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# ANNUAL REPORT



Staar Alternative Categories Fund	(SITAX)
Staar General Bond Fund	(SITGX)
Staar International Fund	(SITIX)
Staar Larger Company Stock Fund	(SITLX)
Staar Short-Term Bond Fund	(SITBX)
Staar Smaller Company Stock Fund	(SITSX)

**December 31, 2016**

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# STAAR INVESTMENT TRUST

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## LETTER TO SHAREHOLDERS

DECEMBER 31, 2016 (UNAUDITED)

Dear Shareholders,

Last year was an interesting year culminated by the presidential election and controversy surrounding it. The end of the year for stock markets was surprisingly robust, but to achieve the highest returns you had to be in exactly the right stocks or indexes. Bond markets were more difficult as the reality of rising interest rates caused bond values to retreat a bit toward the end of the year. Still, overall it was a positive year for most asset classes.

We went into the last quarter of 2016 with a conservative bias that resulted in fewer gains at year end in the stock funds. Anticipating rising interest rates, we have kept average maturities short, which is a positive as rates rise.

Regarding performance:

- The “Trump Rally” has taken markets to all-time highs. But the rally is somewhat less than it might appear. If you did not own the top 3-5 stocks of the Dow Jones Industrial Index, you made much less and only a third actually did much better than the average from the election through December.
- Index returns are not representative of most investor portfolios. For good reason most investors are diversified and are invested according to personal objectives, and direct comparison to any one index is not appropriate. If you are diversified among sectors, including international, and balanced with bonds and cash, it would be unrealistic to have achieved double-digit returns in 2016. A classic “balanced” portfolio having 1/3 in cash/bonds and 2/3 invested broadly in large, small and international stocks might have returned, after expenses, 4-8% in 2016 depending on actual weighting to sectors.

Diversified Portfolio 2016 (33% Bonds & Cash)		
USTREAS T-Bill Auction Ave 3 Mon	0.34%	
BBgBarc US Govt/Credit 1-3 Yr TR USD	1.28%	
BBgBarc US Govt/Credit Intern Yr TR US	2.08%	33% bonds/cash
S&P 500 TR USD	14.80%	
NASDAQ Composite TR USD	8.87%	22.2% Lgstck
Russell 2000 TR USD	21.31%	11.1% 5m Stck
MSCI EAFE NR USD (Intl Developed)	1.00%	
Credit Suisse Emerging Mkts USD	4.47%	22.2 Intl
DJ US Select REIT TR USD	6.68%	11.1% RE
	6.76%	
Less typical portfolio expenses	-1.25%	
	5.51%	
MSCI ACWI NR USD (World Stock)	7.86%	70% alloc
BBgBarc US Govt/Credit Intern Yr TR US	2.08%	30% alloc
2/3 World Stock & 1/3 Bonds	5.91%	
Less typical portfolio expenses	-1.25%	
	4.66%	

Regarding the Future:

- PE Ratios and other valuation measures are historically high. Can business growth increase enough to support current valuations?
- The current bull market is a bit long in the tooth at almost 8 years and the second longest in modern history. Only the 1987-1999 was longer.
- There are positive factors that could keep the market going up, especially if the Trump administration emphatically moves to enact its business-friendly and middle class relief agenda items. Such could stimulate a continued market upturn.

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## LETTER TO SHAREHOLDERS (CONTINUED)

DECEMBER 31, 2016 (UNAUDITED)

- But we think risks outweigh rewards. Risk Management and sound financial planning are likely to be the key to success going forward.

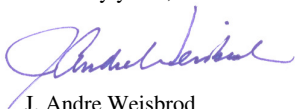
Here are some questions to consider:

1. Is your cash flow (budget) under control?
2. Are you on the right career or retirement/independence path?
3. If you are not retired, are you saving and investing enough every month to meet your needs in retirement? Do you know how much you will need? Do you know how much you need to save and invest and what return you will need to make to reach your goals?
4. Have you even defined your goals? What do you want to accomplish with the rest of your life?
5. If you are in retirement, are your income-producing assets allocated in a manner that meets income needs, walls in risks, and gives you a reasonable probability that you will not outlive your money?
6. Do you have...
  - a. A list of defined objectives? Personal, business, family, ministry and charity?
  - b. A strategy to control cash flow and minimize taxes?
  - c. A coordinated plan to take care of risks, including investment and assets, health, disability, property, auto, liability, business, family, and death?
  - d. A realistic investment plan that fits your own objectives?
  - e. An understanding of financial products that allows you to make wise decisions independent of sales people?
  - f. An estate strategy, including best forms of ownership, beneficiaries, wills, and trusts as are beneficial to you and your heirs?
  - g. In other words an overall financial plan based on sound principles and timeless wisdom?

If you would like help with your personal or business planning, please give us a call and set up a meeting. It can be very wise to go over the basics and make sure your organization and planning is the way you want it to be. We are happy to meet with you for up to an hour with no cost or obligation.

Thank you for your continued confidence and trust.

Sincerely yours,



J. Andre Weisbrod

Chairman, STAAR Investment Trust Board of TTEEs  
CEO, STAAR Financial Advisors, Inc., Adviser to the Funds

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# STAAR INVESTMENT TRUST

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## MANAGEMENT DISCUSSION OF PERFORMANCE DECEMBER 31, 2016 (UNAUDITED)

For a review of the overall markets and index performance, please read the Letter to Shareholders at the beginning of this report.

### **AltCat Fund Management Discussion of Performance**

The AltCat Fund experienced a +2.9% return for 2016. This trailed the MSCI ACWI world stock capital weighted index (+7.9%) and the Morningstar World Stock Funds average (+5.5%). The difference was due to a higher than normal cash equivalent in the fund. We think the risks in global stocks has increased and therefore are being more conservative and we did not emphasize some of the narrow investment areas that saw the big post-election gains. Investors should understand that the AltCat Fund does not fit neatly into any category. It is flexibly managed and utilizes a wider scope of categories to maximize diversity, including emerging markets large and small company stocks and funds, and alternative investments such as precious metals, short ETFs, and others that may not be represented in the benchmark indexes. Overall, we are not satisfied with the performance and are working hard to evaluate and choose positions in 2017.

Markets and sectors have continued to experience volatility and large computer trading activities have skewed behavior in many areas. We are not day traders or short-term momentum investors. As with all our stock funds, we are seeking to organize our portfolio so as to achieve good long term returns in line with our objectives with an eye to cautious risk management. We are looking ahead three to five years and are willing to look short-term stupid if we are long-term right.

Among our best performing major positions owned at the beginning of the year were Venture Foods (+38.7%), Eastgroup Properties (+37.2%), Franklin Natural Resources Fund (+34.6%), Vanguard Energy Fund (+33.1%), WisdomTree SmallCap Dividend Fund (+31.1%), iShares North American Natural Resources ETF (+30.1%), Northern Trust Co. (+25.6%), One Liberty Properties (+24.8%), Huntington Bancshares Inc. (+22.2%), and iShares S&P Small-Cap 600 Growth ETF (+22.0%).

During the year we added SPDR Gold Shares ETF, AT&T Inc., SPDR S&P 500 High Div. Low Volatility ETF and a few others that have provided decent returns.

Among the disappointing major positions were iShares Nasdaq Biotechnology ETF (-21.5%), United Guardian Inc. (-15.1%), Bristol Myers Squibb (-13.4%), VF Corp (-11.8%), Vanguard Health Care Fund (-9.0%), HCP Inc. (-6.9%) and iShares Global Health Care ETF (-6.2%). During the year we also took some short positions to protect the portfolio, which resulted in losses.

### **General Bond Fund Management Discussion of Performance**

The Fund generated a +1.6% return for 2016, which trailed the Barclays US Gov't/Credit 1-5 Year Total Return Index (+2.1%). Since our average maturity is under three years, this fund is more comparable to short term bond funds and the Barclay's Gov't/Credit 1-3 Year Aaa Index (+1.3%), which the GBF exceeded. Our objective is to create a reasonable total return with less risk than most intermediate and long term bond funds.

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## MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

With interest rates likely to rise in coming years, we think it prudent to keep average maturities and duration toward the short term side, and we are satisfied that the 2016 return is representative of our objectives and that the portfolio is well positioned to weather rising interest rates.

### **International Fund Management Discussion of Performance**

International stocks continued to experience difficulties as many countries undergo significant economic stress. However, foreign stock markets rebounded in the last half of 2016. The INTF was virtually even for the year at -0.1%, which trailed the EAFE International Index (+1.0%) and the Morningstar Foreign Large Blend Funds average (+.8%).

We continue to think many of the International markets are undervalued while the U.S. markets are a bit overvalued. Barring a world-wide recession, we think International stocks have a larger upside than U.S. stocks. And if the dollar retreats, International investments will benefit going forward. We cannot predict when the trend will reverse, but it would seem likely. The entire universe seeks equilibrium, and if all else is equal, currencies, stock markets and the economies in which they exist are subject similarly to correction of extremes.

An International allocation is appropriate for most investor portfolios. Not only will there be times when foreign economies and companies do better than the U.S., but International positions help hedge portfolio values against currency valuation risks.

Among our best performing major positions owned at the beginning of the year were Statoil ASA ADR (+37.0%), Templeton Developing Markets Fund (+17.8%), WisdomTree SmallCap Dividend ETF (14.9%), Accenture PLC A (+14.3%), BLDRS Emerging Markets 50 ETF (+12.6%), iShares Australia ETF (+11.1%), and WisdomTree International Small Cap Dividend ETF (+7.0%). We also added SPDR S&P International Dividend ETF during the year, which experienced a positive return.

Underperformers included Calamos International Growth Fund (-6.2%), First Trust Dorsey Wright Int'l Focus ETF (-3.7%), Putnam Int'l Capital Opportunities Fund (-2.9%), Diageo PLC ADR (-1.9%), and Harbor International Fund (+0.3%). We also took some short positions during the year that had a negative effect on performance.

### **Larger Company Stock Fund Management Discussion of Performance**

The LCSF gained +5.00% in 2016, trailing the S&P 500 (+11.96%). This trailed the S&P 500 (+3.84%) and the Morningstar Large Blend Funds average (+10.37%). The major difference was due to a larger cash equivalent position and emphasis on more conservative "value"/income-oriented positions that did not participate in the yearend rally. We are not satisfied with this performance and are working to re-evaluate and make adjustments to the portfolio in 2017.

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# STAAR INVESTMENT TRUST

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## MANAGEMENT DISCUSSION OF PERFORMANCE (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

Among the better performing positions were Microchip Technology Inc. (+40.9%), Verizon Communications (+20.4%), iShares U.S. Utilities ETF (+16.5%), First Trust Cloud Computing ETF (+15.4%), Mairs & Power Growth Fund (+15.4%), Johnson & Johnson (+15.2%), and Franklin Rising Dividends Fund (+14.4%). During the year we added AT&T Inc., SPDR S&P 500 High Div. Low Volatility ETF and a few others that provided helpful returns.

Underperforming major holdings included iShares NASDAQ Biotechnology ETF (-21.5%), VF Corp (-11.8%), Kimberly-Clark Corp (-7.5%), HCP Inc. (-6.9%), Brown Advisory Growth Fund (-3.0%), iShares U.S. Health Care ETF (-2.8%), Zix Corp (-2.8%), Costco Wholesale Corp (+0.2%), PPL Corp (+4.2%), and Consumer Staples Select Sector ETF (+5.0%). In the second half of the year we added some short ETFs for risk management purposes that hindered performance.

### **Short Term Bond Fund Management Discussion of Performance**

The Fund performed in line with its objectives with a 0.11% total return. Our approach to this Fund's management is to provide an alternative to a money market fund, since most of our shareholders use this fund as a short-term conservative option and a place to hold funds until ready to invest them in one of the stock funds. Overall that purpose has been successfully fulfilled, except that we were unable to make any interest distributions. Going forward we see short-term interest gradually rising over the next couple years. In the interest of helping this Fund fulfill its purpose better, the Adviser has waived its management fees since mid 2014, and will continue to do so until it can generate interest distributions.

### **Smaller Company Stock Fund Management Discussion of Performance**

The SCSF gained +17.3% in the first half of 2016 compared to +21.3% for the Russell 2000 and +20.8% for the Morningstar Small Blend Funds average. Our cash position and risk management strategy held the fund back as small caps surged after the election. We were frankly surprised by the magnitude of the rally. Though the fund participated and had a double digit return, we are working to adjust the portfolio in 2017 for better comparative performance going forward.

Our best performing positions were Inventure Foods (+38.7%), Eastgroup Properties Inc (+37.2%), iShares Russell 2000 Value ETF (+31.6%), WidomTree SmallCap Dividend ETF (+31.1%), Watsco (+29.5%), Franklin Microcap Value Fund (+28.9%), One Liberty Properties (+24.8%), and Aberdeen US Small Cap Equity Fund (+23.3%).

Underperforming major positions included United Guardian (-15.1%), Zix Corp (-26.2%), Acorn Z Fund (-10.4%), and Touchtone Small Cap Y Fund (-11.4%). In the second half of the year we added some short ETFs for risk management purposes that hindered performance.

