

**Commonwealth International
Series Trust**

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Willow Grove, PA 19090-1904

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CUSTODIAN BANK

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Fifth Third Center
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**The Commonwealth International
Series Trust
Australia/New Zealand Fund
Japan Fund
Global Fund**



ANNUAL REPORT

October 31, 2003



630-A Fitzwatertown Road, Willow Grove, PA 19090 • 888.345.1898
 Commonwealth Australia/New Zealand Fund (CNZLX)
 Commonwealth Real Estate Securities Fund (CNREX)
 Commonwealth Global Fund (CNGLX)
 Commonwealth Japan Fund (CNJFX)
 www.commonwealthfunds.com

Dear Shareholder:

We are pleased to present this annual report on the Commonwealth International Series Trust's Funds for the twelve months ended October 31, 2003. The Australia/New Zealand Fund's net asset value ("NAV") as of October 31, 2003 is US \$14.44 per share compared to US \$10.39 per share on October 31, 2002, an increase of 39.0%. The Japan Fund's NAV on October 31, 2003 is US \$3.98 per share compared to US \$3.37 per share on October 31, 2002, an increase of 18.1%. The Global Fund's NAV as of October 31, 2003 is US \$11.99 per share compared to US \$10.00 per share on December 3, 2002 (the Fund's inception date), an increase of 19.9%.

FUNDS' COMPARATIVE PERFORMANCE

The three funds' objective is to own a diversified portfolio of stocks that provide current income through dividends as well as the potential for long-term capital appreciation and fixed income instruments with attractive yields. Our portfolios include foreign securities traded in the local country's currency. In addition, we also invest in foreign shares using American Depository Receipts (ADRs), which can provide an efficient currency exchange and liquidity management for a US dollar fund.

| COMMONWEALTH INTERNATIONAL SERIES | October 31, 2002 – October 31, 2003 Performance* (%) | | | |
|---|--|---|--|--|
| | <i>US\$ Change in NAV</i> | <i>Change in Local Market Benchmark</i> | <i>Local Currency vs. US\$</i> | <i>US\$ vs. Local Currency</i> |
| Commonwealth Australia/New Zealand (CNZLX) | | | | |
| New Zealand | 39.0% | 15.4% | 26.3% | -20.8% |
| Australia | 39.0% | 15.3% | 27.7% | -20.8% |
| Commonwealth Global (CNGLX)* | 19.9% | 19.9% | — | -13.0% |
| Commonwealth Japan (CNJFX) | 18.1% | 22.2% | -10.2% | 11.4% |

* The Commonwealth Global Fund (CNGLX) commenced on December 3, 2002.
 See footnotes for additional information.

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Global Fund (CNGLX): The fund's benchmark, the MSCI World Index¹, appreciated 19.9% over the last eleven months (12/3/02-10/31/03). During that time, the US Dollar Index² (which provides a general indication of the international value of the US Dollar) fell 13.0% as investors flocked to other currencies in search of higher yields and fears of excessive trade and budget deficits in the US. Over the last year, the US economy showed continued signs of a recovery as consumer and corporate spending has been boosted by tax cuts and low interest rates. Supporting a positive outlook for equities are low interest rates, a global economic recovery, improved corporate balance sheets, and rising earnings expectations despite the second and third quarters' gains. We believe that equity prices in general are below fair value in the worldwide market, including the US, providing an opportunity for investment in fundamentally sound companies at attractive prices.

Japan Fund (CNJFX): The fund's benchmark index, TOPIX³, was up in Japanese Yen terms for the twelve month period ending October 31, 2003 by 22.2% and 36.1% in U.S. Dollar terms. The movement of the Japanese stock market was characterized by a strong rally from its April 12, 2003 twenty year low of 770. Japan's strong work ethic, mastery of high technology, and a comparatively small defense allocation of GDP expenditures helped Japan advance with extraordinary rapidity to one of the most technologically powerful economies in the world. With a view of overcoming domestic deflation, Japanese firms have sought to expand overseas and develop multinational operations in areas in which they expect demand to be stronger. As evidenced in the current economic recovery, exports remain necessary to Japan's economic expansion and may continue to increase as China becomes the final destination for an even greater number of exports with its robust growth in consumption for raw materials and technology. We believe the Japanese markets still afford significant upside but are being depressed by the country's reluctance in defining its economic direction with respect to banking reforms, its role in the Asian markets increasingly impacted by China's policies, and government involvement in supporting the population's standard of living through taxation and social programs; however, it is a vibrant democratic society and thus we expect these issues can be resolved.

