

**SCHWARTZ
VALUE FUND**

a series of

**SCHWARTZ
INVESTMENT
TRUST**



ANNUAL REPORT

for the year ended
December 31, 2005

Ticker Symbol: RCMFX

Shareholder Accounts
c/o Ultimus Fund
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Schwartz Value Fund

Dear Fellow Shareowner,

Last year at this time equity investors were optimistic about the prospects for another good year in 2005, following the sizeable gains in '03 and '04. However, 2005 turned out to be a lackluster year for most U.S. equity investors. Only two out of eleven S&P 500 industry sectors recorded double-digit gains for the year – energy and utilities, neither of which were heavily represented in our portfolio. For 2005, the Schwartz Value Fund had a 3.8% total return.

Annual Rate of Return
For 1 year ended 12-31-05

Schwartz Value Fund	+ 3.8%
Russell 2000 Index	+ 4.6%
NASDAQ Composite ^(a)	+ 1.4%
S&P 500 Index	+ 4.9%
Dow Jones Industrial Average	+ 1.9%

As portfolio managers, we constantly search for value in neglected and overlooked stocks. In 2005, most of our companies' share prices lagged behind their underlying business progress. The following stocks were happy exceptions with sharp share price increases last year: Diamond Offshore Drilling, Inc. (+75%), Harris Corporation (+40%), Thor Industries, Inc. (+34%), Lifetime Brands, Inc. (+30%), and Fargo Electronics, Inc. (+28%). When these stocks were purchased, they were neglected and misunderstood issues of good companies. With the passage of time, the popular view of these companies improved and share prices rose. This is the essence of value investing—buying straw hats in January. The positive performance generated by these holdings and others, was offset to some degree by disappointing results from several of the Fund's consumer related holdings, including Dollar Tree Stores, Inc. and Furniture Brands International, Inc. Despite the less than stellar results last year, the Fund's 5-year compound annual rate of return compares favorably to the major stock market indices.

Compound Annual Rate of Return
For 5 Years Ended 12-31-05

Schwartz Value Fund	+ 14.1%
Russell 2000 Index	+ 8.2%
NASDAQ Composite ^(a)	- 2.3%
S&P 500 Index	+ 0.5%
Dow Jones Industrial Average	+ 2.0%

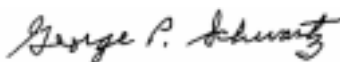
One investment theme the Fund is pursuing is Homeland Security. Increasingly, the U.S. Government is investing (spending) to fulfill its main purpose for existing – “To insure domestic tranquility and provide for the common defense.” Corporations too, are beefing up their security measures in numerous ways. Non-military Homeland Security spending is projected to exceed \$50 billion in 2006, and to grow rapidly thereafter. The Schwartz Value Fund has accumulated positions in several high-quality companies participating in various segments of the industry, including American Science and Engineering, Inc. (x-ray detection and scanning systems), Applied Signal Technology, Inc. (reconnaissance and surveillance equipment), Fargo Electronics, Inc. (ID-card printers and software), Harris Corporation (military radios & communications equipment), Mine Safety Appliances Company (military helmets, gas masks, and body armor), and TVI Corporation (decontamination and infection control equipment). These companies meet the criteria that we look for in value investing: reputable management, proprietary products, above-average profitability, growing free cash flow, low debt, high return on capital deployed, and above-average growth prospects. Importantly, the stocks were purchased at prices which represent a discount to our estimate of each company’s intrinsic value.

On December 29, 2005, the Fund paid a \$2.66 per share distribution, which was composed of \$.35 per share of short-term gains and \$2.31 per share of long-term gains. After the distribution, the Fund ended the year with a NAV of \$25.44 per share.

This month, your Board of Trustees approved a management fee reduction of .25% or 25 basis points per year (from 1.25% to 1.00%). At the current rate, 2006 will mark the sixth consecutive year in which the expense ratio for the Schwartz Value Fund has been reduced.

Best regards,

SCHWARTZ VALUE FUND



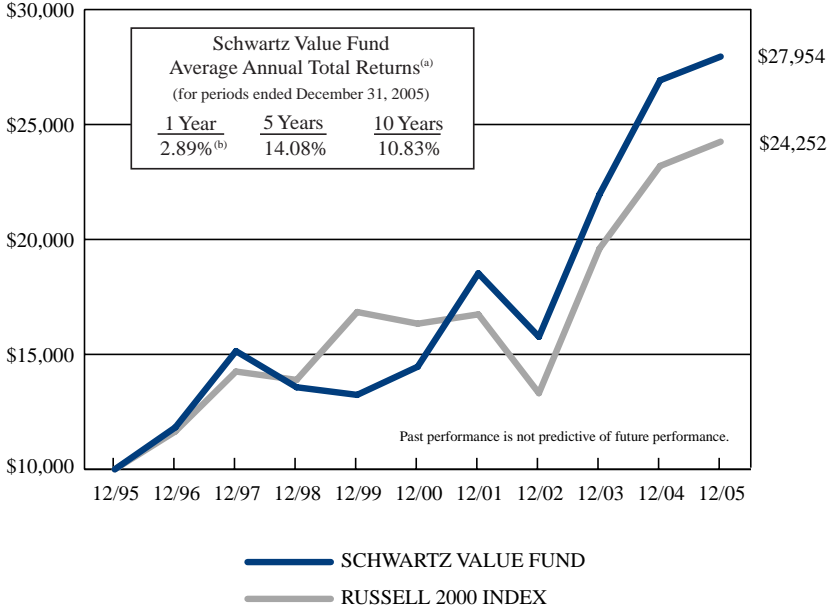
George P. Schwartz, CFA
President

^(a) Excluding dividends.

