harley-Davidson Inc. 5.25%, 12/15/12 | 157,085 |
| 50,000 Kraft Foods Inc. 6.00% 2/11/13 | 54,753 |
| 100,000 Merrill Lynch & Co. 6.05%, 8/15/12 | 105,890 |
| 100,000 Southwest Airlines Co. 6.50%, 3/1/12 | 104,700 |
| 50,000 Xerox Corp. 6.875%, 8/15/11 | <u>51,716</u> |
| | 989,572 |
| Short Term Corporate CD - 4.35% | |
| 38,000 Capmark Bank 5.00%, 7/2/13 | 41,237 |
| 30,000 Morgan Stanley CD 4.25%, 12/16/13 | <u>32,219</u> |
| | 73,456 |
| Short Term US Gov't/Gov't Agency - 31.51% | |
| 25,000 Federal Farm Credit Bank 4.60%, 12/27/12 | 26,921 |
| 20,000 Federal Farm Credit Bank 5.05%, 11/25/13 | 22,214 |
| 25,000 Federal Home Loan Bank 4.00%, 12/13/13 | 27,057 |
| 30,000 Federal Home Loan Mortgage Corporation 1.15%, 9/3/13 | 29,928 |
| 35,000 Federal Home Loan Mortgage Corporation 1.50%, 7/12/13 | 35,126 |
| 10,000 Federal Home Loan Mortgage Corporation 2.00%, 5/8/13 | 10,014 |
| 100,000 Federal National Mortgage Association, 1.375%, 7/19/13 | 100,314 |
| 100,000 Federal National Mortgage Association, 2.00%, 1/30/12 | 101,577 |
| 25,000 Federal National Mortgage Association, 4.22%, 9/26/13 | 27,132 |
| 1,800 Ishares Lehman 1-3 Year Treasury Bond | <u>151,164</u> |
| | 531,447 |

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

STAAR INVESTMENT TRUST

STAAR SHORT-TERM BOND FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|---------------------|
| TOTAL FOR CORPORATE/GOVERNMENT BONDS (Cost \$1,574,945) - 94.52% | <u>1,594,475</u> |
| SHORT TERM INVESTMENTS - 4.54% | |
| 76,158 Federated Prime Obligations Fund 0.17% * (Cost \$76,158) | <u>76,158</u> |
| TOTAL INVESTMENTS (Cost \$1,651,103) - 99.06% | 1,670,633 |
| OTHER ASSETS LESS LIABILITIES - 0.94% | <u>16,197</u> |
| NET ASSETS - 100.00% | <u>\$ 1,686,830</u> |

* Variable rate security; the coupon rate shown represents the yield at December 31, 2010.
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST
STAAR LARGER COMPANY STOCK FUND

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|--|--------------|
| Alternative Categories - 0.78% | |
| 200 Prudhoe Bay Royalty Trust | \$ 25,308 |
| Global - 0.76% | |
| 400 Ishares S&P Global Technology | 24,566 |
| Larger Company Stocks - 93.76% | |
| 200 3M Co. | 17,260 |
| 10,029 American Fundamental Investors Fund Class F-1 | 367,872 |
| 200 Amphenol Corp, New Class-A | 10,556 |
| 300 Anadarko Petroleum Corp. | 22,848 |
| 150 Babcock & Wilcox Co. * | 3,838 |
| 400 Bristol Myers Squibb Co. | 10,592 |
| 17,354 Brown Advisory Growth Equity Fund - Institutional * | 221,785 |
| 4,050 Calamos Growth Fund Class-A * | 216,189 |
| 800 Corning, Inc. | 15,456 |
| 200 Costco Wholesale Corp. | 14,442 |
| 100 CSX Corp. | 6,461 |
| 1,000 EMC Corp. * | 22,900 |
| 6,425 Fairholme Fund | 228,603 |
| 300 Flir Systems, Inc. * | 8,925 |
| 200 Flowserv Corp. | 23,844 |
| 12,722 Franklin Rising Dividends Fund Class-A | 417,908 |
| 4,677 Heartland Select Value | 136,469 |
| 300 Heinz H J Co. | 14,838 |
| 400 Home Depot Inc. | 14,024 |
| 200 International Business Machines Corp. | 29,352 |
| 900 Internet HOLDR's | 65,034 |
| 200 I-Shares DJ US Healthcare Sector Index | 13,074 |
| 600 I-Shares DJ US Medical Devices Index | 35,346 |
| 4,600 I-Shares Russell Midcap Growth Index Fund | 260,406 |
| 700 I-Shares S&P 500 Index | 88,375 |
| 600 I-Shares North America Natural Resources Index Fund | 25,014 |

* Non-income producing securities during the period.
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST
STAAR LARGER COMPANY STOCK FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|-------------------------|
| 300 Jacobs Engineering Group, Inc. * | 13,755 |
| 200 Johnson & Johnson | 12,370 |
| 200 Kimberly Clark Corp. | 12,608 |
| 4,956 Mairs & Power Growth | 357,619 |
| 300 McDermott International Panama | 6,207 |
| 200 McDonalds Corp. | 15,352 |
| 100 Northern Trust Corporation | 5,541 |
| 600 PPL Corp. | 15,792 |
| 700 Southern Company | 26,761 |
| 2,272 Tocqueville Fund | 51,267 |
| 100 Walgreen Corp. | 3,896 |
| 200 Waters Corp. * | 15,542 |
| 13,129 Yacktman Fund | <u>217,150</u> |
| | 3,045,271 |
| TOTAL FOR SECURITIES (Cost \$2,485,562) - 95.30% | <u>3,095,145</u> |
| SHORT TERM INVESTMENTS - 4.74% | |
| 153,819 Federated Prime Obligations Fund 0.17%** (cost \$153,819) | <u>153,819</u> |
| TOTAL INVESTMENTS (Cost \$2,639,381) - 100.04% | 3,248,964 |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.04)% | <u>(1,257)</u> |
| NET ASSETS - 100.00% | <u>\$ 3,247,707</u> |

* Non-income producing securities during the period.

** Variable rate security; the coupon rate shown represents the yield at December 31, 2010.

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

STAAR INVESTMENT TRUST

STAAR SMALLER COMPANY STOCK FUND

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|--|--------------|
| Alternative Categories - 0.60% | |
| 400 Market Vectors Environmental Services Index | \$ 20,640 |
| Smaller Company Stocks - 94.07% | |
| 300 Chemical Financial Corp. | 6,645 |
| 10,443 Columbia Acorn Fund Class-Z | 315,281 |
| 500 Eastgroup Properties, Inc. | 21,160 |
| 12,013 Franklin Microcap Value Fund | 383,322 |
| 300 ICU Medical, Inc. * | 10,950 |
| 100 Ishares Russell 2000 Growth Index Fund | 8,742 |
| 200 Ishares Russell 2000 Index Fund | 15,648 |
| 2,000 Ishares Russell 2000 Value Index Fund | 142,180 |
| 700 Ishares Russell Microcap Index | 35,077 |
| 1,200 Ishares S&P Smallcap 600 Growth Index | 87,108 |
| 13,000 Iventure Foods, Inc. * | 56,160 |
| 8,387 Keeley Smallcap Value Fund Class-A * | 209,416 |
| 400 Koppers Holdings Inc. | 14,312 |
| 500 Nalco Holding Co. | 15,970 |
| 300 NVE Corp. * | 17,349 |
| 400 Pool Corp. | 9,016 |
| 300 Powell Industries, Inc. * | 9,864 |
| 1,000 Powershares Lux Nanotech * | 9,800 |
| 1,700 Powershares Wilderhill Clean Energy * | 17,663 |
| 300 Quality Systems, Inc. | 20,946 |
| 19,971 Royce Microcap Investment Fund Investor Class | 350,892 |
| 16,898 Royce Opportunity Fund * | 204,125 |
| 9,330 Satuit Capital Microcap Fund Class-A * | 301,257 |
| 200 Shaw Group, Inc. * | 6,846 |
| 300 Steve Madden Ltd. * | 12,516 |

* Non-income producing securities during the period.
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST
STAAR SMALLER COMPANY STOCK FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | | <u>Value</u> |
|--|---|---------------------|
| 1,600 | Textainer Group Holdings Ltd. | 45,584 |
| 15,134 | The Aberdeen Small Cap Fund Class A | 231,547 |
| 200 | Walter Energy, Inc. | 25,568 |
| 80,802 | Wasatch Smallcap Value Fund * | 294,118 |
| 200 | Watsco, Inc. | 12,616 |
| 300 | Web MD Health Corp. * | 15,318 |
| 12,492 | William Blair Value Discovery Fund Class-I | 174,011 |
| 3,200 | Wisdom Tree Smallcap Dividend Index Fund | 151,712 |
| 700 | Wisdom Tree Midcap Earnings Fund | <u>37,793</u> |
| | | 3,270,512 |
| TOTAL FOR SECURITIES (Cost \$2,848,274) - 94.67% | | <u>3,291,152</u> |
| SHORT TERM INVESTMENTS - 5.37% | | |
| 186,795 | Federated Prime Obligations Fund 0.17%** (cost \$186,795) | <u>186,795</u> |
| TOTAL INVESTMENTS (Cost \$3,035,069) - 100.04% | | 3,477,947 |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.04)% | | <u>(1,343)</u> |
| NET ASSETS - 100.00% | | <u>\$ 3,476,604</u> |

* Non-income producing securities during the period.