Australia/New Zealand Fund (CNZLX): The New Zealand Exchange Limited 50 Free Float Total Return Index⁴ increased 15.4% in New Zealand dollar terms for the twelve months ended October 31, 2003. New Zealand has a mixed economy that operates on free-market principles. It has sizeable service and manufacturing sectors complementing a large agriculture sector. Over the past three decades, the New Zealand economy has undergone significant structural changes marked by a diversification of exports, a shift away from pastoral agriculture, and significant growth in the services sector. Macroeconomic policies have been directed at achieving low inflation and fiscal balance, and have fostered efficient operation of markets. Policy-making has also shifted from short-term to medium-term objectives designed to provide a more stable and predictable environment for private sector decision-making. Principal reforms have included: the removal of controls on prices, interest rates and wages, floating of the exchange rate, abolition of all agricultural subsidies and price supports, liberalization of banking, deregulation of financial markets, privatization of some state-owned enterprises, elimination of most import controls and reduction of tariffs, implementation of free trade with Australia, and widespread reform of the public service sector.

The Australian All Ordinaries Index⁵ increased 15.3% in Australian dollar terms for the twelve months ended October 31, 2003. We believe that Australia has a relatively high-growth, low inflation, low-interest rate economy and that there is an efficient government sector, a flexible labor market and a competitive business sector.

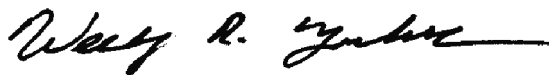
COMMONWEALTH INTERNATIONAL SERIES TRUST

The Australian Government forecasts a 3.25% growth in GDP for the 2003-2004 fiscal year, accompanied by relatively low inflation. If the global economy improves, the Australian economy will likely continue to grow strongly as the benefits of the Government's tax reform package flow through to the community. Disposable income has been rising on the back of continued low levels of unemployment, and wage inflation that has kept pace with price inflation.

Closing: The Commonwealth International Series Trust is pleased to announce the Commonwealth Real Estate Securities Fund (CNREX), our fourth Fund. We thank you for your support of the Commonwealth International Series Trust and your continued interest. We truly value our investors and if you have questions please feel free to contact us.



Robert W. Scharar
President and Portfolio Manager
Commonwealth International Series



Wesley Yuhnke
Assistant Portfolio Manager
Commonwealth International Series

This report is intended for the fund's shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current fund prospectus which may be obtained at www.commonwealthfunds.com

¹The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. As of April 2002 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

²The U.S. Dollar Index (USDIX) provides a general indication of the international value of the U.S. Dollar. The USDIX does this by averaging the exchange rates between the U.S. Dollar and six major world currencies. The FINEX computes this by using the rates supplied by some 500 banks. Base date of 03/1973.

³The TOPIX, also known as the Tokyo Price Index, is a capitalization-weighted index of all the companies listed on the First Section of the Tokyo Stock Exchange. The index is supplemented by the sub-indices of the 33 industry sectors and developed with a base index value of 100 as of January 4, 1968. The index calculation excludes temporary issues and preferred stocks.