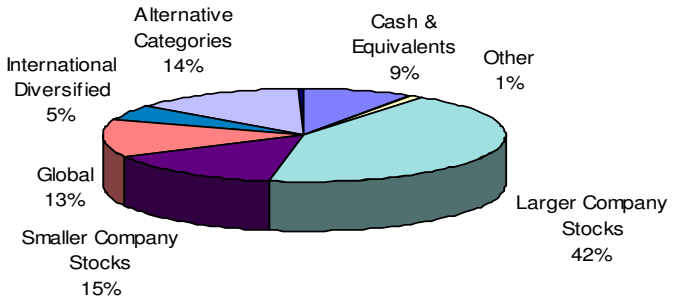
# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

GRAPHICAL ILLUSTRATION  
DECEMBER 31, 2016 (UNAUDITED)

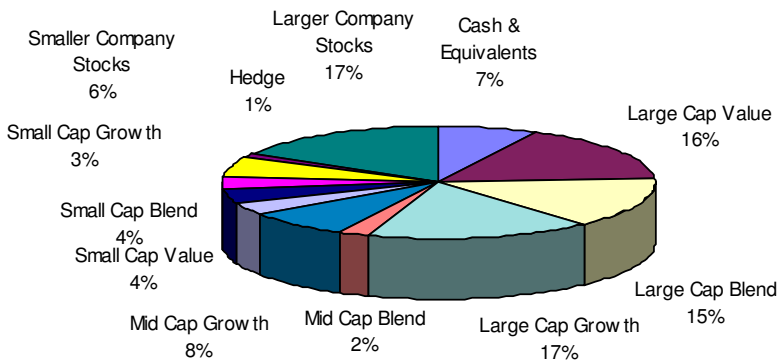
### Breakdown By General Asset Type

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



### Breakdown By Management Style

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



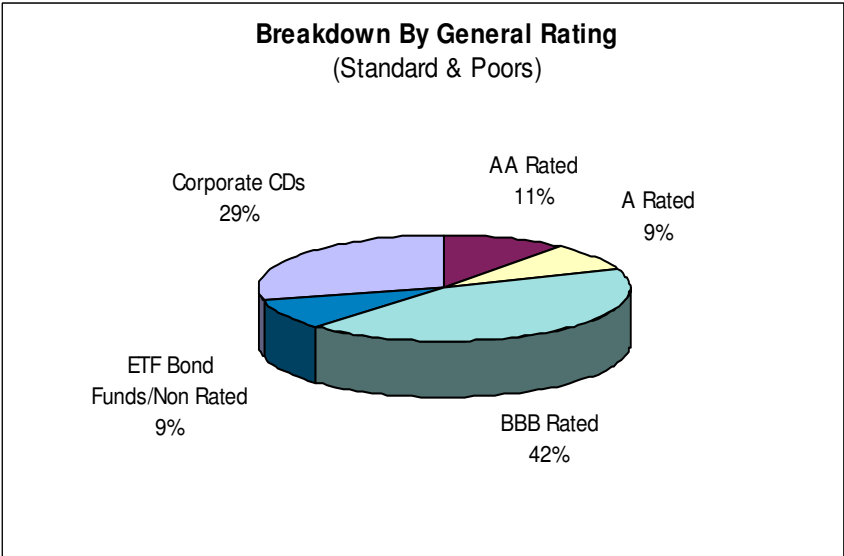
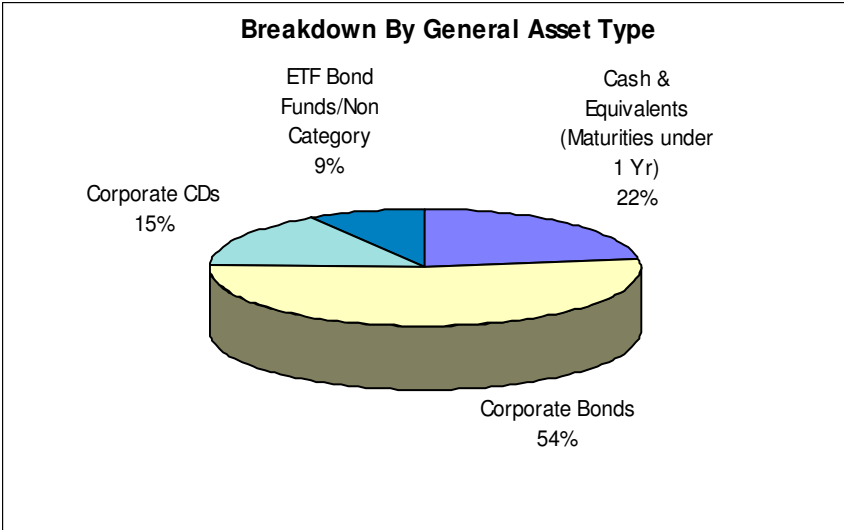
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# STAAR INVESTMENT TRUST

## STAAR GENERAL BOND FUND

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GRAPHICAL ILLUSTRATION  
DECEMBER 31, 2016 (UNAUDITED)

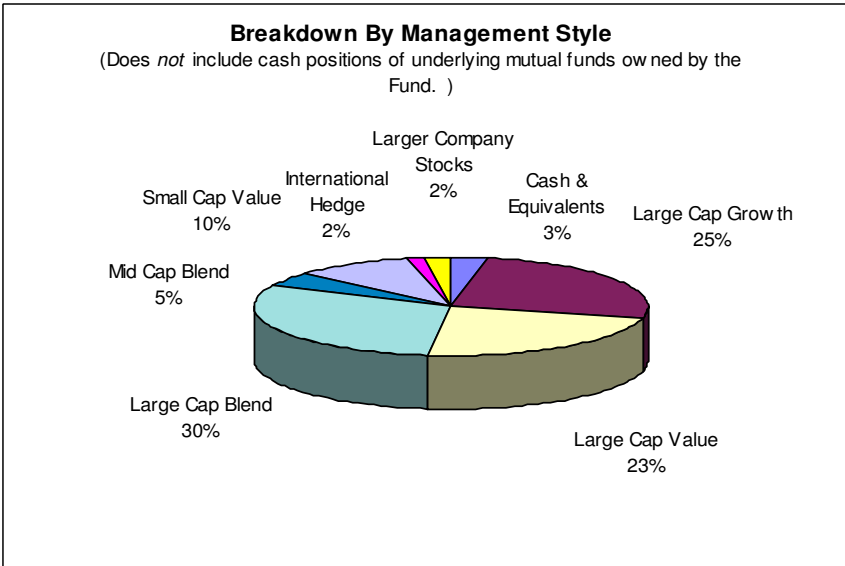
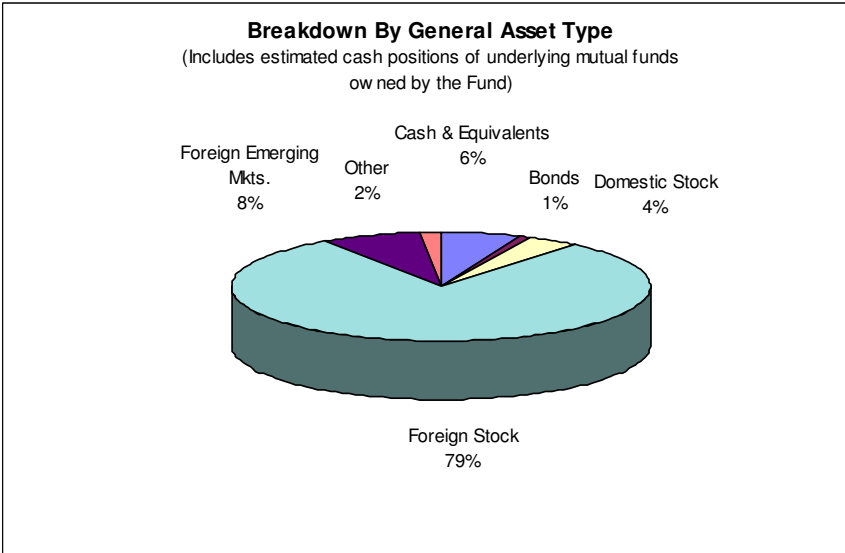




# STAAR INVESTMENT TRUST

## STAAR INTERNATIONAL FUND

GRAPHICAL ILLUSTRATION  
 DECEMBER 31, 2016 (UNAUDITED)



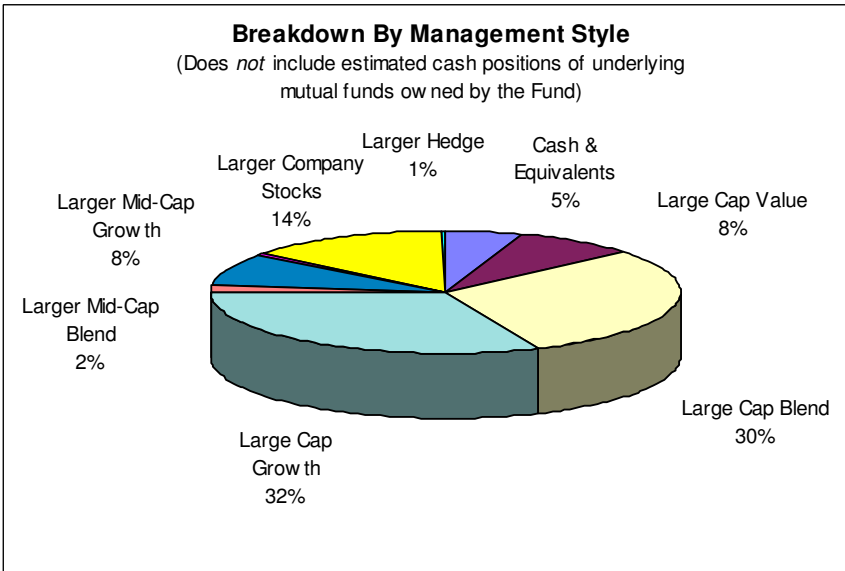
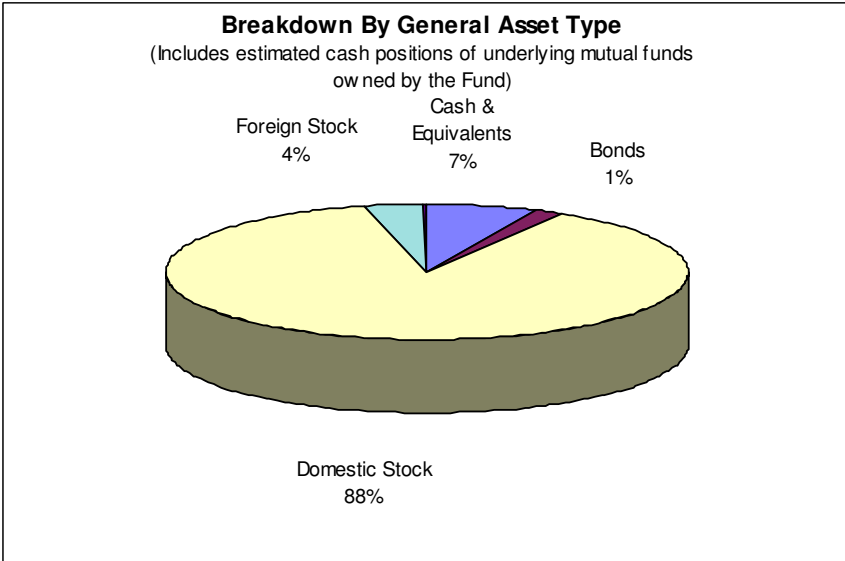
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# STAAR INVESTMENT TRUST

## STAAR LARGER COMPANY STOCK FUND

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GRAPHICAL ILLUSTRATION  
December 31, 2016 (UNAUDITED)



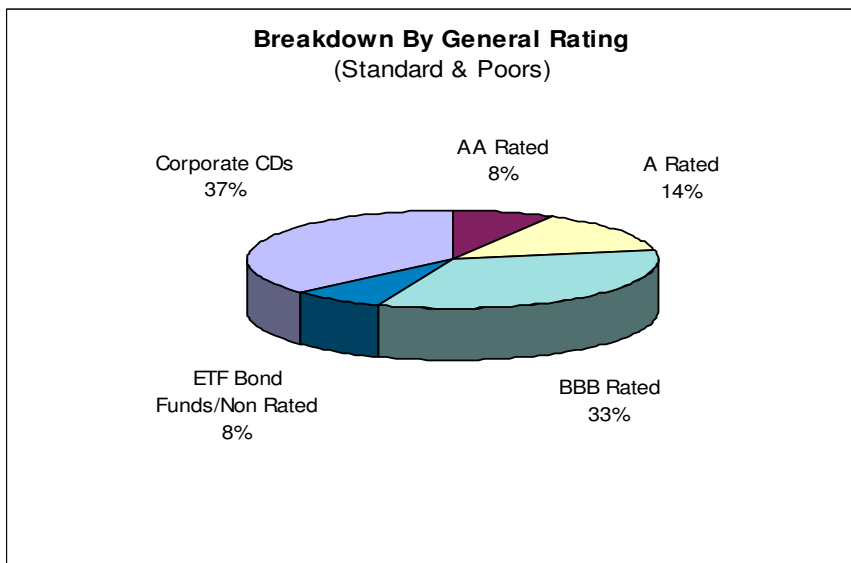
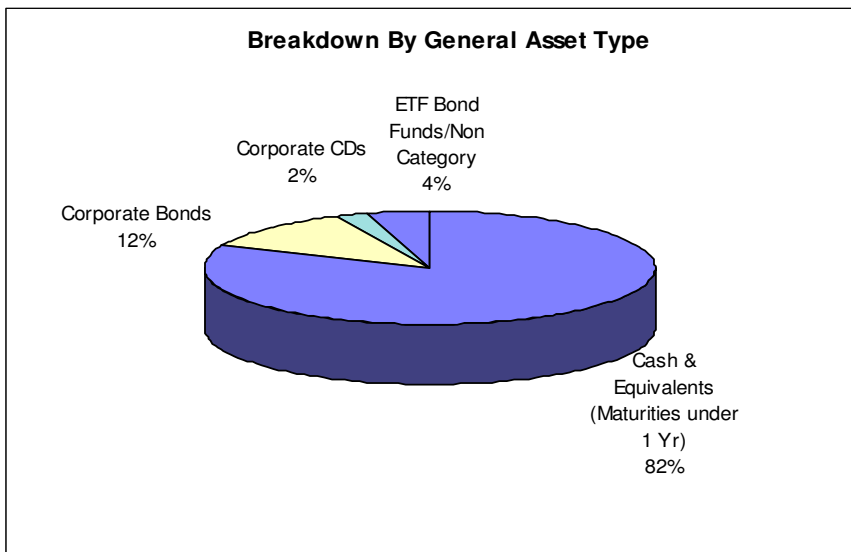
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# STAAR INVESTMENT TRUST

## STAAR SHORT-TERM BOND FUND

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GRAPHICAL ILLUSTRATION  
DECEMBER 31, 2016 (UNAUDITED)