** Variable rate security; the coupon rate shown represents the yield at December 31, 2010.
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST

STAAR INTERNATIONAL FUND

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|----------------|
| International - 75.14% | |
| 400 Accenture Plc. Class A | \$ 19,396 |
| 10,694 American Europacific Growth Fund Class-F-1 | 440,167 |
| 200 America Movil S.A.B. ADR | 11,468 |
| 200 Diageo Plc. | 14,866 |
| 7,891 Harbor International Institutional Fund | 477,830 |
| 1,500 I-Shares MSCI Australia Index Fund | 38,160 |
| 500 I-Shares MSCI Austria Index Fund | 11,165 |
| 1,600 I-Shares MSCI Belgium Index Fund | 21,008 |
| 400 I-Shares MSCI Canada Index Fund | 12,400 |
| 2,000 I-Shares MSCI EAFE Index Fund | 116,440 |
| 1,000 I-Shares MSCI Singapore Index Fund | 13,850 |
| 2,500 I-Shares MSCI Taiwan Index Fund | 39,050 |
| 550 I-Shares MSCI S&P Latin America 40 Index Fund | 29,623 |
| 4,383 Marsico International Opportunities Fund | 58,387 |
| 10,205 Putnam International Capital Opportunities Fund Class A | 364,009 |
| 11,455 Sextant International | 180,420 |
| 400 Ship Finance International Ltd. | 8,608 |
| 1,000 Siliconware Precision Industries Co. ADR | 5,950 |
| 47,296 Franklin Templeton Foreign Fund Class A | 330,123 |
| 500 Tata Motors Ltd. ADR | 14,670 |
| 200 Teva Pharmaceutical Industries Ltd. ADR | 10,426 |
| 13,957 The Aberdeen International Equity Fund - Institutional Service | <u>192,889</u> |
| | 2,410,905 |

* Non-income producing securities during the period.
ADR - American Depository Receipt
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST

STAAR INTERNATIONAL FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|---------------------|
| Developing Markets - 18.57% | |
| 300 Builders Emerging Markets 50 ADR Index | 14,445 |
| 952 Eaton Vance Greater India Fund Class-A | 26,849 |
| 500 First Trust ISE Chindia Index | 12,510 |
| 400 I-Shares MSCI Brazil Index Fund | 30,960 |
| 300 I-Shares MSCI Chile * | 23,880 |
| 800 I-Shares MSCI Emerging Markets Index Fund | 38,114 |
| 1,500 I-Shares MSCI Malaysia Index Fund | 21,570 |
| 200 I-Shares MSCI Turkey Investable Markets | 13,242 |
| 600 SPDR S&P Emerging Asia Pacific Fund | 50,850 |
| 14,234 Franklin Templeton Developing Markets Trust Class A | <u>363,402</u> |
| | 595,822 |
| Smaller Company Stocks - 0.28% | |
| 600 Thompson Creek Metals Co., Inc. * | 8,832 |
| TOTAL FOR SECURITIES (Cost \$2,139,415) - 93.99% | <u>3,015,559</u> |
| SHORT TERM INVESTMENTS - 6.06% | |
| 194,567 Federated Prime Obligations Fund 0.17%** (cost \$194,567) | <u>194,567</u> |
| TOTAL INVESTMENTS (Cost \$2,333,982) - 100.05% | 3,210,126 |
| LIABILITIES IN EXCESS OF OTHER ASSETS - (0.05)% | <u>(1,622)</u> |
| NET ASSETS - 100.00% | <u>\$ 3,208,504</u> |

* Non-income producing securities during the period.

** Variable rate security; the coupon rate shown represents the yield at December 31, 2010.

ADR - American Depository Receipt

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

STAAR INVESTMENT TRUST
STAAR ALTERNATIVE CATEGORIES FUND

SCHEDULE OF INVESTMENTS
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|--|----------------|
| Alternative Categories - 21.82% | |
| 1,000 First Trust-ISE Revere Natural Gas | \$ 19,680 |
| 5,939 Franklin Natural Resources Fund Class-A | 235,896 |
| 200 I-Shares Dow Jones US Real Estate | 11,192 |
| 200 I-Shares NASDAQ Biotechnology Index Fund | 18,684 |
| 700 I-Shares Silver Trust * | 21,126 |
| 12,187 Live Oak Health Sciences Fund | 153,433 |
| 300 Lyondellbasell Industries Class-A * | 10,320 |
| 500 Market Vectors Environmental Service | 25,800 |
| 200 Prudhoe Bay Royalty Trust | 25,308 |
| 400 SPDR Dow Jones Wilshire Reit Fund. | 24,408 |
| 1,173 Vanguard Health Care Fund | <u>143,598</u> |
| | 689,445 |
| Developing Markets - 7.11% | |
| 1,800 Builders Emerging Markets 50 ADR Index Fund | 86,670 |
| 934 Eaton Vance Greater India Fund Class-A | 26,357 |
| 500 First Trust ISE Chindia Index | 12,510 |
| 200 I-Shares MSCI Brazil Index Fund | 15,480 |
| 200 I-Shares MSCI Chile Investable Market Index Fund * | 15,920 |
| 800 SPDR S&P Emerging Asia Pacific Fund | <u>67,800</u> |
| | 224,737 |
| Global - 12.55% | |
| 1,195 American Smallcap World Fund Class-F-1 | 46,047 |
| 8,511 Franklin Global Mutual Discovery Fund Class-A | 248,428 |
| 100 I-Shares S&P Global Energy Sector Index Fund | 3,906 |
| 100 I-Shares S&P Global Healthcare Sector Index Fund | 5,176 |
| 500 I-Shares S&P Global Infrastructure Fund | 17,530 |
| 700 I-Shares S&P Global Technology Sector Fund | 42,991 |
| 800 Market Vectors-Nuclear Energy Fund | 20,280 |
| 600 Powershares Global Water Portfolio | <u>12,006</u> |
| | 396,364 |

* Non-income producing securities during the period.
ADR - American Depository Receipt
The accompanying notes are an integral part of these financial statements.

STAAR INVESTMENT TRUST
STAAR ALTERNATIVE CATEGORIES FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|--------------|
| International - 8.89% | |
| 300 Accenture Plc. Class-A | 14,547 |
| 200 America Movil S.A.B. ADR Series-L | 11,468 |
| 300 Diageo Plc. ADR | 22,299 |
| 1,700 I-Shares MSCI Australia Index Fund | 43,248 |
| 200 I-Shares MSCI EAFE Index Fund | 11,644 |
| 700 I-Shares MSCI Taiwan Index Fund | 10,934 |
| 250 I-Shares S&P Latin America 40 Index Fund Class-F | 13,465 |
| 3,849 Ivy Pacific Opportunities Fund Class-A | 64,316 |
| 3,886 Matthews Asian Growth & Income Fund | 70,106 |
| 1,200 Siliconware Precision Industries Co. ADR | 7,140 |
| 400 Tata Motors Ltd. ADR | 11,736 |
| | 280,903 |
| Larger Company Stocks - 33.07% | |
| 300 Anadarko Petroleum Corp. | 22,848 |
| 400 Bristol Myers Squibb Co. | 10,592 |
| 200 Costco Wholesale Corp. | 14,442 |
| 200 CSX Corp. | 12,922 |
| 900 EMC Corp. * | 20,610 |
| 200 Flowserv Corp. | 23,844 |
| 1,000 Internet HOLDR's ADR | 72,260 |
| 300 I-Shares DJ US Basic Materials Sector Fund | 23,238 |
| 400 I-Shares DJ US Health Care Sector Index Fund | 26,148 |
| 1,000 I-Shares DJ US Medical Devices Index Fund | 58,910 |
| 5,300 I-Shares Russell Midcap Growth Index Fund | 300,033 |
| 300 I-Shares S&P North America Natural Resources Sector | 12,507 |
| 400 I-Shares S&P North America Tech-Multimd Ntwk Sector | 13,404 |
| 200 Johnson & Johnson | 12,370 |
| 200 Kimberly Clark Corp. | 12,608 |
| 700 McDermott International Panama | 14,483 |
| 200 McDonalds Corp. | 15,352 |
| 1,586 Muhlenkamp Fund * | 85,302 |
| 5,936 Neuberger Berman Focus Fund Class-Advisor | 58,409 |

* Non-income producing securities during the period.