February 19, 2006

SCHWARTZ VALUE FUND PERFORMANCE (Unaudited)

Comparison of the Change in Value of a \$10,000 Investment
in the Schwartz Value Fund and the Russell 2000 Index



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

^(b) The return shown reflects a 1% contingent deferred sales charge.

SCHWARTZ VALUE FUND

ANNUAL TOTAL RATES OF RETURN

COMPARISON WITH MAJOR INDICES (Unaudited)

	SCHWARTZ VALUE FUND ^(a)	RUSSELL 2000 INDEX	RUSSELL 2000 VALUE INDEX	RUSSELL 2000 GROWTH INDEX	NASDAQ COMPOSITE ^(b)	VALUE LINE COMPOSITE ^(b)	S&P 500 INDEX	CONSUMER PRICE INDEX
1984	11.1%	-7.3%	2.3%	-15.8%	-11.2%	-8.4%	6.1%	3.9%
1985	21.7%	31.1%	31.0%	31.0%	31.4%	20.7%	31.6%	3.8%
1986	16.4%	5.7%	7.4%	3.6%	7.4%	5.0%	18.7%	1.1%
1987	-0.6%	-8.8%	-7.1%	-10.5%	-5.3%	-10.6%	5.3%	4.4%
1988	23.1%	24.9%	29.5%	20.4%	15.4%	15.4%	16.8%	4.4%
1989	8.3%	16.2%	12.4%	20.2%	19.3%	11.2%	31.6%	4.6%
1990	-5.3%	-19.5%	-21.8%	-17.4%	-17.8%	-24.3%	-3.2%	6.1%
1991	32.0%	46.1%	41.7%	51.2%	56.8%	27.2%	30.4%	3.1%
1992	22.7%	18.4%	29.1%	7.8%	15.5%	7.0%	7.6%	2.9%
1993	20.5%	18.9%	23.8%	13.4%	14.7%	10.7%	10.1%	2.7%
1994	-6.8%	-1.8%	-1.6%	-2.4%	-3.2%	-6.0%	1.3%	2.7%
1995	16.9%	28.4%	25.8%	31.0%	39.9%	19.3%	37.5%	2.5%
1996	18.3%	16.5%	21.4%	11.3%	22.7%	13.4%	22.9%	3.3%
1997	28.0%	22.4%	31.8%	13.0%	21.6%	21.1%	33.4%	1.7%
1998	-10.4%	-2.5%	-6.5%	1.2%	39.6%	-3.8%	28.6%	1.6%
1999	-2.5%	21.3%	-1.5%	43.1%	85.6%	-1.4%	21.0%	2.7%
2000	9.3%	-3.0%	22.8%	-22.4%	-39.3%	-8.7%	-9.1%	3.4%
2001	28.1%	2.5%	14.0%	-9.2%	-21.0%	-6.1%	-11.9%	1.6%
2002	-14.9%	-20.5%	-11.4%	-30.3%	-31.6%	-28.6%	-22.1%	2.4%
2003	39.3%	47.3%	46.0%	48.5%	50.0%	37.4%	28.7%	1.9%
2004	22.6%	18.3%	22.3%	14.3%	8.6%	11.5%	10.9%	3.3%
2005	3.8%	4.6%	4.7%	4.2%	1.4%	2.0%	4.9%	3.4%

AVERAGE ANNUAL TOTAL RETURNS

As of December 31, 2005 (Unaudited)

	SCHWARTZ VALUE FUND ^(a)	RUSSELL 2000 INDEX	RUSSELL 2000 VALUE INDEX	RUSSELL 2000 GROWTH INDEX	NASDAQ COMPOSITE ^(b)	VALUE LINE COMPOSITE ^(b)	S&P 500 INDEX	CONSUMER PRICE INDEX
3 Years	21.0%	22.1%	23.2%	20.9%	18.2%	16.0%	14.4%	2.9%
5 Years	14.1%	8.2%	13.6%	2.3%	-2.3%	1.0%	0.5%	2.5%
10 Years	10.8%	9.3%	13.1%	4.7%	7.7%	2.2%	9.1%	2.5%
22 Years	11.9%	10.3%	13.0%	7.1%	9.9%	3.5%	12.5%	3.1%

^(a) Schwartz Value Fund's performance combines the performance of the Fund, since its commencement of operations as a registered investment company on July 20, 1993, and the performance of RCM Partners Limited Partnership for periods prior thereto.

^(b) Excluding dividends.

SCHWARTZ VALUE FUND
TEN LARGEST EQUITY HOLDINGS
December 31, 2005 (Unaudited)

Shares	Company	Market Value
200,000	Fargo Electronics, Inc.	\$ 3,850,000
95,000	Thor Industries, Inc.	3,806,650
75,000	First Data Corporation	3,225,750
150,000	Lifetime Brands, Inc.	3,100,500
13,000	Student Loan Corporation (The)	2,719,990
135,000	Craftmade International, Inc.	2,701,350
60,000	Lexmark International, Inc.	2,689,800
30,000	Mohawk Industries, Inc.	2,609,400
50,000	Simpson Manufacturing Company, Inc.	1,817,500
75,000	Dollar Tree Stores, Inc.	1,795,500

ASSET ALLOCATION (Unaudited)