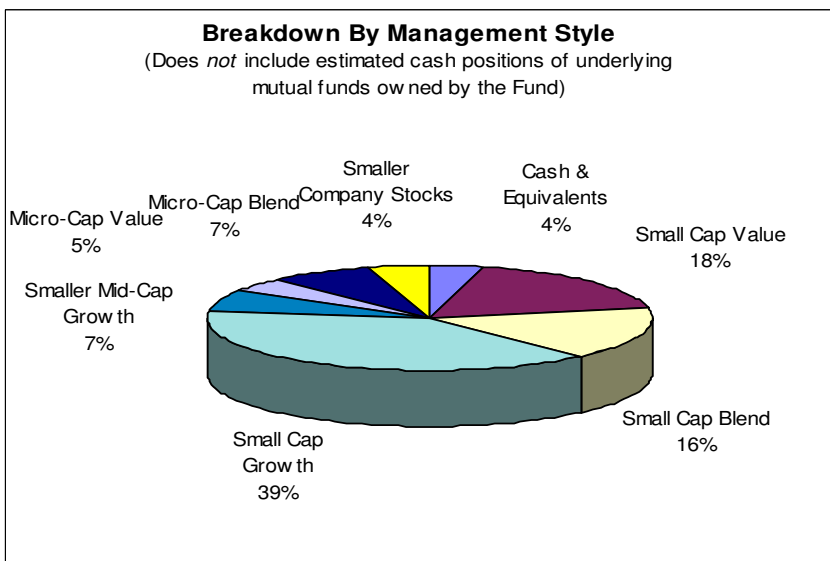
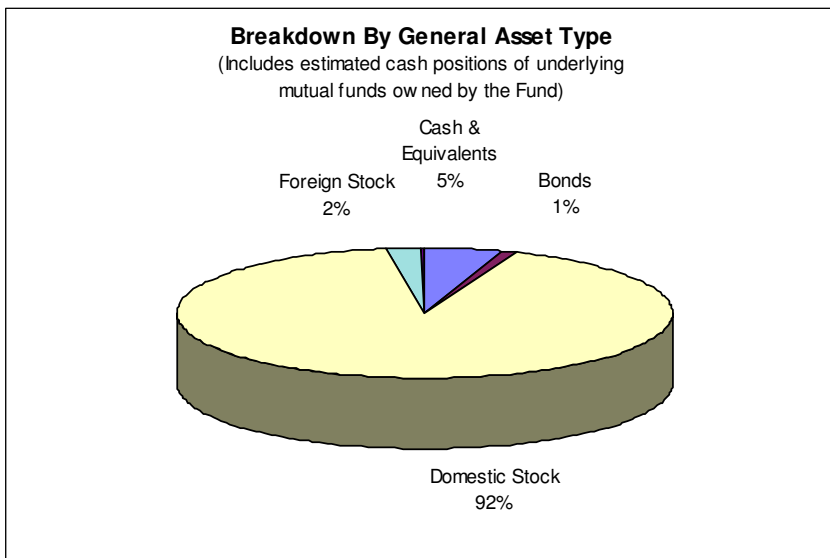
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# STAAR INVESTMENT TRUST

## STAAR SMALLER COMPANY STOCK FUND

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GRAPHICAL ILLUSTRATION  
DECEMBER 31, 2016 (UNAUDITED)



# STAAR INVESTMENT TRUST

## PERFORMANCE ILLUSTRATION

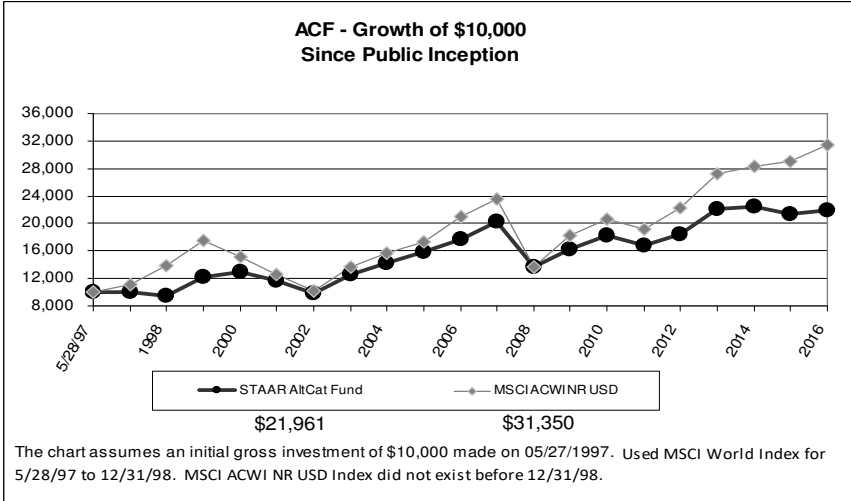
DECEMBER 31, 2016 (UNAUDITED)

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

For periods ending 12/31/16	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR AltCat Fund (ACF)</b>	<b>+0.25%</b>	<b>+2.87%</b>	<b>+2.87%</b>	<b>-0.09%</b>	<b>+5.49%</b>	<b>+2.19%</b>	<b>+4.09%</b>	<b>+4.31%</b>
MSCI ACWI NR USD Index *	+1.19%	+7.86%	+7.86%	+3.13%	+9.36%	+3.56%	N/A	N/A
S&P 500 Index	+3.82%	+11.96%	+11.96%	+8.87%	+14.66%	+6.95%	+7.07%	+8.11%
Morningstar World Stock Funds Index	-0.37%	+5.54%	+5.54%	+2.10%	+9.24%	+3.66%	+5.37%	+5.92%

\*While the Fund, by design, does not necessarily correlate closely with any index in any given year, the MSCI ACWI USD Index is considered by management as a closer fit to the AltCat Fund than other indexes. Over the years the exposure to international stocks has risen and generally ranges between 20% and 35%. Therefore a world stock index will fit better with this Fund.

Returns shown include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. **The above past performance is not predictive of future results.** The investment return and principal value of the Funds will fluctuate so that your shares, then redeemed, may be worth more or less than their original cost.



<sup>1</sup> 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.

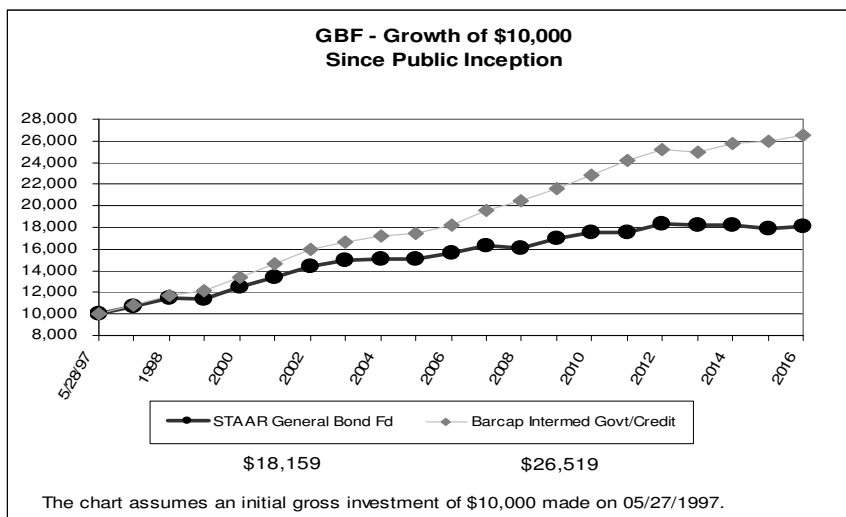
# STAAR INVESTMENT TRUST

## PERFORMANCE ILLUSTRATION (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

**STAAR General Bond Fund (SITGX)**-- *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 12/31/16	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR General Bond Fund (GBF)</b>	<b>-0.47%</b>	<b>+1.58%</b>	<b>+1.58%</b>	<b>-0.18%</b>	<b>+0.67%</b>	<b>+1.51%</b>	<b>+3.05%</b>	<b>+3.01%</b>
Barcap Intermed Gov/Cred Index	-2.07%	+2.08%	+2.08%	+2.09%	+1.85%	+3.84%	+4.84%	+4.88%
Morningstar Intermed-Term Bd Fd Avg	-2.54%	+3.23%	+3.23%	+2.73%	+2.61%	+4.10%	+4.68%	+4.73%

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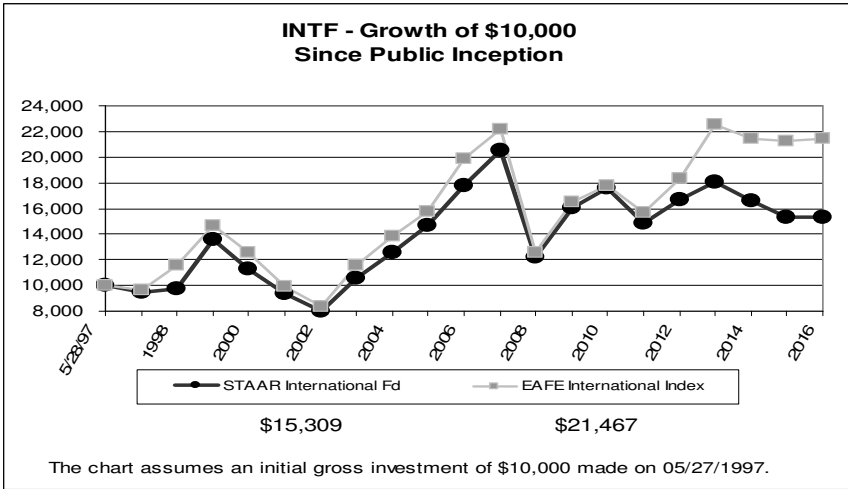
# STAAR INVESTMENT TRUST

## PERFORMANCE ILLUSTRATION (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

**International Fund (SITIX)** -- 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 12/31/16	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR International Fund (INTF)</b>	-3.31%	-0.10%	-0.10%	-5.33%	+0.58%	-1.49%	+2.18%	+2.98%
EAFE Index	-0.71%	+1.00%	+1.00%	-1.60%	+6.53%	+0.75%	+4.31%	+4.17%
Morningstar Foreign Large Blend Fds Avg	-2.22%	+0.79%	+0.79%	-2.10%	+5.75%	+0.54%	+3.12%	+3.56%

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# STAAR INVESTMENT TRUST

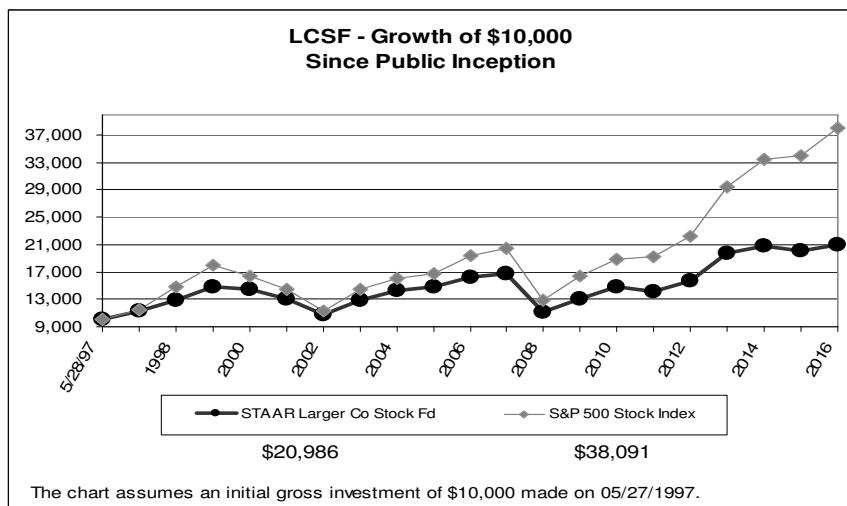
## PERFORMANCE ILLUSTRATION (CONTINUED)

DECEMBER 31, 2016 (UNAUDITED)

**Larger Company Stock Fund (SITLX)** -- 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 12/31/16	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 (LCSF)	-0.01%	+5.00%	+5.00%	+2.29%	+8.31%	+2.67%	+3.86%	+4.61%
S&P 500 Index	+3.82%	+11.96%	+11.96%	+8.87%	+14.66%	+6.95%	+7.07%	+8.11%
Morningstar Large Blend Fds Avg	+3.86%	+10.37%	+10.37%	+6.80%	+13.18%	+6.07%	+5.88%	+6.76%

Returns shown include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. **The above past performance is not predictive of future results.** The investment return and principal value of the Funds will fluctuate so that your shares, then redeemed, may be worth more or less than their original cost.



<sup>1</sup> 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.



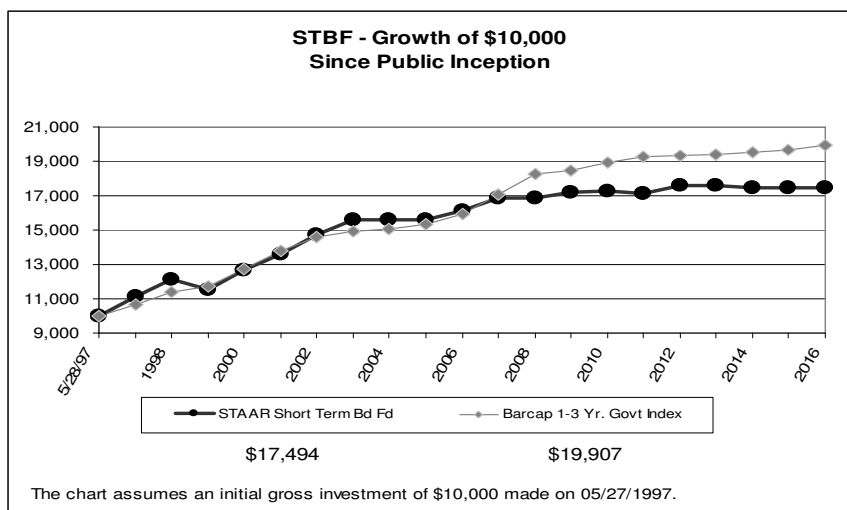
# STAAR INVESTMENT TRUST

## PERFORMANCE ILLUSTRATION (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

**STAAR Short Term Bond Fund (SITBX)** -- 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 12/31/16	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 Short Term Bond Fund (STBF)	-0.11%	+0.11%	+0.11%	-0.22%	+0.40%	+0.82%	+2.89%	+2.94%
Barcap 1-3 Year US Govt Index	-0.39%	+1.28%	+1.28%	+0.90%	+0.92%	+2.44%	+3.68%	+3.80%
Morningstar Short-Term Bd Fd Avg	-0.49%	+2.08%	+2.08%	+1.06%	+1.46%	+2.55%	+3.27%	+3.38%

Returns shown include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. **The above past performance is not predictive of future results.** The investment return and principal value of the Funds will fluctuate so that your shares, then redeemed, may be worth more or less than their original cost.



<sup>1</sup> 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.