ADR - American Depository Receipt

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

STAAR INVESTMENT TRUST
STAAR ALTERNATIVE CATEGORIES FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
DECEMBER 31, 2010

| <u>Shares</u> | <u>Value</u> |
|---|----------------------------|
| 900 Powershares Cleantech Portfolio | 23,760 |
| 600 PPL Corp. | 15,792 |
| 300 Southern Co. | 11,469 |
| 2,294 Vanguard Energy Fund | 148,846 |
| 300 Walgreen Corp. | 11,688 |
| 200 Waste Management, Inc. | 7,374 |
| 200 Waters Corp. * | <u>15,542</u> |
| | 1,044,753 |
| Smaller Company Stocks - 7.25% | |
| 400 Eastgroup Properties Inc. | 16,928 |
| 400 ICU Medical, Inc. * | 14,600 |
| 500 I-Shares Russell 2000 Index Fund | 39,120 |
| 300 I-Shares Russell Microcap Index Fund | 15,033 |
| 300 NVE Corp. * | 17,349 |
| 100 Papa Johns International, Inc. * | 2,770 |
| 1,500 Powershares Lux Nanotech Portfolio * | 14,700 |
| 1,000 Powershares Wilderhill Clean Energy Fund * | 10,390 |
| 300 Quality Systems, Inc. | 20,946 |
| 1,000 Textainer Group Holding Ltd. | 28,490 |
| 500 United Guardian Inc. * | 7,000 |
| 200 Walter Energy, Inc. | 25,568 |
| 300 Wisdomtree Midcap Earnings Fund | <u>16,197</u> |
| | 229,091 |
| TOTAL FOR SECURITIES (Cost \$2,244,503) - 90.69% | <u>2,865,293</u> |
| SHORT TERM INVESTMENTS - 9.35% | |
| 295,359 Federated Prime Obligations Fund 0.17%** (cost \$295,359) | <u>295,359</u> |
| TOTAL INVESTMENTS (Cost \$2,539,862) - 100.04% | 3,160,652 |
| OTHER ASSETS LESS LIABILITIES - (0.04)% | <u>(1,254)</u> |
| NET ASSETS - 100.00% | <u>\$ 3,159,398</u> |

* Non-income producing securities during the period.

** Variable rate security; the coupon rate shown represents the yield at December 31, 2010.

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

STAAR INVESTMENT TRUST

STATEMENT OF ASSETS AND LIABILITIES For the year Ended December 31, 2010

| | <u>GBF</u> | <u>STBF</u> | <u>LCSE</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Assets: | | | | | | |
| Investments in Securities, at Value (Cost \$2,513,111; \$1,651,103; \$2,639,381; \$3,035,069; \$2,333,982; \$2,539,862, respectively) | \$2,566,152 | \$1,670,633 | \$3,248,964 | \$3,477,947 | \$3,210,126 | \$3,160,652 |
| Cash | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Prepaid Expenses | 553 | 759 | 849 | 930 | 901 | 820 |
| Dividends and Interest | <u>27,888</u> | <u>19,374</u> | <u>584</u> | <u>185</u> | <u>158</u> | <u>586</u> |
| Total Assets | <u>2,594,593</u> | <u>1,690,766</u> | <u>3,250,397</u> | <u>3,479,062</u> | <u>3,211,185</u> | <u>3,162,058</u> |
| Liabilities: | | | | | | |
| Payables: | | | | | | |
| Accrued Management Fees to Affiliate (Note 3) | 273 | 178 | 880 | 945 | 860 | 853 |
| Other Accrued Expenses | 1,804 | 3,625 | 1,810 | 1,513 | 1,821 | 1,807 |
| Dividends Payable | 63 | 133 | - | - | - | - |
| Securities Purchased | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>2,140</u> | <u>3,936</u> | <u>2,690</u> | <u>2,458</u> | <u>2,681</u> | <u>2,660</u> |
| Net Assets | <u>\$2,592,453</u> | <u>\$1,686,830</u> | <u>\$3,247,707</u> | <u>\$3,476,604</u> | <u>\$3,208,504</u> | <u>\$3,159,398</u> |
| Net Assets Consist of: | | | | | | |
| Paid In Capital | \$2,725,214 | \$1,735,455 | \$3,177,187 | \$3,737,125 | \$2,446,569 | \$2,756,300 |
| Accumulated Undistributed Net Investment Income (Loss) on Investments | (946) | (50,196) | (252,402) | (378,802) | (109,872) | (117,194) |
| Accumulated Undistributed Realized Loss on Investments | (184,856) | (17,959) | (286,661) | (324,597) | (4,337) | (100,498) |
| Unrealized Appreciation (Depreciation) in Value of Investments | <u>53,041</u> | <u>19,530</u> | <u>609,583</u> | <u>442,878</u> | <u>876,144</u> | <u>620,790</u> |
| Net Assets (for 260,152; 187,015; 272,737; 308,750; 254,794; 244,573, shares outstanding, respectively) | <u>\$2,592,453</u> | <u>\$1,686,830</u> | <u>\$3,247,707</u> | <u>\$3,476,604</u> | <u>\$3,208,504</u> | <u>\$3,159,398</u> |
| Net Asset Value and Offering Price Per Share | <u>\$ 9.97</u> | <u>\$ 9.02</u> | <u>\$ 11.91</u> | <u>\$ 11.26</u> | <u>\$ 12.59</u> | <u>\$ 12.92</u> |

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

STAAR INVESTMENT TRUST

STATEMENT OF OPERATIONS For the year Ended December 31, 2010

| | <u>GBF</u> | <u>STBF</u> | <u>LCSF</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Investment Income: | | | | | | |
| Dividends (net of foreign tax withholding of \$88 and \$97 for INTF and ACF, respectively) | \$ 7,060 | \$ 1,556 | \$ 35,825 | \$ 18,631 | \$ 43,079 | \$ 36,069 |
| Interest | <u>73,056</u> | <u>56,106</u> | <u>564</u> | <u>750</u> | <u>639</u> | <u>948</u> |
| Total Investment Income | 80,116 | 57,662 | 36,389 | 19,381 | 43,718 | 37,017 |
| Expenses: | | | | | | |
| Advisory Fees (Note 3) | 8,289 | 8,742 | 26,795 | 27,103 | 26,563 | 25,960 |
| Distribution Fees | 1,477 | 2,055 | 292 | 353 | 323 | 361 |
| Transfer Agent and Fund Accounting Fees | 7,915 | 8,770 | 9,859 | 10,151 | 9,955 | 9,688 |
| Administrative Fees | 2,368 | 2,498 | 2,977 | 3,011 | 2,952 | 2,884 |
| Audit Fees | 6,705 | 6,715 | 8,510 | 8,465 | 8,000 | 8,020 |
| Legal Fees | 2,304 | 2,699 | 3,037 | 3,071 | 3,079 | 2,977 |
| Custody Fees | 2,606 | 2,747 | 3,023 | 2,683 | 2,767 | 3,159 |
| Printing Fees | 563 | 592 | 604 | 512 | 613 | 513 |
| Insurance Fees | 2,040 | 2,988 | 2,548 | 2,447 | 2,462 | 2,499 |
| Compliance Fees | 4,105 | 4,641 | 4,764 | 5,010 | 4,944 | 4,937 |
| Director's Fees | 1,341 | 1,642 | 1,743 | 1,811 | 1,793 | 1,675 |
| Other | <u>500</u> | <u>801</u> | <u>1,015</u> | <u>534</u> | <u>619</u> | <u>585</u> |
| Total Expenses | <u>40,213</u> | <u>44,890</u> | <u>65,167</u> | <u>65,151</u> | <u>64,070</u> | <u>63,258</u> |
| Net Investment Income (Loss) | <u>39,903</u> | <u>12,772</u> | <u>(28,778)</u> | <u>(45,770)</u> | <u>(20,352)</u> | <u>(26,241)</u> |
| Realized and Unrealized Gain (Loss) on Investments: | | | | | | |
| Realized Gain (Loss) on Investments | 12,149 | 3,450 | (120,371) | 90,574 | 21,658 | 52,806 |
| Net Change in Unrealized Appreciation (Depreciation) on Investments | <u>9,131</u> | <u>(270)</u> | <u>534,169</u> | <u>560,117</u> | <u>296,103</u> | <u>326,789</u> |
| Net Realized and Unrealized Gain (Loss) on Investments | <u>21,280</u> | <u>3,180</u> | <u>413,798</u> | <u>650,691</u> | <u>317,761</u> | <u>379,595</u> |
| Net Increase in Net Assets Resulting from Operations | <u>\$ 61,183</u> | <u>\$ 15,952</u> | <u>\$ 385,020</u> | <u>\$ 604,921</u> | <u>\$ 297,409</u> | <u>\$ 353,354</u> |