Sector	% of Net Assets
Aerospace/Defense	5.7%
Apparel & Textiles	4.4%
Building Materials & Construction	0.7%
Business Services	14.1%
Consumer Products	14.3%
Education	2.3%
Energy & Mining	4.9%
Finance.....	7.7%
Healthcare	10.4%
Holding Companies.....	1.2%
Industrial Products & Services	13.2%
Leisure & Entertainment.....	2.0%
Printing & Publishing	1.1%
Real Estate	0.5%
Retail	6.6%
Technology	5.6%
Transportation	5.7%
Utilities.....	0.8%
Cash Equivalents, Other Assets and Liabilities	-1.2%
	<u>100.0%</u>

SCHWARTZ VALUE FUND
SCHEDULE OF INVESTMENTS

December 31, 2005

Shares	COMMON STOCKS — 101.2%	Market Value
	AEROSPACE/DEFENSE — 5.7%	
10,000	American Science and Engineering, Inc. *	\$ 623,700
40,000	Applied Signal Technology, Inc.	908,000
5,000	Engineered Support Systems, Inc.	208,200
7,500	General Dynamics Corporation	855,375
7,500	Harris Corporation	322,575
5,000	Rockwell Collins, Inc.	232,350
200,000	TVI Corporation *	800,000
		<u>3,950,200</u>
	APPAREL & TEXTILES — 4.4%	
10,000	Jones Apparel Group, Inc.	307,200
5,000	K-Swiss, Inc. - Class A	162,200
30,000	Mohawk Industries, Inc. *	2,609,400
		<u>3,078,800</u>
	BUILDING MATERIALS & CONSTRUCTION — 0.7%	
10,000	Pulte Homes, Inc.	393,600
1,000	Ryland Group, Inc. (The)	72,130
		<u>465,730</u>
	BUSINESS & INDUSTRIAL PRODUCTS — 4.7%	
45,000	Diebold, Incorporated	1,710,000
3,000	Genuine Parts Company	131,760
40,000	Mine Safety Appliances Company	1,448,400
		<u>3,290,160</u>
	BUSINESS SERVICES — 14.1%	
200,000	Fargo Electronics, Inc. *	3,850,000
75,000	First Data Corporation	3,225,750
1,000	Kronos, Inc. *	41,860
82,878	Neogen Corporation *	1,741,267
94,000	Superior Uniform Group, Inc.	963,500
		<u>9,822,377</u>
	COMMUNICATION EQUIPMENT & SERVICES — 0.1%	
5,000	Universal Electronics Inc. *	86,150
	COMPUTER EQUIPMENT & SERVICES — 3.9%	
60,000	Lexmark International, Inc. *	2,689,800
	CONSUMER PRODUCTS — DURABLES — 6.4%	
135,000	Craftmade International, Inc.	2,701,350
2,500	Ethan Allen Interiors, Inc.	91,325
4,000	Harley-Davidson, Inc.	205,960
62,500	Leggett & Platt, Inc.	1,435,000
		<u>4,433,635</u>

SCHEDULE OF INVESTMENTS (continued)

Shares	COMMON STOCKS — 101.2% (continued)	Market Value
CONSUMER PRODUCTS — NONDURABLES — 7.9%		
6,175	ACCO Brands Corporation *	\$ 151,288
25,000	Chattem, Inc. *	909,750
2,500	Coach, Inc. *	83,350
5,000	Fortune Brands, Inc.	390,100
150,000	Lifetime Brands, Inc.	3,100,500
8,486	Velcro Industries N.V.	120,925
40,000	Weyco Group, Inc.	764,000
		5,519,913
EDUCATION — 2.3%		
30,000	Corinthian Colleges, Inc. *	353,400
25,000	Education Management Corporation *	837,750
30,000	Nobel Learning Communities, Inc. *	283,200
1,000	Strayer Education, Inc.	93,700
		1,568,050
ELECTRONICS — 1.6%		
22,500	Gentex Corporation	438,750
73,585	Sparton Corporation	659,322
		1,098,072
ENERGY & MINING — 4.9%		
45,000	Core Laboratories N.V. *	1,681,200
1,000	Diamond Offshore Drilling, Inc.	69,560
75,000	Input/Output, Inc. *	527,250
5,000	Patterson-UTI Energy, Inc.	164,750
10,000	Pioneer Natural Resources Company	512,700
3,000	Transocean Inc. *	209,070
5,000	XTO Energy, Inc.	219,700
		3,384,230
FINANCE — BANKS & THRIFTS — 0.0%		
30	CSB Bancorp, Inc.	12,750
FINANCE — INSURANCE — 3.8%		
161,300	Meadowbrook Insurance Group, Inc. *	941,992
182,700	Unico American Corporation *	1,708,245
		2,650,237
FINANCE — MISCELLANEOUS — 3.9%		
13,000	Student Loan Corporation (The)	2,719,990
HEALTHCARE — 10.4%		
10,000	Boston Scientific Corporation *	244,900
10,000	Henry Schein, Inc. *	436,400
20,000	Kinetic Concepts, Inc. *	795,200
20,000	Lincare Holdings Inc. *	838,200
12,500	Manor Care, Inc.	497,125
75,000	National Dentex Corporation *	1,690,500
45,000	Waters Corporation *	1,701,000
30,000	Young Innovations, Inc.	1,022,400
		7,225,725

SCHEDULE OF INVESTMENTS (continued)