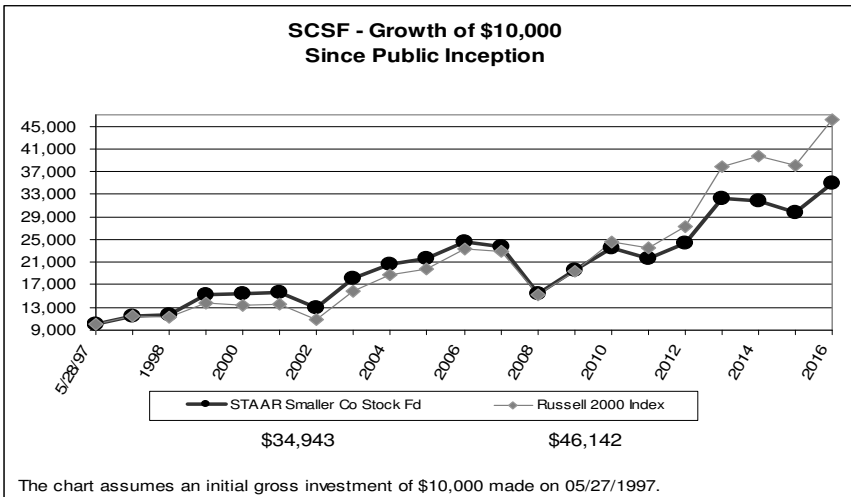
# STAAR INVESTMENT TRUST

## PERFORMANCE ILLUSTRATION (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

**Smaller Company Stock Fund (SITSX) --** 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 12/31/16	Last Quarter	Year-to-Date	One Year	Three Year Avg. Annual Return	Five Year Avg. Annual Return	Ten Year Avg. Annual Return	Since Public Inception (5/28/97)	Since Private Inception (4/4/96)
<b>STAAR Smaller Company Stock Fund (SCSF)</b>	<b>+8.36%</b>	<b>+17.34%</b>	<b>+17.34%</b>	<b>+2.67%</b>	<b>+10.03%</b>	<b>+3.55%</b>	<b>+6.57%</b>	<b>+6.60%</b>
Russell 2000 Index	+8.83%	+21.31%	+21.31%	+6.74%	+14.46%	+7.07%	+8.19%	+8.43%
Morningstar Small Blend Fds Avg	+9.49%	+20.78%	+20.78%	+5.89%	+13.52%	+6.79%	+8.96%	+9.32%

Returns shown include the reinvestment of all dividends, but do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. **The above past performance is not predictive of future results.** The investment return and principal value of the Funds will fluctuate so that your shares, then redeemed, may be worth more or less than their original cost.



<sup>1</sup> 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](http://www.staarfunds.com)

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# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

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### SCHEDULE OF INVESTMENTS

DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>COMMON STOCKS - 17.46%</b>	
<b>Beverages - 0.97%</b>	
250 Diageo Plc. ADR	\$ 25,985
<b>Communications Services, NEC - 0.48%</b>	
300 AT&T, Inc.	12,759
<b>Electric Services - 2.25%</b>	
900 PPL Corp.	30,645
600 Southern Co.	29,514
	60,159
<b>Electronic Computers - 0.43%</b>	
100 Apple, Inc.	11,582
<b>Men's &amp; Boy's Furnishings, Work Clothing &amp; Allied Garments - 1.50%</b>	
750 V.F. Corp.	40,013
<b>Miscellaneous Food Preparation - 1.62%</b>	
4,400 Inventure Foods, Inc. *	43,340
<b>National Commercial Banks - 0.50%</b>	
1,000 Huntington Bancshares, Inc.	13,220
<b>Perfumes, Cosmetics &amp; Other Toilet Preparations - 0.52%</b>	
900 United Guardian, Inc.	13,950
<b>Petroleum Refining - 0.85%</b>	
250 Exxon Mobil Corp.	22,565
<b>Pharmaceutical Preparations - 2.34%</b>	
400 Bristol Myers Squibb Co.	23,376
200 Johnson & Johnson	23,042
300 Zoetis, Inc.	16,059
	62,477
<b>Retail-Eating Places - 0.67%</b>	
600 Fiesta Restaurant Group, Inc. *	17,910
<b>Retail-Variety Stores - 0.90%</b>	
150 Costco Wholesale Corp.	24,017

\* Non-income producing securities during the period.

ADR - American Depository Receipt

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

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# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares</u>		<u>Value</u>
<b>Services-Business Services, NEC - 0.66%</b>		
150	Accenture Plc. Class A	\$ 17,570
<b>Services-Computer Processing &amp; Data Preparation - 0.93%</b>		
5,000	Zix Corp. *	24,700
<b>Services-Computer Programming - 0.58%</b>		
20	Alphabet, Inc. *	15,436
<b>State Commercial Banks - 1.00%</b>		
300	Northern Trust Corp.	26,715
<b>Telephone Communications - 1.26%</b>		
1,000	Fusion Telecommunications Intl., Inc. *	1,500
600	Verizon Communications, Inc.	32,028
		33,528
<b>TOTAL FOR COMMON STOCKS (Cost \$360,251) - 17.46%</b>		465,926
<b>EXCHANGE TRADED FUNDS - 39.03%</b>		
500	Builders Emerging Markets 50 ADR Index Fund	16,125
1,050	Consumer Staples Select Sector SPDR Fund	54,295
400	DB X-trackers MSCI EAFE Hedged Equity ETF	11,224
600	First Trust Dorsey Wright International Focus 5 ETF	10,218
350	iShares Global Healthcare ETF	33,187
600	iShares Global Technology ETF	65,928
550	iShares MicroCap ETF	47,212
250	iShares MSCI EAFE Index Fund	14,433
100	iShares NASDAQ Biotechnology ETF	26,538
300	iShares North American Natural Resources ETF	10,785
150	iShares Russell 2000 ETF	20,227
1,100	iShares Russell MidCap Growth Index Fund	107,129
600	iShares S&P 600 SmallCap Growth ETF	90,000
200	iShares S&P Global Infrastructure ETF	7,808
200	iShares U.S. Healthcare ETF	28,826
400	iShares U.S. Medical Devices ETF	53,260
500	iShares U.S. Technology ETF	60,125
200	iShares U.S. Utilities ETF	24,366
900	Powershares Global Water Portfolio	18,720

\* Non-income producing securities during the period.

ADR - American Depository Receipt

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

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# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares</u>		<u>Value</u>
<b>EXCHANGE TRADED FUNDS - (Continued)</b>		
100	PowerShares QQQ ETF	\$ 11,848
600	Powershares S&P 500 High Dividend Low Volatility Portfolio	23,508
1,000	ProShares S&P 500 Dividend Aristocrats	53,910
200	ProShares Short MSCI EAFE *	6,384
200	ProShares Short MSCI Emerging Markets *	4,992
100	ProShares Short Russell 2000 ETF *	4,896
200	ProShares Short S&P 500 *	7,308
500	PureFunds ISE Cyber Security ETF	13,220
50	SPDR Gold Shares *	5,480
150	Vanguard Dividend Appreciation ETF	12,777
700	Vanguard REIT Index	57,771
200	WisdomTree India Earnings Fund	4,040
600	WisdomTree International SmallCap Dividend Fund	36,012
400	WisdomTree MidCap Earnings Fund	41,068
700	WisdomTree SmallCap Dividend ETF	57,904
TOTAL FOR EXCHANGE TRADED FUNDS (Cost \$766,491) - 39.03%		1,041,524
<b>OPEN END MUTUAL FUNDS - 31.22%</b>		
1,195	American Smallcap World Fund Class F-1	54,362
5,350	Franklin Global Mutual Discovery Fund Class A	163,556
3,867	Franklin Natural Resources Fund Class A	105,293
10,203	Live Oak Health Sciences Fund	186,009
2,667	Matthews Asian Growth & Income Fund	39,852
1,761	Vanguard Energy Fund	94,513
1,026	Vanguard Health Care Fund	189,514
TOTAL FOR OPEN END MUTUAL FUNDS (Cost \$505,761) - 31.22%		833,099
<b>REAL ESTATE INVESTMENT TRUSTS - 4.81%</b>		
350	American Tower Corp.	36,988
560	Eastgroup Properties, Inc.	41,350
700	HCP, Inc.	20,804
2,000	Medical Properties Trust, Inc.	24,600
100	One Liberties Properties, Inc.	2,512
140	Quality Care Properties, Inc. *	2,170
TOTAL FOR REAL ESTATE INVESTMENT TRUSTS (Cost \$108,357) - 4.81%		128,424

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

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# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>MONEY MARKET FUND - 7.38%</b>	
Federated Prime Obligations Fund-Institutional Class 0.38% **	
196,926 (cost \$196,926)	\$ 196,926
TOTAL INVESTMENTS (Cost \$1,937,786) - 99.91%	2,665,899
OTHER ASSETS LESS LIABILITIES - 0.09%	2,390
NET ASSETS - 100.00%	\$ 2,668,289

\*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.

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# STAAR INVESTMENT TRUST

## STAAR GENERAL BOND FUND

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### SCHEDULE OF INVESTMENTS

DECEMBER 31, 2016

<u>Shares/Principal</u>	<u>Value</u>
<b>CORPORATE/GOVERNMENT BONDS - 88.85%</b>	
<b>Automobile Manufacturing - 1.78%</b>	
25,000 BMW Bk N.Am Salt LK CD 1.25%, 3/12/18	\$ 25,090
<b>Banking - Global - 1.43%</b>	
20,000 CorpBanca 3.125%, 1/15/18	20,199
<b>Banks - Domestic MTN - 1.73%</b>	
25,000 Credit Suisse Nassau 2.00%, 8/31/21 **	24,363
<b>Chemicals Domestic - 1.77%</b>	
25,000 Dow Chemical Co. Sr 1.90%, 3/15/18	24,933
<b>Commerce-Banks Central US - 12.82%</b>	
30,000 BMO Harris Bank CD 1.00%, 12/8/21 **	29,965
50,000 GE Capital Retail Bank CD 1.75%, 4/5/17	50,025
50,000 GE Capital Retail Bank CD 1.50%, 3/28/18	50,239
50,000 GE Capital Retail Bank CD 2.00%, 4/13/18	50,554
	180,783
<b>Commerce-Banks Eastern US - 13.87%</b>	
50,000 Discover Bank CD 1.45%, 3/1/17	50,069
40,000 Discover Bank CD 1.75%, 4/4/17	40,112
35,000 Goldman Sachs Bank CD 1.6%, 3/11/19	35,152
50,000 Goldman Sachs Bank CD 1.70%, 2/8/17	50,058
20,000 Goldman Sachs Bank CD 2.00%, 6/4/19	20,239
	195,630
<b>Commercial Service-Finance - 5.33%</b>	
25,000 Air Lease Corp. 2.125%, 1/15/18	25,044
50,000 GATX Corp. 2.50%, 7/30/19	50,076
	75,120
<b>Diversified Banking Institution - 10.45%</b>	
25,000 Goldman Sachs Group, Inc. 2.00%, 5/13/20	24,625
25,000 Goldman Sachs Group, Inc. 2.25%, 8/31/26 **	24,100
50,000 Royal Bank of Canada 2.00%, 1/29/21	49,523
50,000 Royal Bank of Canada 2.25%, 3/19/21	49,123
	147,371
<b>Electric Services - 1.42%</b>	
20,000 ABB Finance USA, Inc. 1.625%, 5/8/17	20,027

\*\*Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
*The accompanying notes are an integral part of these financial statements.*

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# STAAR INVESTMENT TRUST

## STAAR GENERAL BOND FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares/Principal</u>	<u>Value</u>
<b>Finance-Auto Loans - 5.31 %</b>	
25,000 Ford Motor Credit Co. 1.684%, 9/8/17	\$ 24,960
25,000 Ford Motor Credit Co. 2.90%, 3/20/19	24,999
25,000 Ford Motor Credit Co. 3.50%, 3/20/21	24,999
	74,958
<b>Finance Investor Broker - Banker - 1.71 %</b>	
25,000 Jefferies Group LLC. 3.00%, 8/26/2024 **	24,199
<b>Food &amp; Beverage - 3.19 %</b>	
25,000 Beam, Inc. 1.75%, 6/15/18	24,936
20,000 Conagra Foods, Inc. 1.90%, 1/25/18	20,022
	44,958
<b>Gold &amp; Silver Ores - 1.77 %</b>	
25,000 Goldcorp, Inc., New 2.125%, 3/15/18	24,988
<b>Integrated Oils - 3.97 %</b>	
25,000 ConcocoPhillips Co. 2.875%, 11/15/21	25,191
30,000 Petrobras International Fin 5.875%, 3/1/18	30,756
	55,947
<b>Oil &amp; Gas Field Machinery &amp; Equipment - 2.51 %</b>	
35,000 Transocean, Inc. 6.00%, 3/15/2018	35,438
<b>Media Diversified - 5.27 %</b>	
75,000 Viacom, Inc. 2.20%, 4/1/19	74,380
<b>Medical-HMO - 1.78 %</b>	
25,000 Catholic Health 1.60%, 11/1/17	25,109
<b>Metal Mining - 1.40 %</b>	
20,000 Teck Resources, Ltd. 2.50%, 2/1/18	19,700
<b>Services-High School - 3.56 %</b>	
50,000 Jefferson High School 2.00%, 8/01/18	50,302
<b>Short Term Corporate - 3.85 %</b>	
20,000 Deutsche Bank AG 2.25%, 9/15/18	19,400
35,000 Deutsche Bank AG 2.85%, 5/10/19	34,851
	54,251
<b>Telephone-Integrated - 2.15 %</b>	
30,000 Centurylink, Inc. 6.00%, 4/1/17	30,300

\*\*Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.



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# STAAR INVESTMENT TRUST

## STAAR GENERAL BOND FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares/Principal</u>	<u>Value</u>
<b>Water, Sewer, Pipeline - 1.78%</b>	
25,000 Kinder Morgan Energy Partners LP., 2.65%, 2/1/19	\$ 25,132
<b>TOTAL FOR CORPORATE/GOVERNMENT BONDS (Cost \$1,253,928) - 88.85%</b>	<u>1,253,178</u>
<b>EXCHANGE TRADED FUNDS - 8.90%</b>	
600 iShares Lehman TIPS Bond	67,902
1,000 Spdr Barclays Short Term Treasury	30,050
300 Vanguard Mortgage-Backed Securities	15,687
150 Vanguard Short-Term Corp. Bond Index Fund	11,906
<b>TOTAL FOR EXCHANGE TRADED FUNDS (Cost \$118,188) - 8.90%</b>	<u>125,545</u>
<b>REVENUE BOND - 0.81%</b>	
50,000 Government Development Bank for Puerto Rico 3.875%, 2/1/17	11,501
<b>TOTAL FOR REVENUE BOND (Cost \$50,004) - 0.81%</b>	<u>11,501</u>
<b>MONEY MARKET FUND - 0.80%</b>	
11,307 Federated Prime Obligations Fund - Institutional Class 0.38% ** (Cost \$11,307)	11,307
<b>TOTAL INVESTMENTS (Cost \$1,433,427) - 99.37%</b>	1,401,531
<b>OTHER ASSETS LESS LIABILITIES - 0.63%</b>	<u>8,904</u>
<b>NET ASSETS - 100.00%</b>	<u><u>\$ 1,410,435</u></u>

\*\*Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.