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

STAAR INVESTMENT TRUST
STAAR GENERAL BOND FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended <u>12/31/2010</u> | For the Year Ended <u>12/31/2009</u> |
|--|---|---|
| Increase in Net Assets From Operations: | | |
| Net Investment Income | \$ 39,903 | \$ 59,082 |
| Net Realized Gain (Loss) on Investments | 12,149 | (55,195) |
| Net Change in Unrealized Appreciation on Investments | <u>9,131</u> | <u>137,120</u> |
| Net Increase in Net Assets Resulting from Operations | 61,183 | 141,007 |
| Distributions to Shareholders from: | | |
| Net Investment Income | (39,901) | (89,391) |
| Realized Gains | - | - |
| Return of Capital | <u>-</u> | <u>(947)</u> |
| Net Change in Net Assets from Distributions | (39,901) | (90,338) |
| Capital Share Transactions: | | |
| Proceeds from Sale of Shares | 833,286 | 26,741 |
| Shares Issued on Reinvestment of Dividends | 39,685 | 89,854 |
| Cost of Shares Redeemed | <u>(494,927)</u> | <u>(617,759)</u> |
| Net Increase (Decrease) from Shareholder Activity | 378,044 | (501,164) |
| Net Assets: | | |
| Net Increase (Decrease) in Net Assets | 399,326 | (450,495) |
| Beginning of Period | <u>2,193,127</u> | <u>2,643,622</u> |
| End of Period (Including Accumulated Undistributed Net Investment Income (Loss) of \$(946) and \$126, respectively) | <u>\$2,592,453</u> | <u>\$2,193,127</u> |

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

STAAR INVESTMENT TRUST
STAAR SHORT-TERM BOND FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended <u>12/31/2010</u> | For the Year Ended <u>12/31/2009</u> |
|--|---|---|
| Increase in Net Assets From Operations: | | |
| Net Investment Income | \$ 12,772 | \$ 38,237 |
| Net Realized Loss on Investments | 3,450 | (16,643) |
| Net Change in Unrealized Appreciation (Depreciation) on Investments | <u>(270)</u> | <u>40,134</u> |
| Net Increase in Net Assets Resulting from Operations | 15,952 | 61,728 |
| Distributions to Shareholders from: | | |
| Net Investment Income | (12,772) | (52,543) |
| Realized Gains | - | - |
| Return of Capital | <u>(42,851)</u> | <u>(568)</u> |
| Net Change in Net Assets from Distributions | (55,623) | (53,111) |
| Capital Share Transactions: | | |
| Proceeds from Sale of Shares | 395,918 | 228,810 |
| Shares Issued on Reinvestment of Dividends | 55,299 | 52,940 |
| Cost of Shares Redeemed | <u>(1,925,790)</u> | <u>(779,544)</u> |
| Net Decrease from Shareholder Activity | (1,474,573) | (497,794) |
| Net Assets: | | |
| Net Decrease in Net Assets | (1,514,244) | (489,177) |
| Beginning of Period | <u>3,201,074</u> | <u>3,690,251</u> |
| End of Period (Including Accumulated Undistributed Net Investment Loss of \$(50,196) and \$(9,400), respectively) | <u>\$1,686,830</u> | <u>\$3,201,074</u> |

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

STAAR INVESTMENT TRUST
STAAR LARGER COMPANY STOCK FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended <u>12/31/2010</u> | For the Year Ended <u>12/31/2009</u> |
|---|---|---|
| Increase in Net Assets From Operations: | | |
| Net Investment Loss | \$ (28,778) | \$ (30,008) |
| Net Realized Gain (Loss) on Investments | (120,371) | (46,291) |
| Net Change in Unrealized Appreciation (Depreciation) on Investments | <u>534,169</u> | <u>482,672</u> |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 385,020 | 406,373 |
| Distributions to Shareholders from: | | |
| Net Investment Income | - | - |
| Realized Gains | <u>-</u> | <u>-</u> |
| Net Change in Net Assets from Distributions | - | - |
| Capital Share Transactions: | | |
| Proceeds from Sale of Shares | 152,700 | 124,662 |
| Shares Issued on Reinvestment of Dividends | - | - |
| Cost of Shares Redeemed | <u>(211,810)</u> | <u>(221,955)</u> |
| Net Decrease from Shareholder Activity | (59,110) | (97,293) |
| Net Assets: | | |
| Net Decrease in Net Assets | 325,910 | 309,080 |
| Beginning of Period | <u>2,921,797</u> | <u>2,612,717</u> |
| End of Period (Including Accumulated Undistributed Net Investment Loss of \$(252,402) and \$(219,978), respectively) | <u>\$3,247,707</u> | <u>\$2,921,797</u> |

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

STAAR INVESTMENT TRUST
STAAR SMALLER COMPANY STOCK FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended <u>12/31/2010</u> | For the Year Ended <u>12/31/2009</u> |
|---|---|---|
| Increase in Net Assets From Operations: | | |
| Net Investment Loss | \$ (45,770) | \$ (40,087) |
| Net Realized Gain (Loss) on Investments | 90,574 | (62,435) |
| Net Change in Unrealized Appreciation (Depreciation) on Investments | <u>560,117</u> | <u>669,827</u> |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 604,921 | 567,305 |
| Distributions to Shareholders from: | | |
| Net Investment Income | - | - |
| Realized Gains | <u>-</u> | <u>-</u> |
| Net Change in Net Assets from Distributions | - | - |
| Capital Share Transactions: | | |
| Proceeds from Sale of Shares | 334,653 | 270,013 |
| Shares Issued on Reinvestment of Dividends | - | - |
| Cost of Shares Redeemed | <u>(286,900)</u> | <u>(201,281)</u> |
| Net Increase from Shareholder Activity | 47,753 | 68,732 |
| Net Assets: | | |
| Net Increase (Decrease) in Net Assets | 652,674 | 636,037 |
| Beginning of Period | <u>2,823,930</u> | <u>2,187,893</u> |
| End of Period (Including Accumulated Undistributed Net Investment Loss of \$(378,802) and \$(333,032), respectively) | <u>\$3,476,604</u> | <u>\$2,823,930</u> |

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

STAAR INVESTMENT TRUST
STAAR INTERNATIONAL FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended <u>12/31/2010</u> | For the Year Ended <u>12/31/2009</u> |
|--|---|---|
| Increase in Net Assets From Operations: | | |
| Net Investment Loss | \$ (20,352) | \$ (23,028) |
| Net Realized Gain (Loss) on Investments | 21,658 | (25,995) |
| Net Change in Unrealized Appreciation on Investments | <u>296,103</u> | <u>749,847</u> |
| Net Increase in Net Assets Resulting from Operations | 297,409 | 700,824 |
| Distributions to Shareholders from: | | |
| Net Investment Income | - | - |
| Realized Gains | <u>-</u> | <u>-</u> |
| Net Change in Net Assets from Distributions | - | - |
| Capital Share Transactions: | | |
| Proceeds from Sale of Shares | 174,156 | 219,363 |
| Shares Issued on Reinvestment of Dividends | - | - |
| Cost of Shares Redeemed | <u>(293,187)</u> | <u>(218,615)</u> |
| Net Increase (Decrease) from Shareholder Activity | (119,031) | 748 |
| Net Assets: | | |
| Net Increase (Decrease) in Net Assets | 178,378 | 701,572 |
| Beginning of Period | <u>3,030,125</u> | <u>2,328,553</u> |
| End of Period (Including Accumulated Undistributed Net Investment Loss of \$(109,872) and \$(89,780), respectively) | <u>\$3,208,503</u> | <u>\$3,030,125</u> |