Shares	COMMON STOCKS — 101.2% (continued)	Market Value
	HOLDING COMPANIES — 1.2%	
25,000	PICO Holdings, Inc. *	\$ 806,500
	INDUSTRIAL PRODUCTS & SERVICES — 8.5%	
60,000	American Pacific Corporation *	413,400
12,500	Balchem Corporation	372,625
10,000	Dover Corporation	404,900
30,000	Graco, Inc.	1,094,400
25,000	Maritrans Inc.	650,500
50,000	Simpson Manufacturing Company, Inc.	1,817,500
27,812	Strattec Security Corporation *	1,124,161
		<u>5,877,486</u>
	LEISURE & ENTERTAINMENT — 2.0%	
40,000	RC2 Corporation *	<u>1,420,800</u>
	PRINTING & PUBLISHING — 1.1%	
5,000	Courier Corporation	171,700
20,000	ProQuest Company *	558,200
		<u>729,900</u>
	REAL ESTATE — 0.5%	
16,499	I. Gordon Corporation *	<u>329,980</u>
	RETAIL — 6.6%	
30,000	Christopher & Banks Corporation	563,400
75,000	Dollar Tree Stores, Inc. *	1,795,500
30,000	Home Depot, Inc.	1,214,400
30,000	Ross Stores, Inc.	867,000
3,000	Tractor Supply Company *	158,820
		<u>4,599,120</u>
	TRANSPORTATION — 5.7%	
2,000	PACCAR, Inc.	138,460
95,000	Thor Industries, Inc.	3,806,650
		<u>3,945,110</u>
	UTILITIES — 0.8%	
100,000	SEMCO Energy, Inc. *	<u>562,000</u>
	TOTAL COMMON STOCKS (Cost \$57,179,998)	<u>\$ 70,266,715</u>

SCHEDULE OF INVESTMENTS (continued)

Shares	OPEN-END FUNDS — 0.0%	Market Value
43	Sequoia Fund (Cost \$5,473)	\$ 6,766

Face Amount	REPURCHASE AGREEMENTS ⁽¹⁾ — 0.0%	Market Value
\$ 12,427	US Bank N.A., 3.25%, dated 12/30/05, due 01/03/06 repurchase proceeds: \$12,431 (Cost \$12,427)	\$ 12,427
	TOTAL INVESTMENTS AT MARKET VALUE — 101.2% (Cost \$57,197,898)	\$ 70,285,908
	LIABILITIES IN EXCESS OF OTHER ASSETS — (1.2%) ..	(800,019)
	NET ASSETS — 100.0%	<u>\$ 69,485,889</u>

* Non-income producing security.

⁽¹⁾ Repurchase agreement is fully collateralized by \$12,427 FNCI, Pool #729590, 4.50%, due 07/01/2018. The aggregate market value of the collateral at December 31, 2005 was \$13,227.

See notes to financial statements.

SCHWARTZ VALUE FUND
STATEMENT OF ASSETS AND LIABILITIES
December 31, 2005

ASSETS

Investments, at market value (cost of \$57,197,898) (Note 1)	\$70,285,908
Receivable for capital shares sold	956
Receivable for investment securities sold	575,356
Dividends and interest receivable.....	44,652
Other assets	18,980
TOTAL ASSETS	<u>70,925,852</u>

LIABILITIES

Payable for capital shares redeemed	1,700
Payable for investment securities purchased.....	1,193,580
Accrued investment advisory fees (Note 2).....	219,908
Payable to affiliate (Note 2).....	9,000
Other accrued expenses	15,775
TOTAL LIABILITIES	<u>1,439,963</u>

NET ASSETS	<u>\$69,485,889</u>
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NET ASSETS CONSIST OF:

Paid-in capital.....	\$56,766,973
Distributions in excess of net realized gains from security transactions.....	(369,094)
Net unrealized appreciation on investments.....	13,088,010
NET ASSETS	<u>\$69,485,889</u>

Shares of beneficial interest outstanding (unlimited number of shares authorized, no par value)	<u>2,730,935</u>
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Net asset value and offering price per share ^(a)	<u>\$ 25.44</u>
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^(a) Redemption price will vary if subject to contingent deferred sales charge (Note 1).

See notes to financial statements.

SCHWARTZ VALUE FUND
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

INVESTMENT INCOME

Dividends.....	\$ 610,394
Interest	69,850
TOTAL INCOME.....	<u>680,244</u>

EXPENSES

Investment advisory fees (Note 2).....	905,728
Administration, accounting and transfer agent fees (Note 2)	106,869
Legal and audit fees.....	26,980
Registration fees	25,377
Trustees' fees and expenses.....	20,189
Custodian fees.....	15,984
Postage and supplies.....	13,518
Reports to shareholders	7,759
Insurance expense.....	7,477
Compliance service fees.....	6,747
Other expenses.....	7,656
TOTAL EXPENSES	<u>1,144,284</u>

NET INVESTMENT LOSS..... (464,040)

REALIZED AND UNREALIZED GAINS/(LOSSES) ON INVESTMENTS

Net realized gains from security transactions.....	6,895,911
Net realized gains from in-kind redemptions (Note 1)	1,621,009
Net change in unrealized appreciation/(depreciation) on investments	<u>(5,594,639)</u>

NET REALIZED AND UNREALIZED GAINS ON INVESTMENTS 2,922,281

NET INCREASE IN NET ASSETS FROM OPERATIONS \$ 2,458,241

See notes to financial statements.