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# STAAR INVESTMENT TRUST

## STAAR INTERNATIONAL FUND

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### SCHEDULE OF INVESTMENTS

DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>COMMON STOCK - 2.09%</b>	
<b>Beverages - 1.20%</b>	
200 Diageo Plc. ADR	\$ 20,788
<b>Petroleum Refining - 0.21%</b>	
200 Statoil ASA ADR	3,648
<b>Services - Business Services - 0.68%</b>	
100 Accenture Plc Class A	11,713
<hr/>	
TOTAL FOR COMMON STOCK (Cost \$28,151) - 2.09%	36,149
<hr/>	
<b>EXCHANGE TRADED FUNDS - 34.35%</b>	
1,400 Builders Emerging Markets 50 ADR Index Fund	45,150
3,000 DB X-Trackers MSCI EAFE Hedged Equity Fund	84,180
4,700 First Trust Dorsey Wright International Focus 5 ETF	80,041
400 iShares MSCI Australia ETF	8,092
400 iShares MSCI EAFE ETF	23,092
500 iShares MSCI Switzerland Capped ETF	14,730
500 ProShares Short MSCI EAFE *	15,960
500 ProShares Short MSCI Emerging Markets *	12,480
600 SPDR S&P International Dividend ETF	21,636
700 Vanguard Global Ex-U.S Real Estate ETF	34,699
500 WisdomTree India Earnings Fund	10,100
1,000 WisdomTree International High Dividend ETF	38,110
1,100 WisdomTree International Dividend Ex-Financial Fund	41,107
2,750 WisdomTree International Small Cap Dividend Fund	165,055
<hr/>	
TOTAL FOR EXCHANGE TRADED FUNDS (Cost \$586,792) - 34.35%	594,432
<hr/>	
<b>OPEN END MUTUAL FUNDS - 60.27%</b>	
4,550 American Europacific Growth Fund Class-F-1	204,352
2,123 Calamos International Growth Class A *	33,926
4,014 Harbor International Fund Institutional Class	234,431
2,500 Putnam International Capital Opportunities Fund Class A	80,750
6,819 Sextant International Fund	99,417
6,076 Templeton Developing Markets Trust Class A	96,122
17,508 T Rowe Price International Growth & Income Funds	224,280
5,549 The Aberdeen International Equity Fund Institutional Service Class	69,526
<hr/>	
TOTAL FOR OPEN END MUTUAL FUNDS (Cost \$747,672) - 60.27%	1,042,804
<hr/>	

\* Non-income producing securities during the period.

ADR - American Depository Receipt

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

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# STAAR INVESTMENT TRUST

## STAAR INTERNATIONAL FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>MONEY MARKET FUND - 3.16%</b>	
Federated Prime Obligations Fund - Institutional Class 0.38% **	
54,755 (cost \$54,755)	\$ 54,755
TOTAL INVESTMENTS (Cost \$1,417,370) - 99.88%	1,728,140
OTHER ASSETS LESS LIABILITIES - 0.12%	2,058
NET ASSETS - 100.00%	\$ 1,730,198

\*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.

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# STAAR INVESTMENT TRUST

## STAAR LARGER COMPANY STOCK FUND

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### SCHEDULE OF INVESTMENTS DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>COMMON STOCK - 12.07%</b>	
<b>Beverages - 1.01%</b>	
250      PepsiCo, Inc.	\$      26,158
<b>Communications Services, NEC - 0.49%</b>	
300      AT&T, Inc.	12,759
<b>Converted Paper &amp; Paperboard Products - 0.93%</b>	
210      Kimberly Clark Corp.	23,965
<b>Electric Services - 2.33%</b>	
900      PPL Corp.	30,645
600      Southern Co.	29,514
	60,159
<b>Heavy Construction Other Than Bldgs Const - Contractors - 0.22%</b>	
100      Jacobs Engineering Group, Inc. *	5,700
<b>Men's &amp; Boys' Furnishings, Work Clothing, &amp; Allied Garments - 1.44%</b>	
700      V.F. Corp.	37,345
<b>Pharmaceutical Preparations - 1.29%</b>	
150      Johnson & Johnson	17,282
300      Zoetis, Inc.	16,059
	33,341
<b>Retail-Variety Stores - 1.24%</b>	
200      Costco Wholesale Corp.	32,022
<b>Semiconductors &amp; Related Devices - 1.99%</b>	
800      Microchip Technology, Inc.	51,320
<b>Services-Computer Processing - 0.10%</b>	
500      Zix Corp. *	2,470
<b>Telephone Communications - 1.03%</b>	
500      Verizon Communications, Inc.	26,690
	26,690
<b>TOTAL FOR COMMON STOCK (Cost \$205,729) - 12.07%</b>	
	311,929
<b>EXCHANGE TRADED FUNDS - 27.72%</b>	
1,800      Consumer Staples Select Sector SPDR	93,078
1,400      First Trust ISE Cloud Computing Index	48,272

\* Non-income producing securities during the period.

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

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# STAAR INVESTMENT TRUST

## STAAR LARGER COMPANY STOCK FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares</u>		<u>Value</u>
<b>EXCHANGE TRADED FUNDS - (Continued)</b>		
300	iShares Core S&P 500 ETF	\$ 67,497
50	iShares Nasdaq Biotechnology	13,269
1,900	iShares Russell Mid Cap Growth Index	185,041
250	iShares U.S. Healthcare ETF	36,032
400	iShares U.S. Medical Devices ETF	53,260
200	iShares U.S. Real Estate ETF	15,388
300	iShares U.S. Tech ETF	36,075
200	iShares U.S. Utilities ETF	24,366
300	PowerShares S&P 500 High Dividend Low Volatility Portfolio	11,754
150	PowerShares QQQ ETF	17,772
400	ProShares Short S&P 500 *	14,616
300	ProShares S&P 500 Dividend Aristocrats	16,173
500	PureFunds ISE Cyber Security ETF	13,220
300	Vanguard Dividend Appreciation ETF	25,554
550	Vanguard REIT Index	45,392
TOTAL FOR EXCHANGE TRADED FUNDS (Cost \$528,283) - 27.72%		716,759
<b>OPEN-END MUTUAL FUNDS - 52.83%</b>		
6,002	AF Fundamental Investors Fund Class F-1	326,578
8,326	AMG Yacktman Service	178,098
11,060	Brown Advisory Growth Equity Fund	190,560
6,200	Franklin Rising Dividends Fund Class A	326,306
3,025	Mairs & Power Growth Fund	344,279
TOTAL FOR OPEN-END MUTUAL FUNDS (Cost \$662,614) - 52.83%		1,365,821
<b>REAL ESTATE INVESTMENT TRUSTS - 2.14%</b>		
400	American Tower Corp.	42,272
400	HCP, Inc.	11,888
80	Quality Care Properties, Inc. *	1,240
TOTAL FOR REAL ESTATE INVESTMENT TRUSTS (Cost \$42,718) - 2.14%		55,400
<b>MONEY MARKET FUND - 5.22%</b>		
134,885	Federated Prime Obligations Fund - Institutional Class 0.38% ** (Cost \$134,885)	134,885
TOTAL INVESTMENTS (Cost \$1,574,229) - 99.99%		2,584,794
OTHER ASSETS LESS LIABILITIES - 0.01%		349
NET ASSETS - 100.00%		\$ 2,585,143

\* Non-income producing securities during the period.

\*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.

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# STAAR INVESTMENT TRUST

## STAAR SHORT-TERM BOND FUND

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### SCHEDULE OF INVESTMENTS

DECEMBER 31, 2016

<u>Shares/Principal</u>	<u>Value</u>
<b>CORPORATE/GOVERNMENT BONDS - 53.32%</b>	
<b>Banking - 2.77%</b>	
30,000 Barclays Bank Delaware CD 1.15%, 7/3/17	\$ 30,054
<b>Banks - Domestic MTN - 2.31%</b>	
25,000 Credit Suisse NY MTN 1.375%, 5/26/17	25,006
<b>Commerce-Banks Eastern US - 2.33%</b>	
25,000 Discover Bank CD 2.05%, 10/9/18	25,307
<b>Commerce-US Banks Domestic - 16.06%</b>	
20,000 GE Capital Bank CD 1.15%, 5/23/17	20,035
50,000 GE Capital Retail Bank CD 1.05%, 2/28/17	50,046
25,000 Goldman Sachs Bank CD 1.00%, 2/6/17	25,011
49,000 Goldman Sachs Bank CD 1.05%, 4/17/17	49,064
30,000 Synchrony Bank CD 1.10%, 6/13/17	30,051
	174,207
<b>Commercial Services-Finance - 5.07%</b>	
30,000 Air Lease Corp. 2.125%, 1/15/18	30,053
25,000 GATX Corp. SR NT 1.25%, 3/4/17	24,993
	55,046
<b>Communication Services, Nec - 3.68%</b>	
40,000 AT&T, Inc. 1.40%, 12/01/17	39,912
<b>Home Improvement - 2.31%</b>	
25,000 Whirlpool Corp. SR GLBL 1.35%, 03/01/17	25,005
<b>Larger Company Stocks - 3.65%</b>	
40,000 EMC Corp. 1.875%, 6/1/2018	39,557
<b>Oil &amp; Gas Field Services, NEC - 2.77%</b>	
30,000 FMC Technologies, Inc. 2.00%, 10/01/17	30,021
<b>Services-Health Services - 2.30%</b>	
25,000 Amerisourcebergen Corp. 1.15%, 5/15/17	24,991
<b>Services-High School - 4.61%</b>	
50,000 Jefferson Union High School 1.45%, 8/1/17	50,031

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

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# STAAR INVESTMENT TRUST

## STAAR SHORT-TERM BOND FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares/Principal</u>	<u>Value</u>
<b>Short Term Corporate - 5.46%</b>	
20,000 Deutsche Bank AG 2.25%, 9/15/18	\$ 19,400
40,000 Deutsche Bank AG 2.85%, 5/10/19	39,830
	<u>59,230</u>
TOTAL FOR CORPORATE/GOVERNMENT BONDS (Cost \$579,068) - 53.32%	<u>578,367</u>
<b>EXCHANGE TRADED FUNDS - 4.39%</b>	
600 Vanguard Short-Term Corporate Bond Index Fund	47,622
TOTAL FOR EXCHANGE TRADED FUNDS (Cost \$47,899) - 4.39%	<u>47,622</u>
<b>MONEY MARKET FUND - 42.07%</b>	
456,370 Federated Prime Obligations Fund - Institutional Shares 0.38% * (Cost \$456,370)	<u>456,370</u>
TOTAL INVESTMENTS (Cost \$1,083,337) - 99.78%	1,082,359
OTHER ASSETS LESS LIABILITIES - 0.22%	<u>2,374</u>
NET ASSETS - 100.00%	<u>\$ 1,084,733</u>

\* Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.

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# STAAR INVESTMENT TRUST

## STAAR SMALLER COMPANY STOCK FUND

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SCHEDULE OF INVESTMENTS  
DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>COMMON STOCK - 3.17%</b>	
<b>Footwear (No Rubber) - 0.24%</b>	
200 Steve Madden Ltd. *	\$ 7,150
<b>Miscellaneous Food Preparation - 1.47%</b>	
4,500 Inventure Foods, Inc. *	44,325
<b>Perfumes, Cosmetics &amp; Other Toilet Preparations - 0.31%</b>	
600 United Guardian, Inc.	9,300
<b>Services-Computer Processing &amp; Data Preparation - 0.66%</b>	
4,000 Zix Corp. *	19,760
<b>Wholesale-Hardware &amp; Plumbing &amp; Heating Equipment &amp; Supplies - 0.49%</b>	
100 Watsco, Inc.	14,812
<b>TOTAL FOR COMMON STOCK (Cost \$69,967) - 3.17%</b>	
	95,347
<b>EXCHANGE TRADED FUNDS - 50.75%</b>	
300 Guggenheim S&P SmallCap 600 Pure Growth ETF	28,971
2,575 iShares MicroCap ETF	221,038
200 iShares Russell 2000 ETF	26,970
750 iShares Russell 2000 Value ETF	89,205
4,250 iShares S&P SmallCap 600 Growth ETF	637,500
300 ProShares Short Russell 2000 ETF *	14,688
300 WisdomTree Midcap Earnings	30,801
5,000 WisdomTree Small Cap Dividend	413,600
300 WisdomTree Small Cap Earnings ETF	29,289
1,000 WisdomTree U.S. Small Cap Quality Dividend Growth ETF	33,990
<b>TOTAL FOR EXCHANGE TRADED FUNDS (Cost \$909,294) - 50.75%</b>	
	1,526,052
<b>OPEN END MUTUAL FUNDS - 40.09%</b>	
11,985 Aberdeen Smallcap Fund Class A *	395,631
13,055 Columbia Acorn Fund Class Z	199,614
3,982 Franklin Microcap Value Fund Class A	134,726
1,300 Hancock Horizon Burkenroad Smallcap Class D *	83,616
2,000 Touchstone Smallcap Core Fund Class Y	34,960
50,360 Wasatch Smallcap Value Fund	357,049
<b>TOTAL FOR OPEN END MUTUAL FUNDS (Cost \$850,515) - 40.09%</b>	
	1,205,596

\* Non-income producing securities during the period.

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



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# STAAR INVESTMENT TRUST

## STAAR SMALLER COMPANY STOCK FUND

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SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2016

<u>Shares</u>	<u>Value</u>
<b>REAL ESTATE INVESTMENT TRUSTS - 2.26%</b>	
500 EastGroup Properties, Inc.	\$ 36,920
1,500 Medical Properties Trust, Inc.	18,450
500 One Liberties Properties, Inc.	12,560
<b>TOTAL FOR REAL ESTATE INVESTMENT TRUSTS (Cost \$48,845) - 2.26%</b>	<b>67,930</b>
 <b>MONEY MARKET FUND - 3.74%</b>	
112,327 Federated Prime Obligations Fund - Institutional Class 0.38%** (Cost \$112,327)	112,327
<b>TOTAL INVESTMENTS (Cost \$1,990,947) - 100.02%</b>	<b>3,007,252</b>
<b>LIABILITIES LESS OTHER ASSETS - (0.02)%</b>	<b>(474)</b>
<b>NET ASSETS - 100.00%</b>	<b>\$ 3,006,778</b>

\*\* Variable rate security; the coupon rate shown represents the yield at December 31, 2016.  
The accompanying notes are an integral part of these financial statements.