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

STAAR INVESTMENT TRUST
STAAR ALTERNATIVE CATEGORIES FUND

STATEMENTS OF CHANGES IN NET ASSETS

| | For the Year Ended <u>12/31/2010</u> | For the Year Ended <u>12/31/2009</u> |
|--|---|---|
| Increase in Net Assets From Operations: | | |
| Net Investment Loss | \$ (26,241) | \$ (24,489) |
| Net Realized Gain (Loss) on Investments | 52,806 | (153,115) |
| Net Change in Unrealized Appreciation (Depreciation) on Investments | <u>326,789</u> | <u>620,893</u> |
| Net Increase (Decrease) in Net Assets Resulting from Operations | 353,354 | 443,289 |
| Distributions to Shareholders from: | | |
| Net Investment Income | - | - |
| Realized Gains | <u>-</u> | <u>-</u> |
| Net Change in Net Assets from Distributions | - | - |
| Capital Share Transactions: | | |
| Proceeds from Sale of Shares | 277,340 | 277,275 |
| Shares Issued on Reinvestment of Dividends | - | - |
| Cost of Shares Redeemed | <u>(380,839)</u> | <u>(187,190)</u> |
| Net Increase (Decrease) from Shareholder Activity | (103,499) | 90,085 |
| Net Assets: | | |
| Net Increase (Decrease) in Net Assets | 249,855 | 533,374 |
| Beginning of Period | <u>2,909,543</u> | <u>2,376,169</u> |
| End of Period (Including Accumulated Undistributed Net Investment Loss of \$(117,194) and \$(91,304), respectively) | <u>\$3,159,398</u> | <u>\$2,909,543</u> |

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

STAAR INVESTMENT TRUST

STAAR GENERAL BOND FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

| | Years Ended | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>12/31/ 2010</u> | <u>12/31/ 2009</u> | <u>12/31/ 2008</u> | <u>12/31/ 2007</u> | <u>12/31/ 2006</u> |
| Net Asset Value, at Beginning of Period | \$ 9.86 | \$ 9.65 | \$ 10.14 | \$ 10.11 | \$ 10.06 |
| Income From Investment Operations: *** | | | | | |
| Net Investment Income * | 0.17 | 0.24 | 0.33 | 0.35 | 0.35 |
| Net Gain (Loss) on Securities (Realized and Unrealized) | <u>0.10</u> | <u>0.34</u> | <u>(0.51)</u> | <u>0.10</u> | <u>0.01</u> |
| Total from Investment Operations | 0.27 | 0.58 | (0.18) | 0.45 | 0.36 |
| Distributions: | | | | | |
| From Net Investment Income | (0.16) | (0.37) | (0.31) | (0.42) | (0.31) |
| From Net Realized Gain | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total from Distributions | (0.16) | (0.37) | (0.31) | (0.42) | (0.31) |
| Net Asset Value, at End of Period | \$ 9.97 | \$ 9.86 | \$ 9.65 | \$ 10.14 | \$ 10.11 |
| Total Return ** | 2.79% | 6.13% | (1.74)% | 4.53% | 3.73% |
| Ratios/Supplemental Data: | | | | | |
| Net Assets at End of Period (Thousands) | \$ 2,592 | \$ 2,193 | \$ 2,644 | \$ 2,998 | \$ 3,688 |
| Ratio of Expenses to Average Net Assets | 1.70% | 1.75% | 1.44% | 1.56% | 1.33% |
| Ratio of Net Investment Income (Loss) to Average Net Assets | 1.68% | 2.44% | 3.32% | 3.48% | 3.47% |
| Portfolio Turnover | 69.10% | 37.18% | 103.60% | 30.22% | 40.48% |
| Such Ratios are After Effect of Expenses Waived | - | - | - | - | \$ 0.01 |

* 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 amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

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

STAAR INVESTMENT TRUST

STAAR SHORT-TERM BOND FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

| | Years Ended | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>12/31/ 2010</u> | <u>12/31/ 2009</u> | <u>12/31/ 2008</u> | <u>12/31/ 2007</u> | <u>12/31/ 2006</u> |
| Net Asset Value, at Beginning of Period | \$ 9.23 | \$ 9.21 | \$ 9.38 | \$ 9.30 | \$ 9.21 |
| Income From Investment Operations: *** | | | | | |
| Net Investment Income * | 0.05 | 0.10 | 0.17 | 0.31 | 0.28 |
| Net Gain (Loss) on Securities (Realized and Unrealized) | <u>0.01</u> | <u>0.06</u> | <u>(0.15)</u> | <u>0.10</u> | <u>0.04</u> |
| Total from Investment Operations | 0.06 | 0.16 | 0.02 | 0.41 | 0.32 |
| Distributions: | | | | | |
| From Net Investment Income | (0.06) | (0.14) | (0.19) | (0.33) | (0.23) |
| Return of Capital | (0.21) | - | - | - | - |
| From Net Realized Gain | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total from Distributions | (0.27) | (0.14) | (0.19) | (0.33) | (0.23) |
| Net Asset Value, at End of Period | \$ 9.02 | \$ 9.23 | \$ 9.21 | \$ 9.38 | \$ 9.30 |
| Total Return ** | 0.67% | 1.79% | 0.19% | 4.41% | 3.50% |
| Ratios/Supplemental Data: | | | | | |
| Net Assets at End of Period (Thousands) | \$ 1,687 | \$ 3,201 | \$ 3,690 | \$ 1,358 | \$ 1,494 |
| Ratio of Expenses to Average Net Assets | 1.80% | 1.82% | 1.58% | 1.41% | 1.12% |
| Ratio of Net Investment Income (Loss) to Average Net Assets | 0.51% | 1.11% | 1.87% | 3.33% | 3.04% |
| Portfolio Turnover | 92.33% | 78.72% | 115.00% | 41.49% | 11.79% |
| Such Ratios are After Effect of Expenses Waived | - | - | - | - | \$ 0.01 |

* 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 amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

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

STAAR INVESTMENT TRUST

STAAR LARGER COMPANY STOCK FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

| | Years Ended | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>12/31/ 2010</u> | <u>12/31/ 2009</u> | <u>12/31/ 2008</u> | <u>12/31/ 2007</u> | <u>12/31/ 2006</u> |
| Net Asset Value, at Beginning of Period | \$ 10.52 | \$ 9.03 | \$ 13.56 | \$ 14.05 | \$ 13.14 |
| Income From Investment Operations: *** | | | | | |
| Net Investment Income (Loss) * | (0.10) | (0.11) | (0.05) | (0.09) | (0.08) |
| Net Gain (Loss) on Securities (Realized and Unrealized) | <u>1.49</u> | <u>1.60</u> | <u>(4.48)</u> | <u>0.59</u> | <u>1.32</u> |
| Total from Investment Operations | 1.39 | 1.49 | (4.53) | 0.50 | 1.24 |
| Distributions: | | | | | |
| From Net Investment Income | - | - | - | - | - |
| From Net Realized Gain | <u>-</u> | <u>-</u> | <u>-</u> | <u>(0.99)</u> | <u>(0.33)</u> |
| Total from Distributions | - | - | - | (0.99) | (0.33) |
| Net Asset Value, at End of Period | <u>\$ 11.91</u> | <u>\$ 10.52</u> | <u>\$ 9.03</u> | <u>\$ 13.56</u> | <u>\$ 14.05</u> |
| Total Return ** | 13.21% | 16.50% | (33.41)% | 3.57% | 9.44% |
| Ratios/Supplemental Data: | | | | | |
| Net Assets at End of Period (Thousands) | \$ 3,248 | \$ 2,922 | \$ 2,613 | \$ 4,422 | \$ 4,488 |
| Ratio of Expenses to Average Net Assets | 2.19% | 2.30% | 1.91% | 1.90% | 1.84% |
| Ratio of Net Investment Income (Loss) to Average Net Assets | (0.97)% | (1.15)% | (0.42)% | (0.59)% | (0.56)% |
| Portfolio Turnover | 45.48% | 17.08% | 15.99% | 36.83% | 22.95% |

* 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 amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

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

STAAR INVESTMENT TRUST

STAAR SMALLER COMPANY STOCK FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

| | Years Ended | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>12/31/ 2010</u> | <u>12/31/ 2009</u> | <u>12/31/ 2008</u> | <u>12/31/ 2007</u> | <u>12/31/ 2006</u> |
| Net Asset Value, at Beginning of Period | \$ 9.32 | \$ 7.41 | \$ 11.38 | \$ 13.87 | \$ 14.85 |
| Income From Investment Operations: *** | | | | | |
| Net Investment Income (Loss) * | (0.15) | (0.13) | (0.11) | (0.14) | (0.17) |
| Net Gain (Loss) on Securities (Realized and Unrealized) | <u>2.09</u> | <u>2.04</u> | <u>(3.86)</u> | <u>(0.33)</u> | <u>2.26</u> |
| Total from Investment Operations | 1.94 | 1.91 | (3.97) | (0.47) | 2.09 |
| Distributions: | | | | | |
| From Net Investment Income | - | - | - | - | - |
| From Net Realized Gain | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2.02)</u> | <u>(3.07)</u> |
| Total from Distributions | - | - | - | (2.02) | (3.07) |
| Net Asset Value, at End of Period | <u>\$ 11.26</u> | <u>\$ 9.32</u> | <u>\$ 7.41</u> | <u>\$ 11.38</u> | <u>\$ 13.87</u> |
| Total Return ** | 20.82% | 25.78% | (34.89)% | (3.40)% | 14.22% |
| Ratios/Supplemental Data: | | | | | |
| Net Assets at End of Period (Thousands) | \$ 3,477 | \$ 2,824 | \$ 2,188 | \$ 4,041 | \$ 4,850 |
| Ratio of Expenses to Average Net Assets | 2.16% | 2.31% | 1.96% | 1.92% | 1.83% |
| Ratio of Net Investment Income (Loss) to Average Net Assets | (1.52)% | (1.68)% | (1.17)% | (0.98)% | (1.06)% |
| Portfolio Turnover | 12.96% | 14.03% | 16.27% | 40.26% | 37.46% |