SCHWARTZ VALUE FUND

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2005	Year Ended December 31, 2004
FROM OPERATIONS		
Net investment loss	\$ (464,040)	\$ (584,873)
Net realized gains from security transactions	6,895,911	11,755,181
Net realized gains from in-kind redemptions (Note 1).....	1,621,009	—
Net change in unrealized appreciation/(depreciation) on investments	(5,594,639)	2,881,647
Net increase in net assets from operations	<u>2,458,241</u>	<u>14,051,955</u>
FROM DISTRIBUTIONS TO SHAREHOLDERS		
From net realized gains on investments	(6,701,121)	(10,973,068)
FROM CAPITAL SHARE TRANSACTIONS		
Proceeds from shares sold	4,817,052	24,713,497
Reinvestment of distributions to shareholders	5,575,730	9,828,308
Payments for shares redeemed.....	(13,173,652)	(20,702,942)
Net increase/(decrease) in net assets from capital share transactions	<u>(2,780,870)</u>	<u>13,838,863</u>
TOTAL INCREASE/(DECREASE) IN NET ASSETS	(7,023,750)	16,917,750
NET ASSETS		
Beginning of year	76,509,639	59,591,889
End of year	<u>\$ 69,485,889</u>	<u>\$ 76,509,639</u>
UNDISTRIBUTED NET INVESTMENT INCOME	<u>\$ —</u>	<u>\$ —</u>
SUMMARY OF CAPITAL SHARE ACTIVITY		
Shares sold.....	176,867	876,236
Shares issued in reinvestment of distributions to shareholders	216,968	365,637
Shares redeemed	(492,565)	(718,682)
Net increase/(decrease) in shares outstanding.....	(98,730)	523,191
Shares outstanding, beginning of year	2,829,665	2,306,474
Shares outstanding, end of year	<u>2,730,935</u>	<u>2,829,665</u>

See notes to financial statements.

SCHWARTZ VALUE FUND

FINANCIAL HIGHLIGHTS

Per Share Data for a Share Outstanding Throughout Each Year

	Year Ended Dec. 31, 2005	Year Ended Dec. 31, 2004	Year Ended Dec. 31, 2003	Year Ended Dec. 31, 2002	Year Ended Dec. 31, 2001
Net asset value at beginning of year	\$ 27.04	\$ 25.84	\$ 20.20	\$ 23.74	\$ 20.62
Income/(loss) from investment operations:					
Net investment loss	(0.17)	(0.21)	(0.16)	(0.21)	(0.12)
Net realized and unrealized gains/(losses) on investments	1.23	6.02	8.10	(3.33)	5.91
Total from investment operations	1.06	5.81	7.94	(3.54)	5.79
Less distributions:					
From net realized gains on investments	(2.66)	(4.61)	(2.30)	—	(2.67)
Net asset value at end of year.....	\$ 25.44	\$ 27.04	\$ 25.84	\$ 20.20	\$ 23.74
Total return ^(a)	3.8%	22.6%	39.3%	(14.9)%	28.1%
Ratios/Supplementary Data:					
Net assets at end of year (000's)	\$ 69,486	\$ 76,510	\$ 59,592	\$ 44,261	\$ 50,031
Ratio of expenses to average net assets.....	1.61%	1.82%	1.89%	1.95%	2.04%
Ratio of net investment loss to average net assets	(0.65)%	(0.84)%	(0.73)%	(0.98)%	(0.62)%
Portfolio turnover rate.....	78%	83%	74%	103%	103%

^(a) Total return is a measure of the change in value of an investment in the Fund over the periods covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect any reduction for sales charges, nor do they reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

See notes to financial statements.

SCHWARTZ VALUE FUND

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

1. Significant Accounting Policies

Schwartz Value Fund (the Fund) is a diversified series of Schwartz Investment Trust (the "Trust"), an open-end management investment company established as an Ohio business trust under a Declaration of Trust dated August 31, 1992. The Fund is registered under the Investment Company Act of 1940 and commenced operations on July 20, 1993. The Fund determines and makes available for publication the net asset value of its shares on a daily basis.

The investment objective of the Fund is to seek long-term capital appreciation. See the Prospectus for information regarding the principal investment strategies of the Fund.

Shares of the Fund are sold at net asset value. To calculate the net asset value, the Fund's assets are valued and totaled, liabilities are subtracted, and the balance is divided by the number of shares outstanding. The offering price and redemption price per share are equal to the net asset value per share, except that shares of the Fund may be subject to a 1% contingent deferred sales charge (CDSC) if redeemed within one year of their purchase. Shares are not subject to the CDSC if the shares are purchased either directly from the Fund or through a broker-dealer or other financial intermediary that does not receive any compensation in connection with such purchase.

The following is a summary of significant accounting policies followed by the Fund:

(a) Valuation of investments — Securities which are traded on stock exchanges are valued at the closing sales price as of the close of the regular session of trading on the New York Stock Exchange (NYSE) on the day the securities are being valued, or, if not traded on a particular day, at the closing bid price. Securities which are quoted by NASDAQ are valued at the NASDAQ Official Closing Price. Securities traded in the over-the-counter market, and which are not quoted by NASDAQ, are valued at the average of the highest current independent bid and lowest current independent offer as of the close of the regular session of trading on the NYSE on the day of valuation. Securities which are traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market. Investments representing primarily capital stock of other open-end investment companies are valued at their net asset value as reported by such companies. Securities (and other assets) for which market quotations are not readily available are valued at their fair value as determined in good faith in accordance with consistently applied procedures established by and under the general supervision of the Board of Trustees. Short-term instruments (those with remaining maturities of 60 days or less) are valued at amortized cost, which approximates market value.

NOTES TO FINANCIAL STATEMENTS (continued)

(b) Income taxes — It is the Fund’s policy to comply with the special provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. As provided therein, in any fiscal year in which the Fund so qualifies and distributes at least 90% of its taxable income, the Fund (but not the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made.