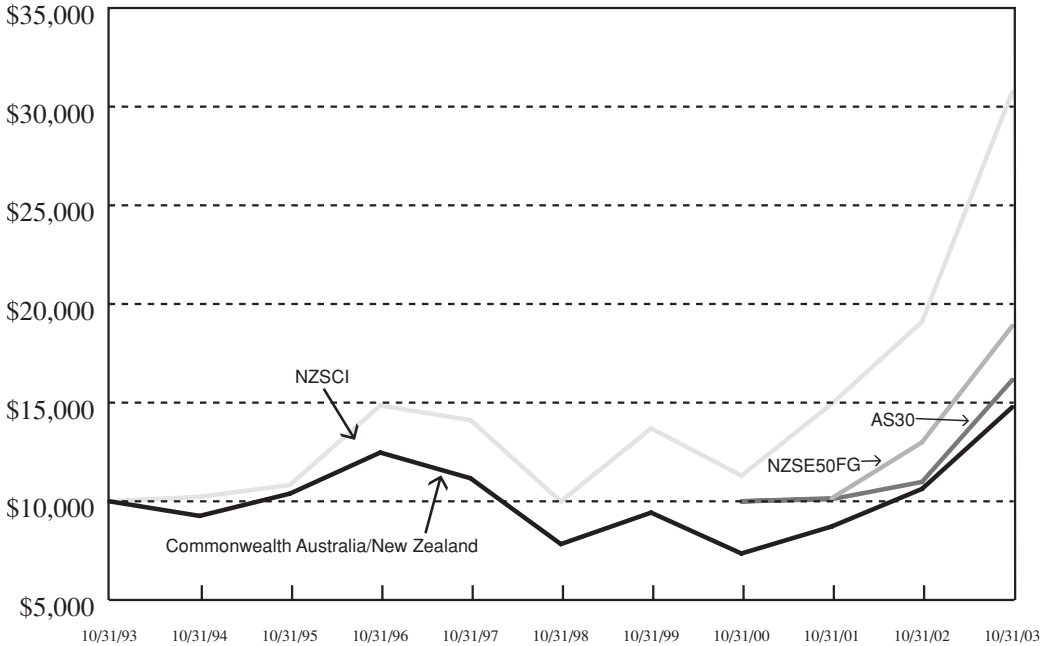
COMMONWEALTH INTERNATIONAL SERIES TRUST

⁴The New Zealand Exchange Limited 50 Free Float Total Return Index is a modified market capitalization weighted index. The index consists of the top 50 companies by free float adjusted market capitalization that is listed on the New Zealand Exchange Limited. The New Zealand Stock Exchange launched the new headline index, NZSX 50, to bring its primary benchmark index in line with international best practice, and to better reflect the performance and returns to shareholders, derived from investment in securities on the New Zealand Stock Exchange. The existing sector indices calculated by the New Zealand Stock Exchange will be discontinued and new sector indices based on global criteria (such as the Global Industry Classification System) will be introduced to allow comparability to overseas exchange. Because of these improvements in performance measurements, the fund will begin using the New Zealand Stock Exchange Limited 50 Free Float Total Return Index.

⁵The Australian All Ordinaries Index is a cap-weighted index. The index is made up of the largest 500 companies as measured by market cap that are listed on the Australian Stock Exchange. The index was developed with a base value of 500 as of 1979.

COMMONWEALTH INTERNATIONAL SERIES TRUST

Comparison of Change in Value of a \$10,000 Investment in Commonwealth Australia/ New Zealand Fund and the NZSCI**, NZSE50FG*** and AS30**** Indices



Past performance is not predictive of future performance.