* 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 amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

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

STAAR INVESTMENT TRUST

STAAR INTERNATIONAL FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

| | Years Ended | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>12/31/ 2010</u> | <u>12/31/ 2009</u> | <u>12/31/ 2008</u> | <u>12/31/ 2007</u> | <u>12/31/ 2006</u> |
| Net Asset Value, at Beginning of Period | \$ 11.44 | \$ 8.70 | \$ 16.33 | \$ 15.62 | \$ 13.54 |
| Income From Investment Operations: *** | | | | | |
| Net Investment Income (Loss) * | (0.08) | (0.09) | (0.03) | 0.09 | (0.01) |
| Net Gain (Loss) on Securities (Realized and Unrealized) | <u>1.23</u> | <u>2.83</u> | <u>(6.64)</u> | <u>2.35</u> | <u>2.90</u> |
| Total from Investment Operations | 1.15 | 2.74 | (6.67) | 2.44 | 2.89 |
| Distributions: | | | | | |
| From Net Investment Income | - | - | - | (0.09) | - |
| From Net Realized Gain | <u>-</u> | <u>-</u> | <u>(0.96)</u> | <u>(1.64)</u> | <u>(0.81)</u> |
| Total from Distributions | - | - | (0.96) | (1.73) | (0.81) |
| Net Asset Value, at End of Period | \$ 12.59 | \$ 11.44 | \$ 8.70 | \$ 16.33 | \$ 15.62 |
| Total Return ** | 10.05% | 31.49% | (40.82)% | 15.63% | 21.38% |
| Ratios/Supplemental Data: | | | | | |
| Net Assets at End of Period (Thousands) | \$ 3,209 | \$ 3,030 | \$ 2,329 | \$ 5,837 | \$ 5,378 |
| Ratio of Expenses to Average Net Assets | 2.17% | 2.31% | 1.96% | 1.92% | 1.86% |
| Ratio of Net Investment Income (Loss) to Average Net Assets | (0.69)% | (0.90)% | (0.25)% | 0.51% | (0.06)% |
| Portfolio Turnover | 8.68% | 15.30% | 21.47% | 18.46% | 15.66% |

* 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 amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

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

STAAR INVESTMENT TRUST

STAAR ALTERNATIVE CATEGORIES FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

| | Years Ended | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>12/31/ 2010</u> | <u>12/31/ 2009</u> | <u>12/31/ 2008</u> | <u>12/31/ 2007</u> | <u>12/31/ 2006</u> |
| Net Asset Value, at Beginning of Period | \$ 11.50 | \$ 9.74 | \$ 15.58 | \$ 14.46 | \$ 14.28 |
| Income From Investment Operations: *** | | | | | |
| Net Investment Loss * | (0.11) | (0.10) | (0.03) | (0.01) | (0.08) |
| Net Gain (Loss) on Securities (Realized and Unrealized) | <u>1.53</u> | <u>1.86</u> | <u>(5.01)</u> | <u>2.09</u> | <u>1.75</u> |
| Total from Investment Operations | 1.42 | 1.76 | (5.04) | 2.08 | 1.67 |
| Distributions: | | | | | |
| From Net Investment Income | - | - | - | - | - |
| From Net Realized Gain | <u>-</u> | <u>-</u> | <u>(0.80)</u> | <u>(0.96)</u> | <u>(1.49)</u> |
| Total from Distributions | - | - | (0.80) | (0.96) | (1.49) |
| Net Asset Value, at End of Period | <u>\$ 12.92</u> | <u>\$ 11.50</u> | <u>\$ 9.74</u> | <u>\$ 15.58</u> | <u>\$ 14.46</u> |
| Total Return ** | 12.35% | 18.07% | (32.37)% | 14.45% | 11.65% |
| Ratios/Supplemental Data: | | | | | |
| Net Assets at End of Period (Thousands) | \$ 3,159 | \$ 2,910 | \$ 2,376 | \$ 3,821 | \$ 3,095 |
| Ratio of Expenses to Average Net Assets | 2.19% | 2.34% | 1.90% | 1.91% | 1.89% |
| Ratio of Net Investment Income (Loss) to Average Net Assets | (0.91)% | (0.95)% | (0.19)% | (0.08)% | (0.55)% |
| Portfolio Turnover | 22.58% | 34.12% | 32.95% | 19.88% | 11.08% |

* 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 amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.

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

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

Note 1. Organization

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

Financial Accounting Standards Board Launches Accounting Standards Codification - The Financial Accounting Standards Board ("FASB") has issued FASB ASC 105 (formerly FASB Statement No. 168), The "FASB Accounting Standards Codification™" and the Hierarchy of Generally Accepted Accounting Principles ("GAAP") ("ASC 105"). ASC 105 established the FASB Accounting Standards Codification™ ("Codification" or "ASC") as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Codification supersedes all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification will become non-authoritative.

Following the Codification, the FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on the changes to the Codification.

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

GAAP is not intended to be changed as a result of the FASB's Codification project, but it will change the way the guidance is organized and presented. As a result, these changes will have a significant impact on how companies reference GAAP in their financial statements and in their accounting policies for financial statements issued for interim and annual periods ending after September 15, 2009.

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

The Fund follows the guidance of ASC 815 regarding "Disclosures about Derivative Instruments and Hedging Activities." This guidance requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effect on the Fund's financial position, performance and cash flows. The Fund did not have any activity in derivatives for the year ended December 31, 2010.

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 Advisor 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.

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

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.

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 (ASC 820) - 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 ASC 820, 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. ASC 820 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)

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

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, 2010:

GBF

| <u>Assets (b)</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------|------------------|--------------------|----------------|---------------------|
| Corporate/Government Bonds | \$ - | \$2,526,449 | - | \$ 2,526,449 |
| Short-Term Investments | <u>39,703</u> | <u>-</u> | <u>-</u> | <u>39,703</u> |
| Total | <u>\$ 39,703</u> | <u>\$2,526,449</u> | <u>-</u> | <u>\$ 2,566,152</u> |

STBF

| <u>Assets (b)</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|------------------|--------------------|----------------|---------------------|
| Corporate/Bonds | \$ - | \$1,594,475 | - | \$ 1,594,475 |
| Short-Term Investments | <u>76,158</u> | <u>-</u> | <u>-</u> | <u>76,158</u> |
| Total | <u>\$ 76,158</u> | <u>\$1,594,475</u> | <u>-</u> | <u>\$ 1,670,633</u> |

LCSF

| <u>Assets (b)</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|---------------------|----------------|----------------|---------------------|
| Common Stocks | \$ 3,095,145 | - | - | \$ 3,095,145 |
| Short-Term Investments | <u>153,819</u> | <u>-</u> | <u>-</u> | <u>153,819</u> |
| Total | <u>\$ 3,248,964</u> | <u>-</u> | <u>-</u> | <u>\$ 3,248,964</u> |

SCSF

| <u>Assets (b)</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|---------------------|----------------|----------------|---------------------|
| Common Stocks | \$ 3,291,152 | - | - | \$ 3,291,152 |
| Short-Term Investments | <u>186,795</u> | <u>-</u> | <u>-</u> | <u>186,795</u> |
| Total | <u>\$ 3,477,947</u> | <u>-</u> | <u>-</u> | <u>\$ 3,477,947</u> |

INTF

| <u>Assets (b)</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|---------------------|----------------|----------------|---------------------|
| Common Stocks | \$ 3,015,559 | - | - | \$ 3,015,559 |
| Short-Term Investments | <u>194,567</u> | <u>-</u> | <u>-</u> | <u>194,567</u> |
| Total | <u>\$ 3,210,126</u> | <u>-</u> | <u>-</u> | <u>\$ 3,210,126</u> |

ACF

| <u>Assets (b)</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------|---------------------|----------------|----------------|---------------------|
| Common Stocks | \$ 2,865,293 | - | - | \$ 2,865,293 |
| Short-Term Investments | <u>295,359</u> | <u>-</u> | <u>-</u> | <u>295,359</u> |
| Total | <u>\$ 3,160,652</u> | <u>-</u> | <u>-</u> | <u>\$ 3,160,652</u> |

(b) Refer to the Fund's Schedule of Investments for a listing of securities by security type and industry.