In order to avoid imposition of the excise tax applicable to regulated investment companies, it is also the Fund’s intention to declare as dividends in each calendar year at least 98% of its net investment income and 98% of its net realized capital gains plus undistributed amounts from prior years.

The tax character of distributable earnings at December 31, 2005 was as follows:

Unrealized appreciation	<u>\$ 12,718,916</u>
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For federal income tax purposes, the cost of portfolio investments amounted to \$57,566,992 at December 31, 2005. The composition of unrealized appreciation (the excess of value over tax cost) and unrealized depreciation (the excess of tax cost over value) was as follows:

Gross unrealized appreciation	\$ 14,465,454
Gross unrealized depreciation	<u>(1,746,538)</u>
Net unrealized appreciation	<u>\$ 12,718,916</u>

The difference between the federal income tax cost of portfolio investments and the financial statement cost for the Fund is due to certain timing differences in the recognition of capital losses under income tax regulations and accounting principles generally accepted in the United States of America. These “book/tax” differences are temporary in nature and are primarily due to the tax deferral of losses on wash sales.

During the year ended December 31, 2005, the Fund realized \$1,621,009 of net capital gains resulting from in-kind redemptions – in which shareholders who redeemed Fund shares received securities held by the Fund rather than cash. The Fund recognizes a gain on in-kind redemptions to the extent that the value of the distributed securities on the date of redemption exceeds the cost of those securities. Such gains are not taxable to the Fund and are not required to be distributed to shareholders.

For the year ended December 31, 2005, the Fund reclassified its net investment loss of \$464,040 against distributions in excess of net realized gains from security transactions on the Statement of Assets and Liabilities. Additionally, the Fund reclassified its net capital gains resulting from in-kind redemptions of \$1,621,009 against paid-in capital on the Statement of Assets and Liabilities. Such reclassifications, the result of permanent differences between the financial statement and income tax reporting requirements, have no effect on the Fund’s net assets or net asset value per share.

NOTES TO FINANCIAL STATEMENTS (continued)

(c) **Security transactions and investment income** — Security transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Realized gains and losses on security transactions are determined on the identified cost basis.

(d) **Dividends and distributions** — Dividends from net investment income and net capital gains, if any, are declared and paid annually in December. Dividends and distributions to shareholders are recorded on the ex-dividend date. The tax character of distributions paid during the years ended December 31, 2005 and December 31, 2004 was as follows:

Year Ended	Ordinary Income	Long-Term Capital Gains	Total Distributions
December 31, 2005	\$ 974,486	\$ 5,726,635	\$ 6,701,121
December 31, 2004	\$ 2,093,053	\$ 8,880,015	\$ 10,973,068

(e) **Repurchase agreements** — The Fund may enter into repurchase agreements (agreements to purchase securities subject to the seller's agreement to repurchase them at a specified time and price) with well-established registered securities dealers or banks. Repurchase agreements may be deemed to be loans by the Fund. The Fund's policy is to take possession of U.S. Government obligations as collateral under a repurchase agreement and, on a daily basis, mark-to-market such obligations to ensure that their value, including accrued interest, is at least equal to the amount to be repaid to the Fund under the repurchase agreement.

(f) **Estimates** — The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) **Common expenses** — Common expenses of the Trust are allocated among the Fund and the other series of the Trust based on relative net assets of each series or the nature of the services performed and the relative applicability to each series.

2. Investment Advisory Agreement and Transactions with Related Parties

The President of the Trust is also the President and Chief Investment Officer of Schwartz Investment Counsel, Inc. (the "Adviser"). Certain other officers of the Trust are officers of the Adviser, or of Ultimus Fund Solutions, LLC ("Ultimus"), the administrative, accounting and transfer agent for the Fund or of Ultimus Fund Distributors, LLC (the "Distributor"), the Fund's principal underwriter.

Pursuant to an Investment Advisory Agreement between the Trust and the Adviser, the Adviser is responsible for the management of the Fund and provides investment advice along with the necessary personnel, facilities, equipment and certain other services necessary to the operations of the Fund. Effective as of February 1, 2005, the Adviser

NOTES TO FINANCIAL STATEMENTS (continued)

receives from the Fund a quarterly fee at the annual rate of 1.25% of its average daily net assets up to \$100 million and 1% of such assets in excess of \$100 million. Prior to February 1, 2005, the Adviser received from the Fund a quarterly fee at the annual rate of 1.5% of its average daily net assets up to \$75 million; 1.25% of such assets from \$75 million to \$100 million; and 1% of such assets in excess of \$100 million.

Pursuant to a Mutual Fund Services Agreement between the Fund and Ultimus, Ultimus supplies regulatory and compliance services, calculates the daily net asset value per share, maintains the financial books and records of the Fund, maintains the records of each shareholder's account, and processes purchases and redemptions of the Fund's shares. For the performance of these services, the Fund pays Ultimus a fee, payable monthly, at an annual rate of .15% of its average daily net assets, subject to a minimum monthly fee of \$4,000. For the year ended December 31, 2005, the Fund paid \$106,869 to Ultimus for mutual fund services.

Pursuant to a Distribution Agreement between the Fund and the Distributor, the Distributor serves as the Fund's exclusive agent for the distribution of its shares. During the year ended December 31, 2005, the Distributor collected \$1,380 in contingent deferred sales charges on redemptions of Fund shares. The Distributor is an affiliate of Ultimus.

3. Investment Transactions

During the year ended December 31, 2005, cost of purchases and proceeds from sales and maturities of investment securities, excluding short-term investments and U.S. government securities, amounted to \$53,183,534 and \$57,047,677, respectively.