# STAAR INVESTMENT TRUST

## STATEMENT OF ASSETS AND LIABILITIES

December 31, 2016

Assets:	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSE</u>	<u>STBF</u>	<u>SCSE</u>
Investments in Securities, at Value (Cost \$1,937,780; \$1,433,427; \$1,417,370; \$1,574,229; \$1,083,337; \$1,990,947, respectively)	\$2,665,899	\$1,401,531	\$1,728,140	\$2,584,794	\$1,082,359	\$3,007,252
Receivables:						
Dividends and Interest	3,942	9,404	3,321	2,222	2,265	1,623
Shareholder Subscriptions	759	141	730	352	57	420
Prepaid Expenses	1,539	752	1,039	1,567	472	1,660
Total Assets	<u>2,672,139</u>	<u>1,411,828</u>	<u>1,733,230</u>	<u>2,588,935</u>	<u>1,085,153</u>	<u>3,010,955</u>
Liabilities:						
Payables:						
Accrued Management Fees to Affiliate (Note 3)	646	107	417	629	-	730
Accrued Administrative Fees	80	43	52	79	37	91
Accrued Trustee Fees	38	26	19	21	2	7
Accrued Distribution Fees	5	49	3	41	4	12
Other Accrued Expenses	3,055	1,150	2,541	2,325	377	3,337
Dividends Payable	26	18	-	697	-	-
Total Liabilities	<u>3,850</u>	<u>1,393</u>	<u>3,032</u>	<u>3,792</u>	<u>420</u>	<u>4,177</u>
Net Assets	<u>\$2,668,289</u>	<u>\$1,410,435</u>	<u>\$1,730,198</u>	<u>\$2,585,143</u>	<u>\$1,084,733</u>	<u>\$3,006,778</u>
Net Assets Consist of:						
Paid In Capital	\$1,906,877	\$1,581,552	\$1,485,278	\$1,563,815	\$1,096,662	\$1,986,361
Accumulated Undistributed Net Investment Loss on Investments	-	-	-	-	-	-
Accumulated Undistributed Realized Gain (Loss) on Investments	33,299	(139,221)	(65,850)	10,763	(10,951)	4,112
Unrealized Appreciation (Depreciation) in Value of Investments	728,113	(31,896)	310,770	1,010,565	(978)	1,016,305
Net Assets (for 194,193; 145,301; 179,501; 183,769; 121,655; 218,853, shares outstanding, respectively)	<u>\$2,668,289</u>	<u>\$1,410,435</u>	<u>\$1,730,198</u>	<u>\$2,585,143</u>	<u>\$1,084,733</u>	<u>\$3,006,778</u>
Net Asset Value and Offering Price Per Share	<u>\$ 13.74</u>	<u>\$ 9.71</u>	<u>\$ 9.64</u>	<u>\$ 14.07</u>	<u>\$ 8.92</u>	<u>\$ 13.74</u>

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

# STAAR INVESTMENT TRUST

## STATEMENT OF OPERATIONS

For the Year Ended December 31, 2016

	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
Investment Income:						
Dividends (net of foreign tax withholding of \$0, \$0, \$24, \$0, \$0, \$0 respectively)	\$ 52,193	\$ 2,045	\$ 37,909	\$ 45,396	\$ 808	\$ 28,517
Interest	1,040	30,934	369	579	12,607	503
Total Investment Income	53,233	32,979	38,278	45,975	13,415	29,020
Expenses:						
Advisory Fees (Note 3)	22,752	3,690	15,328	22,956	2,822	24,596
Distribution Fees (Note 3)	172	494	64	423	45	134
Transfer Agent and Fund Accounting Fees	12,876	6,705	8,442	12,744	4,630	13,908
Administrative Fees	2,844	1,476	1,916	2,869	1,129	3,074
Audit and Tax Service Fees	8,446	4,192	5,780	8,484	2,990	9,050
Legal Fees	3,760	2,046	2,428	3,860	1,420	4,026
Custody Fees	4,362	2,664	2,928	3,411	2,605	3,494
Printing Fees	732	366	432	723	216	816
Insurance Fees	4,209	2,065	2,881	4,280	1,118	4,549
Director's Fees	2,095	1,081	1,396	2,146	777	2,236
Registration Fees	1,894	965	1,279	1,916	552	2,033
Other	2,196	1,097	1,429	2,161	703	2,387
Total Expenses	66,338	26,841	44,303	65,973	19,007	70,303
Fees Waived and Reimbursed by the Advisor (Note 3)	-	-	-	-	(2,822)	-
Net Expenses	66,338	26,841	44,303	65,973	16,185	70,303
Net Investment Income (Loss)	(13,105)	6,138	(6,025)	(19,998)	(2,770)	(41,283)
Realized and Unrealized Gain (Loss) on Investments:						
Realized Gain (Loss) on Investments	(8,578)	1,427	(30,298)	61,684	(124)	(83,546)
Capital Gain Distributions from Investment Companies	27,714	49	-	61,926	-	92,929
Net Change in Unrealized Appreciation on Investments	69,336	14,680	31,184	36,139	2,125	506,568
Net Realized and Unrealized Gain (Loss) on Investments	88,472	16,156	886	159,749	2,001	515,951
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 75,367	\$ 22,294	\$(5,139)	\$139,751	\$ (769)	\$ 474,668

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

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# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

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### STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended <u>12/31/2016</u>	Year Ended <u>12/31/2015</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Loss	\$ (13,105)	\$ (15,410)
Net Realized Gain on Investments	19,136	30,929
Net Change in Unrealized Appreciation (Depreciation) on Investments	<u>69,336</u>	<u>(177,323)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	75,367	(161,804)
Distributions to Shareholders from:		
Realized Gains	<u>(4,613)</u>	<u>(30,235)</u>
Net Change in Net Assets from Distributions	(4,613)	(30,235)
Capital Share Transactions:		
Proceeds from Sale of Shares	59,019	265,045
Shares Issued on Reinvestment of Dividends	4,586	29,888
Cost of Shares Redeemed	<u>(627,578)</u>	<u>(315,933)</u>
Net Decrease from Shareholder Activity	(563,973)	(21,000)
Net Assets:		
Net Decrease in Net Assets	(493,219)	(213,039)
Beginning of Period	<u>3,161,508</u>	<u>3,374,547</u>
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 2,668,289</u>	<u>\$ 3,161,508</u>

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

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# STAAR INVESTMENT TRUST

## STAAR GENERAL BOND FUND

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### STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended <u>12/31/2016</u>	Year Ended <u>12/31/2015</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Income	\$ 6,138	\$ 12,586
Net Realized Gain on Investments	1,476	2,583
Net Change in Unrealized Appreciation (Depreciation) on Investments	14,680	(49,872)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>22,294</u>	<u>(34,703)</u>
Distributions to Shareholders from:		
Net Investment Income	(6,236)	(12,657)
Net Change in Net Assets from Distributions	<u>(6,236)</u>	<u>(12,657)</u>
Capital Share Transactions:		
Proceeds from Sale of Shares	217,431	342,969
Shares Issued on Reinvestment of Dividends	6,178	12,563
Cost of Shares Redeemed	(347,652)	(455,971)
Net Decrease from Shareholder Activity	<u>(124,043)</u>	<u>(100,439)</u>
Net Assets:		
Net Decrease in Net Assets	(107,985)	(147,799)
Beginning of Period	<u>1,518,420</u>	<u>1,666,219</u>
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 1,410,435</u>	<u>\$ 1,518,420</u>

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

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# STAAR INVESTMENT TRUST

## STAAR INTERNATIONAL FUND

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### STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended <u>12/31/2016</u>	Year Ended <u>12/31/2015</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Loss	\$ (6,025)	\$ (5,909)
Net Realized Loss on Investments	(30,298)	(39,862)
Net Change in Unrealized Appreciation (Depreciation) on Investments	31,184	(126,017)
Net Decrease in Net Assets Resulting from Operations	<u>(5,139)</u>	<u>(171,788)</u>
Distributions to Shareholders from:		
Net Investment Income	-	-
Realized Gains	-	-
Net Change in Net Assets from Distributions	<u>-</u>	<u>-</u>
Capital Share Transactions:		
Proceeds from Sale of Shares	41,080	82,511
Shares Issued on Reinvestment of Dividends	-	-
Cost of Shares Redeemed	(426,297)	(168,179)
Net Decrease from Shareholder Activity	<u>(385,217)</u>	<u>(85,668)</u>
Net Assets:		
Net Decrease in Net Assets	(390,356)	(257,456)
Beginning of Period	<u>2,120,554</u>	<u>2,378,010</u>
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 1,730,198</u>	<u>\$ 2,120,554</u>

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

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# STAAR INVESTMENT TRUST

## STAAR LARGER COMPANY STOCK FUND

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### STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended <u>12/31/2016</u>	Year Ended <u>12/31/2015</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Loss	\$ (19,998)	\$ (25,887)
Net Realized Gain on Investments	123,610	138,718
Net Change in Unrealized Appreciation (Depreciation) on Investments	36,139	<u>(240,540)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	139,751	(127,709)
Distributions to Shareholders from:		
Realized Gains	(108,972)	(140,346)
Net Change in Net Assets from Distributions	<u>(108,972)</u>	<u>(140,346)</u>
Capital Share Transactions:		
Proceeds from Sale of Shares	32,739	240,818
Shares Issued on Reinvestment of Dividends	108,275	139,614
Cost of Shares Redeemed	<u>(744,602)</u>	<u>(388,373)</u>
Net Decrease from Shareholder Activity	(603,588)	(7,941)
Net Assets:		
Net Decrease in Net Assets	(572,809)	(275,996)
Beginning of Period	<u>3,157,952</u>	<u>3,433,948</u>
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 2,585,143</u>	<u>\$ 3,157,952</u>

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

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# STAAR INVESTMENT TRUST

## STAAR SHORT-TERM BOND FUND

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### STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended <u>12/31/2016</u>	Year Ended <u>12/31/2015</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Loss	\$ (2,770)	\$ (290)
Net Realized Gain (Loss) on Investments	(124)	2
Net Change in Unrealized Appreciation on Investments	2,125	1,430
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(769)</u>	<u>1,142</u>
Distributions to Shareholders from:		
Net Investment Income	-	-
Realized Gains	-	-
Net Change in Net Assets from Distributions	<u>-</u>	<u>-</u>
Capital Share Transactions:		
Proceeds from Sale of Shares	1,119,185	165,539
Shares Issued on Reinvestment of Dividends	-	-
Cost of Shares Redeemed	(875,722)	(620,772)
Net Increase (Decrease) from Shareholder Activity	<u>243,463</u>	<u>(455,233)</u>
Net Assets:		
Net Increase (Decrease) in Net Assets	242,694	(454,091)
Beginning of Period	842,039	1,296,130
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 1,084,733</u>	<u>\$ 842,039</u>

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



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# STAAR INVESTMENT TRUST

## STAAR SMALLER COMPANY STOCK FUND

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### STATEMENTS OF CHANGES IN NET ASSETS

	<u>Year Ended</u> <u>12/31/2016</u>	<u>Year Ended</u> <u>12/31/2015</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Loss	\$ (41,283)	\$ (33,372)
Net Realized Gain on Investments	9,383	353,996
Net Change in Unrealized Appreciation (Depreciation) on Investments	506,568	(557,233)
Net Increase (Decrease) in Net Assets Resulting from Operations	474,668	(236,609)
Distributions to Shareholders from:		
Realized Gains	-	(353,276)
Net Change in Net Assets from Distributions	-	(353,276)
Capital Share Transactions:		
Proceeds from Sale of Shares	57,643	351,033
Shares Issued on Reinvestment of Dividends	-	351,636
Cost of Shares Redeemed	(936,719)	(445,754)
Net Increase (Decrease) from Shareholder Activity	(879,076)	256,915
Net Assets:		
Net Decrease in Net Assets	(404,408)	(332,970)
Beginning of Period	3,411,186	3,744,156
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$0, respectively)	<u>\$ 3,006,778</u>	<u>\$ 3,411,186</u>

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

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# STAAR INVESTMENT TRUST

## STAAR ALTERNATIVE CATEGORIES FUND

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### FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Years Ended				
	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Net Asset Value, at Beginning of Period	\$ 13.38	\$ 14.25	\$ 14.97	\$ 13.00	\$ 11.96
Income From Investment Operations: ***					
Net Investment Loss *	(0.06)	(0.07)	(0.05)	(0.06)	(0.06)
Net Gain (Loss) on Securities (Realized and Unrealized)	0.44	(0.67)	0.39	2.65	1.16
Total from Investment Operations	0.38	(0.74)	0.34	2.59	1.10
Distributions:					
From Net Realized Gain	(0.02)	(0.13)	(1.06)	(0.62)	(0.06)
Total from Distributions	(0.02)	(0.13)	(1.06)	(0.62)	(0.06)
Net Asset Value, at End of Period	\$ 13.74	\$ 13.38	\$ 14.25	\$ 14.97	\$ 13.00
Total Return **	2.87%	(5.20)%	2.25%	20.01%	9.18%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 2,668	\$ 3,162	\$ 3,375	\$ 3,499	\$ 2,816
Ratio of Expenses to Average Net Assets	2.34%	2.09%	1.97%	1.96%	2.16%
Ratio of Net Investment Loss to Average Net Assets	(0.46)%	(0.46)%	(0.35)%	(0.42)%	(0.46)%
Portfolio Turnover	20.49%	29.65%	25.18%	21.90%	10.84%

\* 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.*

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# STAAR INVESTMENT TRUST

## STAAR GENERAL BOND FUND

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### FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Years Ended				
	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Net Asset Value, at Beginning of Period	\$ 9.60	\$ 9.87	\$ 9.96	\$ 10.17	\$ 9.85
Income From Investment Operations: ***					
Net Investment Income *	0.04	0.07	0.08	0.14	0.14
Net Gain (Loss) on Securities (Realized and Unrealized)	0.11	(0.27)	(0.09)	(0.21)	0.32
Total from Investment Operations	0.15	(0.20)	(0.01)	(0.07)	0.46
Distributions:					
From Net Investment Income	(0.04)	(0.07)	(0.08)	(0.14)	(0.14)
From Net Realized Gain	-	-	-	-	-
Total from Distributions	(0.04)	(0.07)	(0.08)	(0.14)	(0.14)
Net Asset Value, at End of Period	\$ 9.71	\$ 9.60	\$ 9.87	\$ 9.96	\$ 10.17
Total Return **	1.58%	(2.02)%	(0.08)%	(0.68)%	4.68%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 1,410	\$ 1,518	\$ 1,666	\$ 2,071	\$ 2,377
Ratio of Expenses to Average Net Assets	1.98%	1.57%	1.53%	1.46%	1.61%
Ratio of Net Investment Income to Average Net Assets	0.45%	0.72%	0.83%	1.37%	1.37%
Portfolio Turnover	20.36%	17.30%	12.92%	5.07%	22.53%