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

The Fund did not hold any Level 3 assets during the year ended December 31, 2010.

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.

In addition, GAAP requires management of the Fund to analyze all open tax years, fiscal years 2007-2010, as defined by IRS statute of limitations for all major industries, including federal tax authorities and certain state tax authorities. As of and during the year ended December 31, 2010, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change in the next twelve months.

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.

Subsequent Events - Management has evaluated the impact of all subsequent events through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in these financial statements.

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

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

Note 3. Investment Management Agreement and Other Transactions with Affiliates

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 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. For the year ended December 31, 2010 the Advisor earned \$8,289, \$8,742, \$26,795, \$27,103, \$26,563, and \$25,960 for the GBF, STBF, LCSF, SCSF, INTF, and ACF, respectively. As of December 31, 2010 the Fund owed the Advisor \$273, \$178, \$880, \$945, \$860, and \$853 for the GBF, STBF, LCSF, SCSF, INTF, and ACF, respectively.

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 absorbed by the investment advisor. Subsequent to December 31, 2000, the investment Advisor no longer absorbed 12b-1 fees.

Certain affiliated persons holding shares in the six portfolios purchased such shares at net asset value. Those affiliated persons held aggregate investments in the respective funds as of December 31, 2010, as follows:

| <i>Affiliates</i> | Value of Shares Owned | | | | | |
|---|------------------------------|--------------|---------------|---------------|---------------|---------------|
| | GBF | STBF | LCSF | SCSF | INTF | ACF |
| J. Andre Weisbrod, Trustee, Interested Director, Chairman, & Family | 2,646 | 1,288 | 13,688 | 17,161 | 14,737 | 26,194 |
| Employees | - | - | - | 2,513 | - | - |
| Total Value of Total Number of Shares | <u>2,646</u> | <u>1,288</u> | <u>13,688</u> | <u>19,674</u> | <u>14,737</u> | <u>26,194</u> |

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

| <i>Affiliates</i> | Value of Shares Owned | | | | | |
|--|-----------------------|-----------------|------------------|------------------|------------------|------------------|
| | <u>GBF</u> | <u>STBF</u> | <u>LCSF</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
| J. Andre Weisbrod, Trustee, Interested Director, Chairman, & Family | \$26,376 | \$11,615 | \$163,029 | \$193,233 | \$185,535 | \$338,422 |
| Employees | - | - | - | 28,298 | - | - |
| Total Value of Shares Owned | <u>\$26,376</u> | <u>\$11,615</u> | <u>\$163,029</u> | <u>\$221,531</u> | <u>\$185,535</u> | <u>\$338,422</u> |

Mr. Weisbrod is an interested director because he is an owner of the Advisor.

Aggregate annual Trustee fees were \$9,600 for 2010 and 2009.

Note 4. Capital Share Transactions

The Fund is authorized to issue an unlimited number of shares of separate series. Paid in capital at December 31, 2010 was \$2,725,214 representing 260,152 shares outstanding for the GBF, \$1,735,455 representing 187,015 shares outstanding for the STBF, \$3,177,187 representing 272,737 shares outstanding for the LCSF, \$3,737,125 representing 308,750 shares outstanding for the SCSF, \$2,446,569 representing 254,794 shares outstanding for the INTF, and \$2,756,300 representing 244,573 shares outstanding for the ACF. Transactions in capital shares for the year ended December 31, 2010 and the year ended December 31, 2009, were as follows:

| <i>Shares</i> | December 31, 2010 | | | | | |
|---|-------------------|------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>GBF</u> | <u>STBF</u> | <u>LCSF</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
| Sale of Shares | 83,165 | 42,925 | 14,299 | 34,224 | 15,684 | 23,924 |
| Shares issued on Reinvestment of Dividends | 3,976 | 6,074 | - | - | - | - |
| Shares Redeemed | <u>(49,462)</u> | <u>(208,782)</u> | <u>(19,397)</u> | <u>(28,548)</u> | <u>(25,754)</u> | <u>(32,390)</u> |
| Net Increase (Decrease) | <u>37,679</u> | <u>(159,783)</u> | <u>(5,098)</u> | <u>5,676</u> | <u>(10,070)</u> | <u>(8,466)</u> |

| <i>Dollar Value</i> | December 31, 2010 | | | | | |
|---|-------------------|----------------------|-------------------|------------------|--------------------|--------------------|
| | <u>GBF</u> | <u>STBF</u> | <u>LCSF</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
| Sale of Shares | \$833,286 | \$395,918 | \$152,700 | \$334,653 | \$174,156 | \$277,340 |
| Shares issued on Reinvestment of Dividends | 39,685 | 55,299 | - | - | - | - |
| Shares Redeemed | <u>(494,927)</u> | <u>(1,925,790)</u> | <u>(211,810)</u> | <u>(286,900)</u> | <u>(293,187)</u> | <u>(380,839)</u> |
| Net Increase (Decrease) | <u>\$ 378,044</u> | <u>\$(1,474,573)</u> | <u>\$(59,110)</u> | <u>\$47,753</u> | <u>\$(119,031)</u> | <u>\$(103,499)</u> |

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

| | December 31, 2009 | | | | | |
|--|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <u>Shares</u> | <u>GBF</u> | <u>STBF</u> | <u>LCSF</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
| 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 | <u>(63,548)</u> | <u>(84,618)</u> | <u>(24,765)</u> | <u>(27,262)</u> | <u>(25,427)</u> | <u>(18,449)</u> |
| 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> |

| | December 31, 2009 | | | | | |
|--|--------------------------|--------------------|-------------------|-------------------|------------------|------------------|
| <u>Dollar Value</u> | <u>GBF</u> | <u>STBF</u> | <u>LCSF</u> | <u>SCSF</u> | <u>INTF</u> | <u>ACF</u> |
| 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 | <u>(617,759)</u> | <u>(779,544)</u> | <u>(221,955)</u> | <u>(201,281)</u> | <u>(218,615)</u> | <u>(187,190)</u> |
| 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, 2010, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$2,121,528 and \$1,501,975 for the GBF, \$1,901,997 and \$2,553,748 for the STBF, \$1,674,119 and \$1,173,738 for the LCSF, \$796,726 and \$329,286 for the SCSF, \$483,238 and \$220,681 for the INTF, and \$1,119,747 and \$511,262 for the ACF, respectively.

Note 6. Tax Matters

At December 31, 2010, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) are as follows:

GBF

| | | |
|---------------------|---------------------|---------------------------------------|
| <u>Appreciation</u> | <u>Depreciation</u> | <u>Net Appreciation(Depreciation)</u> |
| \$62,890 | \$(9,849) | \$53,041 |

STBF

| | | |
|---------------------|---------------------|---------------------------------------|
| <u>Appreciation</u> | <u>Depreciation</u> | <u>Net Appreciation(Depreciation)</u> |
| \$21,856 | \$(2,326) | \$19,530 |

LCSF

| | | |
|---------------------|---------------------|---------------------------------------|
| <u>Appreciation</u> | <u>Depreciation</u> | <u>Net Appreciation(Depreciation)</u> |
| \$622,622 | \$(13,039) | \$609,583 |

SCSF

| | | |
|---------------------|---------------------|---------------------------------------|
| <u>Appreciation</u> | <u>Depreciation</u> | <u>Net Appreciation(Depreciation)</u> |
| \$583,532 | \$(140,654) | \$442,878 |

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

INTF

| <u>Appreciation</u> | <u>Depreciation</u> | <u>Net Appreciation(Depreciation)</u> |
|---------------------|---------------------|---------------------------------------|
| \$904,042 | \$(27,898) | \$876,144 |

ACF

| <u>Appreciation</u> | <u>Depreciation</u> | <u>Net Appreciation(Depreciation)</u> |
|---------------------|---------------------|---------------------------------------|
| \$668,350 | \$(47,560) | \$620,790 |

As of December 31, 2010, the components of distributable earnings on a tax basis were as follows:

| | | |
|--|----|--------------|
| GBF | | <u>Value</u> |
| Undistributed ordinary income | \$ | (946) |
| Undistributed capital loss | | (184,856) |
| Unrealized appreciation on investments | | 53,041 |
| STBF | | <u>Value</u> |
| Undistributed ordinary loss | \$ | (50,196) |
| Undistributed capital loss | | (17,959) |
| Unrealized appreciation on investments | | 19,530 |
| LCSF | | <u>Value</u> |
| Undistributed ordinary loss | \$ | (252,402) |
| Undistributed capital loss | | (286,661) |
| Unrealized depreciation on investments | | 609,583 |
| SCSF | | <u>Value</u> |
| Undistributed ordinary loss | \$ | (378,802) |
| Undistributed capital loss | | (324,597) |
| Unrealized depreciation on investments | | 442,878 |
| INTF | | <u>Value</u> |
| Undistributed ordinary loss | \$ | (109,872) |
| Undistributed capital loss | | (4,337) |
| Unrealized appreciation on investments | | 876,144 |
| ACF | | <u>Value</u> |
| Undistributed ordinary loss | \$ | (117,194) |
| Undistributed capital loss | | (100,498) |
| Unrealized appreciation on investments | | 620,790 |

STAAR INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2010

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 2010 and 2009 are as follows:

For the year ended December 31, 2010 the GBF paid an ordinary distribution of \$39,901.