4. Contingencies and Commitments

The Fund indemnifies the Trust's officers and trustees for certain liabilities that might arise from their performance of their duties to the Fund. Additionally, in the normal course of business the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

SCHWARTZ VALUE FUND

REPORT OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

To the Shareholders and Trustees
Schwartz Value Fund

We have audited the accompanying statement of assets and liabilities of Schwartz Value Fund (the "Fund"), including the schedule of investments, as of December 31, 2005, 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 financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes 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 Fund'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, 2005, by correspondence with the Fund's custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Schwartz Value Fund as of December 31, 2005, and 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.

DELOITTE & TOUCHE LLP

Chicago, Illinois
February 14, 2006

SCHWARTZ VALUE FUND

BOARD OF TRUSTEES AND EXECUTIVE OFFICERS

(Unaudited)

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

Trustee/Officers	Address	Age	Position Held with the Trust	Length of Time Served
<i>Interested Trustees:</i>				
* Gregory J. Schwartz	3707 W. Maple Road, Bloomfield Hills, MI	64	Chairman of the Board/Trustee	Since 1992
* George P. Schwartz, CFA	3707 W. Maple Road, Bloomfield Hills, MI	61	President/Trustee	Since 1992
<i>Independent Trustees:</i>				
John E. Barnds	640 Lakeside Road Birmingham, MI	73	Trustee	Since 2005
Peter F. Barry	3707 W. Maple Road, Bloomfield Hills, MI	78	Trustee	Since 2004
Donald J. Dawson, Jr.	333 W. Seventh Street, Royal Oak, MI	58	Trustee	Since 1993
Fred A. Erb	800 Old North Woodward, Birmingham, MI	82	Trustee Emeritus	Since 1994
John J. McHale	2014 Royal Fern Court, Palm City, FL	84	Trustee Emeritus	Since 1993
Sidney F. McKenna	1173 Banbury Circle, Bloomfield Hills, MI	83	Trustee Emeritus	Since 1993
<i>Executive Officers:</i>				
* Richard L. Platte, Jr., CFA	3707 W. Maple Road, Bloomfield Hills, MI	54	Vice President and Secretary	Since 1993
* Timothy S. Schwartz	3707 W. Maple Road, Bloomfield Hills, MI	34	Treasurer	Since 2000
Cynthia M. Dickinson	34600 W. Eight Mile Road, Farmington Hills, MI	46	Chief Compliance Officer	Since 2004

* Gregory J. Schwartz, George P. Schwartz, Richard L. Platte, Jr. and Timothy S. Schwartz, as affiliated persons of Schwartz Investment Counsel, Inc., the Fund's investment adviser, are "interested persons" of the Trust within the meaning of Section 2(a)(19) of the Investment Company Act of 1940. Gregory J. Schwartz and George P. Schwartz are brothers and Timothy S. Schwartz is the son of George P. Schwartz and the nephew of Gregory J. Schwartz.

Each Trustee oversees five portfolios of the Trust: the Ave Maria Catholic Values Fund, the Ave Maria Growth Fund, the Ave Maria Rising Dividend Fund, the Ave Maria Bond Fund and the Schwartz Value Fund. The principal occupations of the Trustees and executive officers of the Trust during the past five years and public directorships held by the Trustees are set forth below:

BOARD OF TRUSTEES AND EXECUTIVE OFFICERS (Unaudited) (continued)

Gregory J. Schwartz is Chairman of Gregory J. Schwartz & Co., Inc., a registered broker-dealer.

George P. Schwartz, CFA is President and Chief Investment Officer of Schwartz Investment Counsel, Inc. and is the portfolio manager of the Fund.

John E. Barnds is retired First Vice President of National Bank of Detroit.

Peter F. Barry is retired President of Cadillac Rubber & Plastics Company (a manufacturer of rubber and plastics components).

Donald J. Dawson, Jr. is Chairman of Payroll 1, Inc. (a payroll processing company).

Fred A. Erb is Chairman and Chief Executive Officer of Edgemere Enterprises, Inc. (a real estate investment, development and management company).

John J. McHale is retired President of the Montreal Expos (a major league baseball team).

Sidney F. McKenna is retired Senior Vice President of United Technologies Corporation (a major manufacturer of aircraft engines and other industrial products).

Richard L. Platte, Jr., CFA is Executive Vice President and Secretary of Schwartz Investment Counsel, Inc.

Timothy S. Schwartz is Vice President and Treasurer of Schwartz Investment Counsel, Inc.

Cynthia M. Dickinson is President of CMD Consulting, LLC (business consultant).

Additional information about members of the Board of Trustees and executive officers is available in the Statement of Additional Information (SAI). To obtain a free copy of the SAI, please call (888) 726-0753.

FEDERAL TAX INFORMATION (Unaudited)

In accordance with federal tax requirements, the following provides shareholders with information concerning distributions from net realized gains made by the Fund during the year ended December 31, 2005. On December 29, 2005, the Fund declared and paid a short-term capital gain distribution of \$0.3567 per share and a long-term capital gain distribution of \$2.3068 per share. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, both the short-term capital gain distribution of \$0.3567 per share and the long-term capital gain distribution of \$2.3068 per share may be subject to a maximum tax rate of 15%. Early in 2006, as required by federal regulations, shareholders received notification of their portion of the Fund's taxable capital gain distribution, if any, paid during the 2005 calendar year.