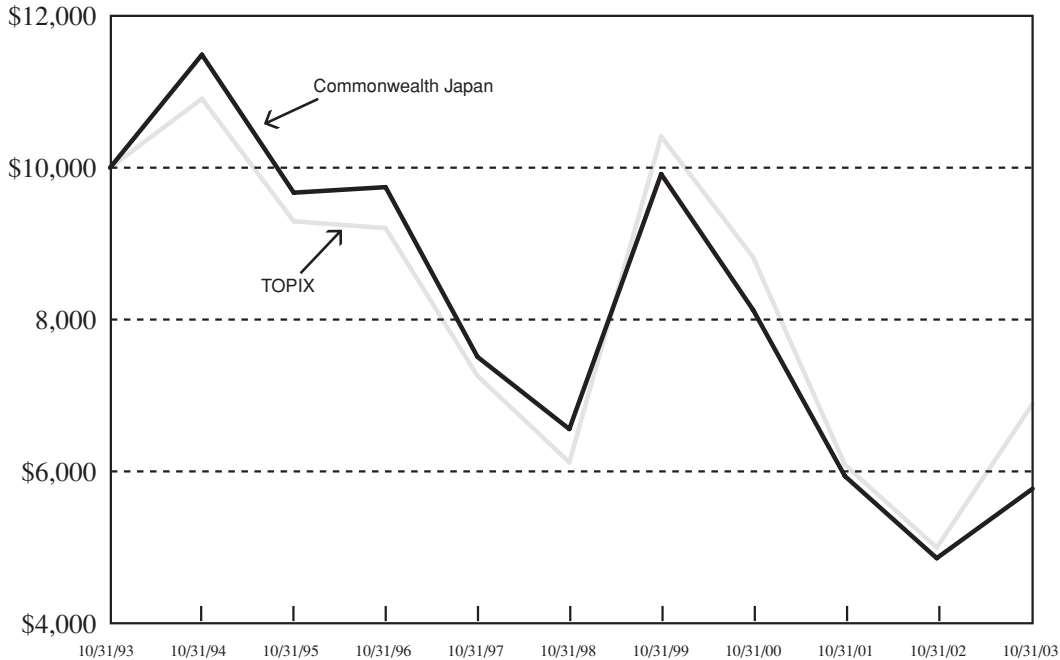
| | Average Annual Total Return as of 10/31/03 | | |
|--|---|--------|---------|
| | 1 Year | 5 Year | 10 Year |
| Commonwealth Australia/New Zealand Fund* | 38.98% | 13.52% | 3.98% |
| New Zealand Small Companies Index | 60.97% | 25.18% | 11.88% |
| New Zealand Limited 50 Free Float Total Return Index | 45.39% | — | — |
| Australian All Ordinaries Index | 47.05% | — | — |

COMMONWEALTH INTERNATIONAL SERIES TRUST

- * The Fund's performance assumes the reinvestment of all income dividends and capital gains distributions, if any. All market indices are unmanaged. It is not possible to invest directly in any index.
- ** New Zealand Small Companies Index is capitalization-weighted index of all New Zealand equities excluding those on the New Zealand Stock Exchange 40 Index and is not an investment product available for purchase.
- *** The New Zealand Exchange Limited 50 Free Float Total Return Index is a modified market capitalization weighted index. This index consists of the top 50 companies by free float adjusted market capitalization that are listed on the New Zealand Exchange Limited and is not an investment product available for purchase. The New Zealand Stock Exchange launched the new headline index, NZSX 50, to bring its primary benchmark index in line with international best practice, and to better reflect the performance and returns to shareholders, derived from investment in securities on the New Zealand Stock Exchange. The existing sector indices calculated by the New Zealand Stock Exchange will be discontinued and new sector indices based on global criteria (such as the Global Industry Classification System) will be introduced to allow comparability to overseas exchange. Because of these improvements in performance measurements, the fund will begin using the New Zealand Stock Exchange Limited 50 Free Float Total Return Index.
- **** The Australian All Ordinaries Index is a capitalization-weighted index comprised of the largest 500 companies as measured by market capitalization that are listed on the Australian Stock Exchange and is not an investment product available for purchase. This index is made part of the comparative analysis due to a change in investment objective by the Fund.

COMMONWEALTH INTERNATIONAL SERIES TRUST

Comparison of Change in Value of a \$10,000 Investment in Commonwealth Japan Fund and the TOPIX**



Past performance is not predictive of future performance.