\* 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				
	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Net Asset Value, at Beginning of Period	\$ 9.65	\$ 10.45	\$ 12.42	\$ 11.54	\$ 10.49
Income From Investment Operations: ***					
Net Investment Income (Loss) *	(0.03)	(0.03)	0.06	(0.02)	(0.03)
Net Gain (Loss) on Securities (Realized and Unrealized)	0.02	(0.77)	(1.06)	0.98	1.29
Total from Investment Operations	(0.01)	(0.80)	(1.00)	0.96	1.26
Distributions:					
From Net Investment Income	-	-	(0.06)	-	-
From Net Realized Gain	-	-	(0.91)	(0.08)	(0.21)
Total from Distributions	-	-	(0.97)	(0.08)	(0.21)
Net Asset Value, at End of Period	\$ 9.64	\$ 9.65	\$ 10.45	\$ 12.42	\$ 11.54
Total Return **	(0.10)%	(7.57)%	(8.10)%	8.31%	11.98%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 1,730	\$ 2,121	\$ 2,378	\$ 2,985	\$ 2,664
Ratio of Expenses to Average Net Assets	2.32%	2.14%	1.99%	1.98%	2.17%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.32)%	(0.25)%	0.48%	(0.18)%	(0.31)%
Portfolio Turnover	11.11%	17.45%	17.58%	14.37%	12.86%

\* 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.*

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# STAAR INVESTMENT TRUST

## STAAR LARGER COMPANY STOCK FUND

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### FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Years Ended				
	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Net Asset Value, at Beginning of Period	\$ 13.99	\$ 15.23	\$ 15.92	\$ 12.67	\$ 11.43
Income From Investment Operations: ***					
Net Investment Loss *	(0.10)	(0.11)	(0.10)	(0.10)	(0.08)
Net Gain (Loss) on Securities (Realized and Unrealized)	0.80	(0.48)	1.06	3.35	1.32
Total from Investment Operations	0.70	(0.59)	0.96	3.25	1.24
Distributions:					
From Net Investment Income	-	-	-	-	-
From Net Realized Gain	(0.62)	(0.65)	(1.65)	-	-
Total from Distributions	(0.62)	(0.65)	(1.65)	-	-
Net Asset Value, at End of Period	\$ 14.07	\$ 13.99	\$ 15.23	\$ 15.92	\$ 12.67
Total Return **	5.00%	(3.87)%	6.03%	25.65%	10.85%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 2,585	\$ 3,158	\$ 3,434	\$ 3,694	\$ 2,969
Ratio of Expenses to Average Net Assets	2.31%	2.07%	1.99%	1.94%	2.14%
Ratio of Net Investment Loss to Average Net Assets	(0.70)%	(0.77)%	(0.61)%	(0.72)%	(0.66)%
Portfolio Turnover	9.45%	30.02%	21.72%	15.81%	5.55%

\* 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.

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# STAAR INVESTMENT TRUST

## STAAR SHORT-TERM BOND

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### FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Years Ended				
	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Net Asset Value, at Beginning of Period	\$ 8.91	\$ 8.91	\$ 8.98	\$ 9.02	\$ 8.86
Income From Investment Operations: ***					
Net Investment Income (Loss) *	(0.02)	(0.00) <sup>(a)</sup>	(0.01)	0.06	0.06
Net Gain (Loss) on Securities (Realized and Unrealized)	0.03	0.00 <sup>(a)</sup>	(0.06)	(0.04)	0.16
Total from Investment Operations	0.01	0.00	(0.07)	0.02	0.22
Distributions:					
From Net Investment Income	-	-	-	(0.06)	(0.06)
Return of Capital	-	-	-	-	-
From Net Realized Gain	-	-	-	-	-
Total from Distributions	-	-	-	(0.06)	(0.06)
Net Asset Value, at End of Period	\$ 8.92	\$ 8.91	\$ 8.91	\$ 8.98	\$ 9.02
Total Return **	0.11%	0.00%	(0.78)%	0.23%	2.48%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 1,085	\$ 842	\$ 1,296	\$ 1,287	\$ 1,280
Ratio of Expenses to Average Net Assets	1.44%	1.47%	1.48%	1.52%	1.55%
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.25)%	(0.03)%	(0.11)%	0.69%	0.64%
Portfolio Turnover	30.80%	0.00%	3.31%	48.25%	16.74%
Such Ratios are After Effect of Expenses Waived	(0.25)%	(0.25)%	(0.06)%	-	(0.04)%

\* 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.

(a) Amount is less than 0.005

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

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# STAAR INVESTMENT TRUST

## STAAR SMALLER COMPANY STOCK FUND

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### FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Years Ended				
	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Net Asset Value, at Beginning of Period	\$ 11.71	\$ 14.01	\$ 15.09	\$ 11.67	\$ 10.35
Income From Investment Operations: ***					
Net Investment Loss *	(0.16)	(0.13)	(0.17)	(0.16)	(0.11)
Net Gain (Loss) on Securities (Realized and Unrealized)	2.19	(0.82)	0.01	3.91	1.43
Total from Investment Operations	2.03	(0.95)	(0.16)	3.75	1.32
Distributions:					
From Net Investment Income	-	-	-	-	-
From Net Realized Gain	-	(1.35)	(0.92)	(0.33)	-
Total from Distributions	-	(1.35)	(0.92)	(0.33)	-
Net Asset Value, at End of Period	\$ 13.74	\$ 11.71	\$ 14.01	\$ 15.09	\$ 11.67
Total Return **	17.34%	(6.76)%	(1.09)%	32.14%	12.75%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$ 3,007	\$ 3,411	\$ 3,744	\$ 4,403	\$ 3,254
Ratio of Expenses to Average Net Assets	2.29%	2.09%	1.98%	1.94%	2.13%
Ratio of Net Investment Loss to Average Net Assets	(1.35)%	(0.94)%	(1.15)%	(1.21)%	(0.95)%
Portfolio Turnover	5.84%	39.36%	12.38%	10.62%	14.95%

\* 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.*

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# STAAR INVESTMENT TRUST

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## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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

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. Each Fund of the Trust maintains asset diversification in accordance with Internal Revenue Service regulations.

### **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 Accounting Principles Generally Accepted in the United States ("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. 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



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# STAAR INVESTMENT TRUST

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016

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, 2016.

*Equity Securities (including exchange traded funds)* - Equity securities that are traded on any exchange or on the NASDAQ over-the-counter market are valued at the last quoted sales price. Lacking a last sales price, a security is valued at its last bid price except when, in the Adviser's opinion, the last bid price does not accurately reflect the current value of the security. All other securities for which over-the-counter market quotations are not readily available are valued at their last bid price. Generally, if the security is traded in an active market and is valued at the last sale price, the security is categorized as a level 1 security. When the security position is not considered to be part of an active market or when the security is valued at the bid price, the position is generally categorized as level 2. When market quotations are not readily available, when the Adviser determines the last bid price does not accurately reflect the current value or when restricted securities are being valued, such securities are valued as determined in good faith by the Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees and are generally categorized in level 2 or level 3, when appropriate, of the fair value hierarchy.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Adviser 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 Adviser, in conformity with guidelines adopted by and subject to review of the Board of Trustees. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value.

In accordance with the Trust's good faith pricing guidelines, the Adviser is required to consider all appropriate factors relevant to the value of securities for which it has

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# STAAR INVESTMENT TRUST

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

determined other pricing sources are not available or reliable as described above. There is 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 Adviser would appear to be the amount which the owner might reasonably expect to receive for them upon their current sale. Methods which are in accordance 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)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

# STAAR INVESTMENT TRUST

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of December 31, 2016:

### ACF

<u>Assets (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 465,926	-	-	\$ 465,926
Exchange Traded Funds	1,041,524	-	-	1,041,524
Open-End Funds	833,099	-	-	833,099
Real Estate Investment Trusts	128,424	-	-	128,424
Short-Term Investments	<u>196,926</u>	<u>-</u>	<u>-</u>	<u>196,926</u>
Total	<u>\$ 2,665,899</u>	<u>-</u>	<u>-</u>	<u>\$ 2,665,899</u>

### GBF

<u>Assets (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate/Government Bonds	\$ -	\$ 1,253,178	-	\$ 1,253,178
Exchange Traded Funds	125,545	-	-	125,545
Revenue Bond	11,501	-	-	11,501
Short-Term Investments	<u>11,307</u>	<u>-</u>	<u>-</u>	<u>11,307</u>
Total	<u>\$ 148,353</u>	<u>\$ 1,253,178</u>	<u>-</u>	<u>\$ 1,401,531</u>

### INTF

<u>Assets (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 36,149	-	-	\$ 36,149
Exchange Traded Funds	594,432	-	-	594,432
Open-End Funds	1,042,804	-	-	1,042,804
Short-Term Investments	<u>54,755</u>	<u>-</u>	<u>-</u>	<u>54,755</u>
Total	<u>\$1,728,140</u>	<u>-</u>	<u>-</u>	<u>\$ 1,728,140</u>

### LCSF

<u>Assets (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 311,929	-	-	\$ 311,929
Exchange Traded Funds	716,759	-	-	716,759
Open-End Funds	1,365,821	-	-	1,365,821
Real Estate Investment Trusts	55,400	-	-	55,400
Short-Term Investments	<u>134,885</u>	<u>-</u>	<u>-</u>	<u>134,885</u>
Total	<u>\$ 2,584,794</u>	<u>-</u>	<u>-</u>	<u>\$ 2,584,794</u>

### STBF

<u>Assets (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate/Bonds	\$ -	\$ 578,367	-	\$ 578,367
Exchange Traded Funds	47,622	-	-	47,622
Short-Term Investments	<u>456,370</u>	<u>-</u>	<u>-</u>	<u>456,370</u>
Total	<u>\$ 503,992</u>	<u>\$ 578,367</u>	<u>-</u>	<u>\$1,082,359</u>

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# STAAR INVESTMENT TRUST

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

### SCSF

<u>Assets (a)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stocks	\$ 95,347	-	-	\$ 95,347
Exchange Traded Funds	1,526,052	-	-	1,526,052
Open-End Funds	1,205,596	-	-	1,205,596
Real Estate Investment Trusts	67,930	-	-	67,930
Short-Term Investments	<u>112,327</u>	<u>-</u>	<u>-</u>	<u>112,327</u>
Total	<u>\$ 3,007,252</u>	<u>-</u>	<u>-</u>	<u>\$ 3,007,252</u>

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

The Funds held no Level 3 securities any time during the year ended December 31, 2016. The Funds did not hold any derivative instruments at any time during the year ended December 31, 2016. There were no significant transfers into or out of Level 1 or Level 2 during the period. It is the Funds policy to recognize transfers into an out of Level 1 and Level 2 at the end of the reporting period.

*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 Funds intend 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 Funds 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 Funds 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. Each Fund of the Trust maintains asset diversification in accordance with Internal Revenue Service regulations.

In addition, GAAP requires management of the Funds to analyze all open tax years, fiscal years 2014-2016, 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, 2016, the Funds did not have a liability for any unrecognized tax benefits. The Funds had 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 Funds intend 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.

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# STAAR INVESTMENT TRUST

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016

*Use of Estimates*- The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

*Indemnification*: In the normal course of business, the Funds enter into contracts that contain general indemnifications to other parties. The Funds' maximum exposure under these contracts is unknown as this would involve future claims that may be made against the Funds' that have not yet occurred. The Funds expect the risk of loss to be remote.

*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.

*Reclassifications*: In accordance with GAAP, the Funds recorded a permanent book/tax difference of \$13,105, \$98, \$6,025, \$19,998, \$2,770, and \$41,283 from net investment loss to paid-in-capital for the ACF, GBF, INTF, LCSF, STBF, and SCSF, respectively for the year ended December 31, 2016. This reclassification has no impact on the net asset value of the Funds and is designed generally to present undistributed income and net realized gains on a tax basis, which is considered to be more informative to shareholders.

*Other*- GAAP requires that permanent financial reporting tax differences relating to shareholder distributions be reclassified to paid-in capital.

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

The Board of Trustees approved a management agreement (the "Management Agreement") with the Adviser to furnish investment advisory and management services to the Fund. Beginning July 1, 2012 the Fund paid the Adviser a monthly fee based on the Fund's average daily net assets at the annual rate of 0.25% for the STBF, 0.25% for the GBF, and 0.80% for all other portfolios. For the year ended December 31, 2016, the Adviser earned \$22,752, \$3,690, \$15,328, \$22,956, \$2,822, and \$24,596 for the ACF, GBF, INTF, LCSF, STBF, and SCSF, respectively. For the year ended December 31, 2016, the Adviser voluntarily waived \$2,822 in expenses for the STBF. As of December 31, 2016, the Fund owed the Adviser for management fees \$646, \$107, \$417, \$629, \$0, and \$730 for the ACF, GBF, INTF, LCSF, STBF, and SCSF, 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. For the year ended December 31, 2016, the distribution fees were as follows, \$172, \$494, \$64, \$423, \$45, and \$134 for the ACF, GBF, INTF, LCSF, STBF, and SCSF, respectively. As of December 31, 2016, the Fund owed \$5, \$49, \$3, \$41, \$4, and \$12 for the ACF, GBF, INTF, LCSF, STBF, and SCSF, respectively.

# STAAR INVESTMENT TRUST

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016

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, 2016, as follows:

	GBF	STBF	LCSF	SCSF	INTF	ACF
<u>Affiliates - Shares Owned</u>						
J. Andre Weisbrod & Family Employees	3,292	30,883	1,512	2,632	1,890	3,694
	-	-	-	3,048	-	-
	3,292	30,883	1,512	5,680	1,890	3,694
<u>Affiliates - Value of Shares Owned</u>						
J. Andre Weisbrod & Family Employees	\$ 31,967	\$ 275,476	\$ 21,275	\$ 36,163	\$ 18,223	\$ 50,760
	-	-	-	\$ 41,877	-	-
	\$ 31,967	\$ 275,476	\$ 21,275	\$ 78,040	\$ 18,223	\$ 50,760
Shares Outstanding	145,287	121,649	183,744	218,823	179,425	194,138
Percentage of Ownership (Weisbrod+Employee)	2.27%	25.39%	0.82%	2.60%	1.05%	1.90%
Percentage of Ownership (Weisbrod only)	2.27%	25.39%	0.82%	1.20%	1.05%	1.90%

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

Aggregate annual Trustee fees for the year ended December 31, 2016, were \$9,731.