SCHWARTZ VALUE FUND

ABOUT YOUR FUND'S EXPENSES (Unaudited)

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the Fund, you incur two types of cost: (1) transaction costs, possibly including a contingent deferred sales charge, and (2) ongoing costs, including management fees and other Fund expenses. The following examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

A mutual fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The expenses in the table below are based on an investment of \$1,000 made at the beginning of the most recent semi-annual period (July 1, 2005) and held until the end of the period (December 31, 2005).

The table below illustrates the Fund's costs in two ways:

Actual fund return – This section helps you to estimate the actual expenses that you paid over the period. The “Ending Account Value” shown is derived from the Fund's actual return, and the third column shows the dollar amount of operating expenses that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, 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 given for the Fund under the heading “Expenses Paid During Period.”

Hypothetical 5% return – This section is intended to help you compare the Fund's costs with those of other mutual funds. It assumes that the Fund had an annual return of 5% before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual returns, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess the Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Fund does not charge a front-end sales load. However, a contingent deferred sales charge of 1% may apply if you redeem Fund shares within one year of their purchase.

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

SCHWARTZ VALUE FUND

ABOUT YOUR FUND'S EXPENSES (Unaudited) (continued)

More information about the Fund's expenses, including historical annual expense ratios, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Fund's prospectus.

	Beginning Account Value July 1, 2005	Ending Account Value Dec. 31, 2005	Expenses Paid During Period*
Based on Actual Fund Return	\$1,000.00	\$1,026.20	\$8.17
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,017.14	\$8.13

* Expenses are equal to the Fund's annualized expense ratio of 1.60% for the period, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

OTHER INFORMATION (Unaudited)

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free (888) 726-0753, or on the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free (888) 726-0753, or on the SEC's website <http://www.sec.gov>.

The Trust files a complete listing of portfolio holdings for the Fund with the SEC as of the first and third quarters of each fiscal year on Form N-Q. The filings are available free of charge, upon request, by calling (888) 726-0753. Furthermore, you may obtain a copy of the filing on the SEC's website at <http://www.sec.gov>. The Trust's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC, and information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

SCHWARTZ VALUE FUND INVESTMENT PHILOSOPHY

Schwartz Value Fund (“SVF”) seeks long-term capital appreciation through value investing – purchasing shares of strong, growing companies at reasonable prices. Because the Adviser believes small and medium size companies offer vast reward opportunities, fundamental analysis is used to identify emerging companies with outstanding business characteristics. Sometimes the best values are issues not followed closely by Wall Street analysts.

Most value investors buy fair companies at an excellent price. SVF attempts to buy excellent companies at a fair price. The essence of value investing is finding companies with great business characteristics, which by their nature offer a margin of safety. A truly fine business requires few assets to provide a consistently expanding stream of income. SVF purchases shares which are temporarily out-of-favor and selling below intrinsic value.

A common thread in SVF’s investments is that the market price is below what a corporate or entrepreneurial buyer might be willing to pay for the entire business. The auction nature and the inefficiencies of the stock market are such that SVF can often buy a minority interest in a fine company at a small fraction of the price per share necessary to acquire the entire company.

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Schwartz Value Fund

a series of

Schwartz Investment Trust

3707 W. Maple Road

Suite 100

Bloomfield Hills, Michigan 48301

Board of Trustees

Gregory J. Schwartz, Chairman

George P. Schwartz, CFA

John E. Barnds

Peter F. Barry

Donald J. Dawson, Jr.

Fred A. Erb, Emeritus

John J. McHale, Emeritus

Sidney F. McKenna, Emeritus

Officers

George P. Schwartz, CFA, President

Richard L. Platte, Jr., CFA, V.P./Secretary

Timothy S. Schwartz, Treasurer

Robert G. Dorsey, Assistant Secretary

John F. Splain, Assistant Secretary

Mark J. Seger, CPA, Assistant Treasurer

Theresa M. Bridge, CPA, Assistant Treasurer

Craig J. Hunt, Assistant Vice President

Cynthia M. Dickinson, Chief Compliance Officer

Investment Adviser

SCHWARTZ INVESTMENT COUNSEL, INC.

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Custodian

US BANK, N.A.

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Administrator

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P.O. Box 46707

Cincinnati, Ohio 45246

Independent Registered**Public Accounting Firm**

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Chicago, Illinois 60606

Legal Counsel

SULLIVAN & WORCESTER LLP

1666 K Street, NW, Suite 700

Washington, D.C. 20006

SCHWARTZ VALUE FUND

SUPPLEMENTAL TAX INFORMATION FOR 2005

Schwartz Value Fund paid the following distributions in 2005:

Record Date	Ex-Dividend Date	Short-Term Capital Gain Distribution Per Share	Long-Term Capital Gain Distribution Per Share	Percentage of Qualified Dividend Income
12/28/2005	12/29/2005	\$0.3567		67.86%
12/28/2005	12/29/2005		\$2.3068	-----

Federal Taxation

Short-term capital gain distributions paid during 2005 are taxable as ordinary dividends for federal tax purposes. These distributions are taxable whether received in cash or reinvested in additional shares of the Fund. As provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003, certain dividends and capital gain distributions paid by the Fund may be subject to a maximum tax rate of 15%. During 2005, 67.86% of the short-term capital gains paid by the Fund were classified as "Qualified Dividends". Complete information for your account will be computed and reported in conjunction with your 2005 Form 1099-DIV.

A Form 1099-DIV, "Dividends and Distributions", has been provided to all non-exempt shareholders who earned gross taxable dividends of \$10 or more during 2005. The information on Form 1099-DIV will be sent to the Internal Revenue Service and should be utilized in the preparation of your 2005 federal income tax return.