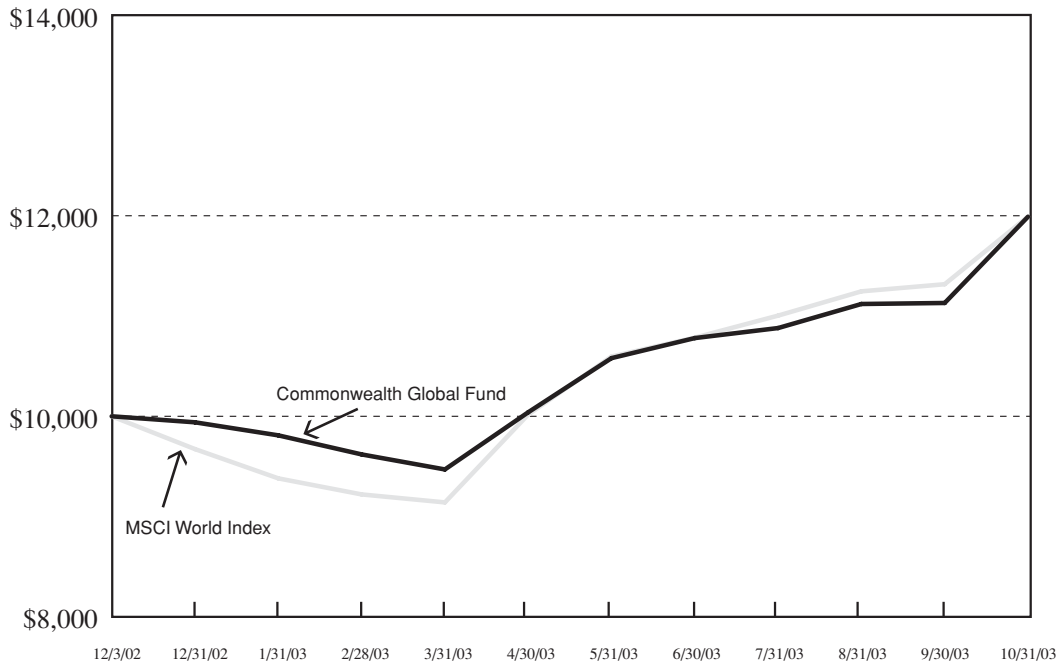
| | <u>Average Annual Total Return as of 10/31/03</u> | | |
|--------------------------|---|---------------|----------------|
| | <u>1 Year</u> | <u>5 Year</u> | <u>10 Year</u> |
| Commonwealth Japan Fund* | 18.10% | (2.64)% | (5.40)% |
| TOPIX | 36.08% | 2.13% | (3.78)% |

* The Fund's performance assumes the reinvestment of all income dividends and capital gains distributions, if any. All market indices are unmanaged. It is not possible to invest directly in any index.

** The TOPIX, also known as the Tokyo Price Index, is a capitalization-weighted index of all the companies listed on the First Section of the Tokyo Stock Exchange and is not an investment vehicle available for purchase.

COMMONWEALTH INTERNATIONAL SERIES TRUST

Comparison of Change in Value of a \$10,000 Investment in Commonwealth Global Fund and the MSCI World Index**



Past performance is not predictive of future performance.

Average Annual Total Return from commencement
of operations to October 31, 2003***

| | |
|---------------------------|--------|
| Commonwealth Global Fund* | 22.16% |
| MSCI World Index | 22.09% |

* The Fund's performance assumes the reinvestment of all income dividends and capital gains distributions, if any. All market indices are unmanaged. It is not possible to invest directly in any index.

** The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance and is not an investment product available for purchase. As of October 31, 2003 the MSCI World Index consisted of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