### Note 4. Capital Share Transactions

The Funds are authorized to issue an unlimited number of shares of a separate series. Paid-in capital at December 31, 2016, was \$1,906,877 representing 194,193 shares outstanding for the ACF, \$1,581,552 representing 145,301 shares outstanding for the GBF, \$1,485,278 representing 179,501 shares outstanding for the INTF, \$1,563,815 representing 183,769 shares outstanding for the LCSF, \$1,096,662 representing 121,655 shares outstanding for the STBF, and \$1,986,361 representing 218,853 shares outstanding for the SCSF. Transactions in capital shares for the year ended December 31, 2016 and year ended December 31, 2015 were as follows:

	December 31, 2016					
<u>Shares</u>	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
Sale of Shares	4,475	22,244	4,344	2,301	125,208	4,978
Shares issued on Reinvestment of Dividends	334	634	-	7,695	-	-
Shares Redeemed	<u>(46,908)</u>	<u>(35,695)</u>	<u>(44,572)</u>	<u>(52,007)</u>	<u>(98,032)</u>	<u>(77,377)</u>
Net Increase (Decrease)	<u>(42,099)</u>	<u>(12,817)</u>	<u>(40,228)</u>	<u>(42,011)</u>	<u>27,176</u>	<u>(72,399)</u>

	December 31, 2016					
<u>Dollar Value</u>	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
Sale of Shares	\$ 59,019	\$ 217,431	\$ 41,080	\$ 32,739	\$ 1,119,185	\$ 57,643
Shares issued on Reinvestment of Dividends	4,586	6,178	-	108,275	-	-
Shares Redeemed	<u>(627,578)</u>	<u>(347,652)</u>	<u>(426,297)</u>	<u>(744,602)</u>	<u>(875,722)</u>	<u>(936,719)</u>
Net Increase (Decrease)	<u>\$(563,973)</u>	<u>\$(124,043)</u>	<u>\$(385,217)</u>	<u>\$(603,588)</u>	<u>\$ 243,463</u>	<u>\$(879,076)</u>

# STAAR INVESTMENT TRUST

## NOTES TO FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2016

<u>Shares</u>	<b>December 31, 2015</b>					
	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
Sale of Shares	19,463	34,747	8,147	16,009	18,507	25,644
Shares issued on Reinvestment of Dividends	2,234	1,287	-	9,980	-	30,029
Shares Redeemed	<u>(22,200)</u>	<u>(46,764)</u>	<u>(16,147)</u>	<u>(25,740)</u>	<u>(69,527)</u>	<u>(31,744)</u>
Net Increase (Decrease)	<u>(503)</u>	<u>(10,730)</u>	<u>(8,000)</u>	<u>249</u>	<u>(51,020)</u>	<u>23,929</u>

<u>Dollar Value</u>	<b>December 31, 2015</b>					
	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
Sale of Shares	\$ 265,045	\$ 342,969	\$ 82,511	\$ 240,818	\$ 165,539	\$ 351,033
Shares issued on Reinvestment of Dividends	29,888	12,563	-	139,614	-	351,636
Shares Redeemed	<u>(315,933)</u>	<u>(455,971)</u>	<u>(168,179)</u>	<u>(388,373)</u>	<u>(620,772)</u>	<u>(445,754)</u>
Net Increase (Decrease)	<u>\$(21,000)</u>	<u>\$(100,439)</u>	<u>\$(85,668)</u>	<u>\$(7,941)</u>	<u>\$(455,233)</u>	<u>\$ 256,915</u>

### Note 5. Investment Transactions

For the year ended December 31, 2016, purchases and sales of investment securities other than U.S. Government obligations and short-term investments aggregated \$530,774 and \$1,204,015 for the ACF, \$285,054 and \$369,615 for the GBF, \$203,598 and \$637,912 for the INTF, \$257,130 and \$1,085,033 for the LCSF, \$239,828 and \$440,029 for the STBF, and \$172,970 and \$1,148,488 for the SCSF, respectively.

### Note 6. Tax Matters

At December 31, 2016, the tax cost basis for investments held were as follows: \$1,937,780 for the ACF, \$1,433,425 for the GBF, \$1,417,370 for the INTF, \$1,574,229 for the LCSF, \$1,083,337 for the STBF, and \$1,990,947 for the SCSF, respectively.

At December 31, 2016, the composition of unrealized appreciation (the excess of value over tax cost) and depreciation (the excess of tax cost over value) are as follows:

#### ACF

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
\$759,098	\$(30,985)	\$728,113

#### GBF

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
\$13,685	\$(45,581)	\$(31,896)

#### INTF

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
\$326,541	\$(15,771)	\$310,770

#### LCSF

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
\$1,017,702	\$(7,137)	\$1,010,565

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# STAAR INVESTMENT TRUST

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

**STBF**

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
\$1,540	\$(2,518)	\$(978)

**SCSF**

<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Appreciation(Depreciation)</u>
\$1,068,168	\$(51,863)	\$1,016,305

As of December 31, 2016, the components of distributable earnings on a tax basis were as follows:

<b>ACF</b>	<u>Value</u>
Undistributed ordinary income	\$ -
Undistributed capital gain	33,299
Unrealized appreciation on investments	728,113

<b>GBF</b>	<u>Value</u>
Undistributed ordinary income	\$ -
Undistributed capital loss	(139,221)
Unrealized depreciation on investments	(31,896)

<b>INTF</b>	<u>Value</u>
Undistributed ordinary income	\$ -
Undistributed capital loss	(65,850)
Unrealized appreciation on investments	310,770

<b>LCSF</b>	<u>Value</u>
Undistributed ordinary income	\$ -
Undistributed capital gain	10,763
Unrealized appreciation on investments	1,010,565

<b>STBF</b>	<u>Value</u>
Undistributed ordinary income	\$ -
Undistributed capital loss	(10,951)
Unrealized depreciation on investments	(978)

<b>SCSF</b>	<u>Value</u>
Undistributed ordinary income	\$ -
Undistributed capital gain	4,112
Unrealized appreciation on investments	1,016,305

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



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# STAAR INVESTMENT TRUST

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

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 for the year ended December 31, 2016 and year ended December 31, 2015 are as follows:

	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
<u>December 31, 2016</u>						
Ordinary Distribution	\$ -	\$ 6,236	\$ -	\$ -	\$ -	\$ -
Capital Gain Distribution	\$ 4,613	\$ -	\$ -	\$ 108,972	\$ -	\$ -
 <u>December 31, 2015</u>						
Ordinary Distribution	\$ -	\$ 12,657	\$ -	\$ -	\$ -	\$ -
Capital Gain Distribution	\$ 30,237	\$ -	\$ -	\$ 140,346	\$ -	\$ 353,278

As of December 31, 2016, the following net capital loss carryforwards existed for federal income tax purposes:

<u>Year Expiring</u>	<u>ACF</u>	<u>GBF</u>	<u>INTF</u>	<u>LCSF</u>	<u>STBF</u>	<u>SCSF</u>
2017	-	55,195	-	-	10,707	-
2018	-	-	-	-	-	-
No Expiration	-	-	30,298	-	-	-
	<u>\$ -</u>	<u>\$ 55,195</u>	<u>\$ 30,298</u>	<u>\$ -</u>	<u>\$ 10,707</u>	<u>\$ -</u>

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

### **Note 7. Control and Ownership**

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the Fund, under section 2 (a) (9) of the Investment Company Act of 1940, as amended. As of December 31, 2016, Ronald & Shirley Franck, owned approximately 31.12% of the ACF Fund. As of December 31, 2016, Ronald & Shirley Franck, owned approximately 2.67% of the INTF Fund. As of December 31, 2016, Ronald & Shirley Franck, owned approximately 26.67% of the SCSF Fund.

### **Note 8. New Accounting Pronouncement**

In October 2016, the U.S. Securities and Exchange Commission (“SEC”) issued a new rule, Investment Company Reporting Modernization, which, among other provisions, amends Regulation S-X to require standardized, enhanced disclosures, particularly related to derivatives, in investment company financial statements. Compliance with the guidance is required for financial statements filed with the SEC on or after August 1, 2017. Management is currently evaluating the impact the amendments will have on the Fund’s financial statements and related disclosures.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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To the Shareholders and Trustees of  
Staar Investment Trust

We have audited the accompanying statements of assets and liabilities 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), including the schedule of investments, as of December 31, 2016, and the related statement 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 the years ended December 31, 2016, 2015, 2014, 2013, and 2012. 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2016, by correspondence with the custodian. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Staar Investment Trust as of December 31, 2016, the results of its operations for the year then ended, the changes in its 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, in conformity with accounting principles generally accepted in the United States of America.



GOFF BACKA ALFERA & COMPANY, LLC

Pittsburgh, Pennsylvania

February 27, 2017

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# STAAR INVESTMENT TRUST

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## EXPENSE ILLUSTRATION

DECEMBER 31, 2016 (UNAUDITED)

### **Expense Example**

As a shareholder of the STAAR Investment Trust Funds, 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, 2016 through December 31, 2016.

### **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 the 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.

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# STAAR INVESTMENT TRUST

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EXPENSE ILLUSTRATION (CONTINUED)  
DECEMBER 31, 2016 (UNAUDITED)

**Alternative Categories**

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>July 1, 2016</u>	<u>December 31, 2016</u>	<u>July 1, 2016 to December 31, 2016</u>
Actual	\$1,000.00	\$1,025.62	\$11.97
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.32	\$11.89

\* Expenses are equal to the Fund's annualized expense ratio of 2.35%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

**General Bond**

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>July 1, 2016</u>	<u>December 31, 2016</u>	<u>July 1, 2016 to December 31, 2016</u>
Actual	\$1,000.00	\$991.15	\$9.06
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,016.04	\$9.17

\* Expenses are equal to the Fund's annualized expense ratio of 1.81%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

**International**

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>July 1, 2016</u>	<u>December 31, 2016</u>	<u>July 1, 2016 to December 31, 2016</u>
Actual	\$1,000.00	\$1,020.11	\$11.78
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.47	\$11.74

\* Expenses are equal to the Fund's annualized expense ratio of 2.32%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

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# STAAR INVESTMENT TRUST

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EXPENSE ILLUSTRATION (CONTINUED)  
DECEMBER 31, 2016 (UNAUDITED)

**Larger Company**

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2016</u>	<u>December 31, 2016</u>	<u>July 1, 2016 to December 31, 2016</u>
Actual	\$1,000.00	\$995.19	\$11.59
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.52	\$11.69

\* Expenses are equal to the Fund's annualized expense ratio of 2.31%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

**Short-Term**

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2016</u>	<u>December 31, 2016</u>	<u>July 1, 2016 to December 31, 2016</u>
Actual	\$1,000.00	\$996.65	\$6.83
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,018.30	\$6.90

\* Expenses are equal to the Fund's annualized expense ratio of 1.36%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

**Smaller Company**

	<b>Beginning Account Value</b>	<b>Ending Account Value</b>	<b>Expenses Paid During the Period*</b>
	<u>July 1, 2016</u>	<u>December 31, 2016</u>	<u>July 1, 2016 to December 31, 2016</u>
Actual	\$1,000.00	\$1,142.14	\$12.44
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,013.52	\$11.69

\* Expenses are equal to the Fund's annualized expense ratio of 2.31%, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half year period).

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# STAAR INVESTMENT TRUST

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## TRUSTEES & OFFICERS

DECEMBER 31, 2016 (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 * 103 Skrabut Lane Sewickley, PA 15143, 64	Trustee	Continuous, 16 yrs.	1 Series Trust (6 Funds)	Accountant, None
Thomas J. Smith * 736 Beaver Street Sewickley, PA 15143, 78	Trustee	Continuous, 17 yrs.	1 Series Trust (6 Funds)	Advertising/Marketing Consulting, None
Jeffrey A. Dewhirst 453 Washington Street Leetsdale, PA 15056, 67	Secretary/ Trustee	Continuous, 21 yrs.	1 Series Trust (6 Funds)	Investment Banker, None

\* Audit Committee members

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# STAAR INVESTMENT TRUST

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## BOARD MEMBERS, OFFICERS AND COMMITTEE MEMBERS DECEMBER 31, 2016 (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.

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# STAAR INVESTMENT TRUST

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## BOARD MEMBERS, OFFICERS AND COMMITTEE MEMBERS (CONTINUED) DECEMBER 31, 2016 (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, 117 Long Valley Drive Ext., Coraopolis, PA 15108, Age 67	Indeterminate / 21 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 67	Indeterminate / 21 Years	Trustee, Secretary, Independent Director	Investment Banker, Principal, Dewhirst Capital Corporation
Thomas J. Smith, 736 Beaver Street, Sewickley, PA 15141, Age 78	Indeterminate / 17 Years	Trustee, Independent Director	Advertising/marketing Consultant
Richard Levkoy, 103 Skrabut Lane, Sewickley PA 15143 Age 64	Indeterminate / 16 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. Chartered Financial Consultant, The American College, 1986.  
 Employment History: Founder, President & CEO, STAAR Financial Advisors, Inc., 1993 – present; Founder, Chairman 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; Triumph Church Worship Team, 2011-present; St. Stephen’s Church Vestry 1991-99, Board Member, Young Life 1985-1994

#### Thomas Smith, Independent Trustee

Education: Denison University. Bachelor of Arts  
 Employment History: 2004-Present – Part-time Consultant to Smith Brothers Agency; 1993-2003 -- Small Business owner/operator; 1989-92 -- President/CEO (Pittsburgh Office) of Della Femina McNamee U.S.; 1985-1989 -- President/CEO Ketchum International; 1978-84 -- Chairman/CEO Ketchum Advertising Pittsburgh and Washington, D.C. ; 1964-78 --Account



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# STAAR INVESTMENT TRUST

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## BOARD MEMBERS, OFFICERS AND COMMITTEE MEMBERS (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

Management Executive, Tatham-Laird & Kudner; 1960-1964 -- Officer, U.S. Navy; 1958-1960 -- Account Executive, Radio Station WCGO  
Other: Board Positions -- Present: Staar Investment Trust; Past: Imani Christian Academy, 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: 2012 – Present, Moon Twp., PA, CJL Engineering, Chief Financial Officer; 2006 – 2012, Moon Twp., PA, CJL Engineering, Accounting Consultant; 2001 – 2012, Sewickley, PA, St. Stephen's Episcopal Church, 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. 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,

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# STAAR INVESTMENT TRUST

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## BOARD MEMBERS, OFFICERS AND COMMITTEE MEMBERS (CONTINUED) DECEMBER 31, 2016 (UNAUDITED)

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 2016.

\$ 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.

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# STAAR INVESTMENT TRUST

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## ADDITIONAL INFORMATION

DECEMBER 31, 2016 (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.

### Advisory Agreement Renewal

During a Board meeting held on December 20, 2016, the Trustees reviewed and discussed amongst other things, the renewal of the advisory agreement. There were multiple considerations taken into account; performance, conflicts of interest, and expenses. It was decided to renew the agreement for an additional year.

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**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**

Goff, Backa, Alfera & Co., LLC  
3325 Saw Mill Run Blvd.  
Pittsburgh, PA 15227

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.

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