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 year ended December 31, 2010 the STBF paid an ordinary distribution of \$12,772 and a return of capital distribution of \$42,851 for a total distribution of \$55,623.

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, 2010, 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> |
|----------------------|-------------------|------------------|-------------------|-------------------|-----------------|-------------------|
| 2011 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2012 | - | 1,315 | - | - | - | - |
| 2013 | - | - | - | - | - | - |
| 2014 | - | - | - | - | - | - |
| 2015 | 129,661 | - | 123,646 | 262,162 | - | - |
| 2016 | 55,195 | 16,644 | 45,409 | 62,435 | 4,337 | 100,498 |
| 2017 | - | - | 117,606 | - | - | - |
| | <u>\$ 184,856</u> | <u>\$ 17,959</u> | <u>\$ 286,661</u> | <u>\$ 324,597</u> | <u>\$ 4,337</u> | <u>\$ 100,498</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.

STAAR INVESTMENT TRUST

AUDITOR'S OPINION
DECEMBER 31, 2010

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, 2010, 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, 2010 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, 2010, 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 23, 2011

STAAR INVESTMENT TRUST

EXPENSE ILLUSTRATION
DECEMBER 31, 2010 (UNAUDITED)

Expense Example

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, 2010 through December 31, 2010.

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.

STAAR INVESTMENT TRUST

EXPENSE ILLUSTRATION (CONTINUED)
DECEMBER 31, 2010 (UNAUDITED)

| | Bond | | |
|---|--|---------------------------------|--|
| | Beginning Account Value | Ending Account Value | Expenses Paid During the Period* |
| | <u>July 1, 2010</u> | <u>December 31, 2010</u> | <u>July 1, 2010 to December 31, 2010</u> |
| Actual | \$1,000.00 | \$1,009.45 | \$8.61 |
| Hypothetical (5% Annual Return before expenses) | \$1,000.00 | \$1,016.64 | \$8.64 |

* Expenses are equal to the Fund's annualized expense ratio of 1.70%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

| | Short-Term | | |
|---|--|---------------------------------|--|
| | Beginning Account Value | Ending Account Value | Expenses Paid During the Period* |
| | <u>July 1, 2010</u> | <u>December 31, 2010</u> | <u>July 1, 2010 to December 31, 2010</u> |
| Actual | \$1,000.00 | \$1,006.68 | \$9.10 |
| Hypothetical (5% Annual Return before expenses) | \$1,000.00 | \$1,016.13 | \$9.15 |

* Expenses are equal to the Fund's annualized expense ratio of 1.80%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

| | Larger Company | | |
|---|--|---------------------------------|--|
| | Beginning Account Value | Ending Account Value | Expenses Paid During the Period* |
| | <u>July 1, 2010</u> | <u>December 31, 2010</u> | <u>July 1, 2010 to December 31, 2010</u> |
| Actual | \$1,000.00 | \$1,201.82 | \$12.15 |
| Hypothetical (5% Annual Return before expenses) | \$1,000.00 | \$1,014.17 | \$11.12 |

* Expenses are equal to the Fund's annualized expense ratio of 2.19%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

STAAR INVESTMENT TRUST

EXPENSE ILLUSTRATION (CONTINUED)
DECEMBER 31, 2010 (UNAUDITED)

| | Smaller Company | | |
|---|--|---------------------------------|--|
| | Beginning Account Value | Ending Account Value | Expenses Paid During the Period* |
| | <u>July 1, 2010</u> | <u>December 31, 2010</u> | <u>July 1, 2010 to December 31, 2010</u> |
| Actual | \$1,000.00 | \$1,234.65 | \$12.17 |
| Hypothetical (5% Annual Return before expenses) | \$1,000.00 | \$1,014.32 | \$10.97 |

* Expenses are equal to the Fund's annualized expense ratio of 2.16%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

| | International | | |
|---|--|---------------------------------|--|
| | Beginning Account Value | Ending Account Value | Expenses Paid During the Period* |
| | <u>July 1, 2010</u> | <u>December 31, 2010</u> | <u>July 1, 2010 to December 31, 2010</u> |
| Actual | \$1,000.00 | \$1,219.96 | \$12.14 |
| Hypothetical (5% Annual Return before expenses) | \$1,000.00 | \$1,014.27 | \$11.02 |

* Expenses are equal to the Fund's annualized expense ratio of 2.18%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

| | Alternative | | |
|---|--|---------------------------------|--|
| | Beginning Account Value | Ending Account Value | Expenses Paid During the Period* |
| | <u>July 1, 2010</u> | <u>December 31, 2010</u> | <u>July 1, 2010 to December 31, 2010</u> |
| Actual | \$1,000.00 | \$1,200.74 | \$12.15 |
| Hypothetical (5% Annual Return before expenses) | \$1,000.00 | \$1,014.17 | \$11.12 |

* Expenses are equal to the Fund's annualized expense ratio of 2.19%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

STAAR INVESTMENT TRUST

TRUSTEES & OFFICERS
DECEMBER 31, 2010 (UNAUDITED)

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 * 1122 Church Street Ambridge, PA 15003, 58 | Trustee | Continuous, 10 yrs. | 1 Series Trust (6 Funds) | Accountant, None |
| Thomas J. Smith * 736 Beaver Street Sewickley, PA 15143, 72 | Trustee | Continuous, 11 yrs. | 1 Series Trust (6 Funds) | Advertising/Marketing Consulting, None |
| Jeffrey A. Dewhirst 453 Washington Street Leetsdale, PA 15056, 62 | Secretary/ Trustee | Continuous, 15 yrs. | 1 Series Trust (6 Funds) | Investment Banker, None |

* Audit Committee members

STAAR INVESTMENT TRUST

TRUSTEES & OFFICERS (CONTINUED)
DECEMBER 31, 2010 (UNAUDITED)

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.

STAAR INVESTMENT TRUST

TRUSTEES & OFFICERS (CONTINUED)
DECEMBER 31, 2010 (UNAUDITED)

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 61 | Indeterminate / 15 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 62 | Indeterminate / 15 Years | Trustee, Secretary, Independent Director | Investment Banker, Principal, Dewhirst Capital Corporation |
| Thomas J. Smith, 736 Beaver St., Sewickley, PA 15141, Age 72 | Indeterminate / 11 Years | Trustee, Independent Director | Advertising/marketing Consultant |
| Richard Levkoy, 1122 Church St., Ambridge, PA 15003, Age 58 | Indeterminate / 10 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

STAAR INVESTMENT TRUST

TRUSTEES & OFFICERS (CONTINUED) DECEMBER 31, 2010 (UNAUDITED)

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

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.

STAAR INVESTMENT TRUST

TRUSTEES & OFFICERS (CONTINUED) DECEMBER 31, 2010 (UNAUDITED)

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 2010.

\$ 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.

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.

STAAR INVESTMENT TRUST

ADDITIONAL INFORMATION
DECEMBER 31, 2010 (UNAUDITED)

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.

Board of Trustees

Jeffrey A. Dewhirst
Richard Levkoy
Thomas Smith
J. Andre Weisbrod

Investment Adviser

STAAR Financial Advisors, Inc.
604 McKnight Park Dr.
Pittsburgh, PA 15237

**Dividend Paying Agent,
Shareholders' Servicing Agent,
Transfer Agent**

Mutual Shareholder Services, LLC
8000 Town Centre Drive, Suite 400
Broadview Heights, OH 44147

Custodian

The Huntington National Bank
7 Easton Oval, Columbus, Ohio 43219

Independent Registered Public Accounting Firm

Carson & Co., LLC
400 Broad Street
First Floor, Suite 1006
Sewickley, PA 15143

This report is provided for the general information of the shareholders of the STAAR Investment Trust. This report is not intended for distribution to prospective investors in the fund, unless preceded or accompanied by an effective prospectus.