*** The Commonwealth Global Fund commenced operations on December 3, 2002.

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|------------------|
| <u>AUSTRALIA (22.30%)</u> | | |
| COMMON STOCK (22.30%) | | |
| <i>ADVERTISING (1.03%)</i> | | |
| STW Communications Group, Ltd. | 150,600 | \$ 339,820 |
| <i>AIRLINES (1.28%)</i> | | |
| Qantas Airways, Ltd. | 165,000 | 422,657 |
| <i>BANKS (1.69%)</i> | | |
| Australia and New Zealand Banking Group, Ltd. - ADR | 8,500 | 559,300 |
| <i>BEVERAGES (1.01%)</i> | | |
| Coca-Cola Amatil, Ltd. | 80,000 | 334,350 |
| <i>BUILDING (3.08%)</i> | | |
| James Hardie Industries NV | 65,000 | 330,696 |
| Macquarie Infrastructure Group | 115,000 | 258,675 |
| Rinker Group, Ltd. | 95,000 | 428,049 |
| | | <u>1,017,420</u> |
| <i>CONTAINERS (1.19%)</i> | | |
| Amcor, Ltd. | 65,000 | 392,039 |
| <i>FINANCIAL SERVICES (1.60%)</i> | | |
| National Australia Bank, Ltd. | 1,000 | 108,400 |
| Perpetual Trustees Australia, Ltd. | 14,800 | 421,012 |
| | | <u>529,412</u> |
| <i>INSURANCE (1.37%)</i> | | |
| AXA Asia Pacific Holdings, Ltd. | 50,000 | 86,948 |
| QBE Insurance Group | 50,000 | 365,430 |
| | | <u>452,378</u> |
| <i>MEDICAL PRODUCTS (1.15%)</i> | | |
| Cochlear, Ltd. | 17,000 | 379,976 |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|------------------|
| <i>MINING AND BUILDING MATERIALS (2.77%)</i> | | |
| Alumina, Ltd. | 79,000 | \$ 334,095 |
| Rio Tinto, Ltd. | 14,000 | 354,147 |
| Santos, Ltd. | 52,000 | 225,445 |
| | | <u>913,687</u> |
| <i>MULTIMEDIA (1.29%)</i> | | |
| Publishing & Broadcasting, Ltd. | 50,000 | <u>427,517</u> |
| <i>OFFICE EQUIPMENT (1.26%)</i> | | |
| Corporate Express Australia, Ltd. | 100,000 | <u>414,390</u> |
| <i>OIL & GAS (0.92%)</i> | | |
| Origin Energy, Ltd. | 100,000 | <u>305,116</u> |
| <i>RETAIL STORES (0.82%)</i> | | |
| Foodland Associated, Ltd. | 20,000 | <u>271,766</u> |
| <i>SHIPPING LOGISTICS (0.94%)</i> | | |
| Patrick Corp., Ltd. | 30,000 | <u>310,793</u> |
| <i>TRANSPORT SERVICES (0.90%)</i> | | |
| Toll Holdings, Ltd. | 50,000 | <u>296,601</u> |
| | | <u>7,367,222</u> |
| TOTAL COMMON STOCK (Cost \$6,085,949) | | <u>7,367,222</u> |
| TOTAL AUSTRALIA (Cost \$6,085,949) | | <u>7,367,222</u> |
| <u>NEW ZEALAND (60.48%)</u> | | |
| COMMON STOCK (35.55%) | | |
| <i>AGRICULTURE (3.18%)</i> | | |
| Pyne Gould Guinness, Ltd. | 397,000 | 324,450 |
| Williams & Kettle, Ltd. | 250,000 | 726,619 |
| | | <u>1,051,069</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|---|---------------|----------------|
| <i>AIRPORT DEVELOPMENT (1.25%)</i> | | |
| Auckland International Airport, Ltd. | 102,400 | \$ 415,917 |
| <i>APPLIANCES (2.81%)</i> | | |
| Fisher & Paykel Appliances Holdings, Ltd. | 82,399 | 745,814 |
| Scott Technology, Ltd. | 89,996 | <u>182,492</u> |
| | | <u>928,306</u> |
| <i>AUTOMOBILE MANUFACTURERS (0.97%)</i> | | |
| Colonial Motor Co., Ltd. | 180,000 | <u>320,757</u> |
| <i>CHEMICALS (0.87%)</i> | | |
| Nuplex Industries, Ltd. | 111,355 | <u>287,385</u> |
| <i>COMPUTER SERVICES (0.17%)</i> | | |
| Renaissance Corp., Ltd. | 208,717 | <u>56,431</u> |
| <i>DIVERSIFIED HOLDINGS (1.04%)</i> | | |
| Hellaby Holdings, Ltd. | 116,640 | <u>344,028</u> |
| <i>ELECTRICAL SERVICES (2.44%)</i> | | |
| Contact Energy, Ltd. | 93,700 | 290,761 |
| Powerco, Ltd. | 450,000 | <u>517,083</u> |
| | | <u>807,844</u> |
| <i>FINANCIAL SERVICES (0.57%)</i> | | |
| Hallenstein Glasson Holdings, Ltd. | 100,000 | <u>187,415</u> |
| <i>FOREST AND PAPER PRODUCTS (2.18%)</i> | | |
| Evergreen Forests, Ltd. * | 448,500 | 143,308 |
| Fletcher Challenge Forests, Ltd. * | 716,000 | <u>576,355</u> |
| | | <u>719,663</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|------------------|
| <i>HEALTHCARE (2.76%)</i> | | |
| Calan Healthcare Properties Trust | 864,278 | \$ 456,728 |
| Fisher & Paykel Healthcare Corp. | 30,639 | 227,806 |
| Ryman Healthcare, Ltd. | 50,000 | 63,598 |
| Taylor's Group, Ltd. | 41,730 | 54,874 |
| Wakefield Hospital, Ltd. | 93,245 | 107,718 |
| | | <u>910,724</u> |
| <i>INVESTMENT COMPANIES (1.29%)</i> | | |
| Infratil, Ltd. | 277,729 | <u>424,939</u> |
| <i>MANUFACTURING (0.66%)</i> | | |
| Skellmax Industries | 300,000 | <u>217,525</u> |
| <i>PORTS (6.39%)</i> | | |
| Northland Port Corp. NZ, Ltd. | 302,300 | 579,560 |
| Ports of Auckland, Ltd. | 74,392 | 377,125 |
| Port of Tauranga, Ltd. | 175,000 | 467,771 |
| South Port New Zealand, Ltd. | 721,770 | 687,442 |
| | | <u>2,111,898</u> |
| <i>REAL ESTATE (1.04%)</i> | | |
| Kiwi Income Property Trust | 282,413 | 175,272 |
| Urbus Properties, Ltd. | 300,000 | 167,752 |
| | | <u>343,024</u> |
| <i>RENTAL EQUIPMENT (0.43%)</i> | | |
| Hirequip New Zealand, Ltd. | 250,000 | <u>141,330</u> |
| <i>STEEL (1.03%)</i> | | |
| Steel and Tube Holding, Ltd. | 140,000 | <u>339,806</u> |
| <i>TELECOMMUNICATIONS (2.11%)</i> | | |
| Telecom Corp. of New Zealand, Ltd. | 234,000 | <u>695,932</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|-----------------------------|-------------------|
| TRANSPORT SERVICES (2.32%) | | |
| Freightways, Ltd. * | 150,000 | \$ 175,126 |
| Mainfreight, Ltd. | 512,325 | 437,589 |
| Owens Group, Ltd. | 225,191 | 154,980 |
| | | 767,695 |
| WASTE MANAGEMENT (2.04%) | | |
| Waste Management NZ, Ltd. | 282,154 | 672,703 |
| TOTAL COMMON STOCK (Cost \$8,472,782) | | 11,744,391 |
| PREFERRED STOCK (0.29%) | | |
| Fletcher Challenge Forests, Ltd. * | 50,000 | 40,248 |
| Freightways Express, Ltd. | 86,884 | 55,524 |
| TOTAL PREFERRED STOCK (Cost \$85,122) | | 95,772 |
| | <u>Principal</u> | |
| BONDS (24.58%) | | |
| ANZ Banking Corp., Ltd., 7.04%, due 07/23/12 # | 300,000 | 190,482 |
| Coca-Cola Amatil, Ltd., 8.00%, due 06/15/05 # | 500,000 | 315,350 |
| Evergreen Forests, Ltd., zero coupon, due 03/19/09 # | 103,051 | 75,987 |
| Fletcher Building, 8.60%, due 03/15/08 # | 775,000 | 495,935 |
| Fonterra Cooperative Group, Ltd. Perpetual Notes, 7.48%, due 11/10/50 # | 400,000 | 257,589 |
| Global Market, Ltd., GEM Linked Notes, zero coupon, due 01/18/08 . | 2,700,000 | 1,725,452 |
| GPG Finance, 8.70%, due 12/15/08 # | 1,500,000 | 929,182 |
| H.J. Heinz Co., Ltd., 6.85%, due 02/15/05 # | 1,500,000 | 928,988 |
| Infratil, Ltd., 6.90%, due 03/31/04 # | 583,355 | 501,059 |
| New Zealand Government, 8.00%, due 11/15/06 # | 1,000,000 | 650,420 |
| TCNZ Finance Ltd., 7.50%, due 09/15/06 # | 500,000 | 317,224 |
| Trans Power Finance, 6.25%, due 02/16/04 # | 500,000 | 312,431 |
| Urbus Properties, Ltd. Convertible Notes, 9.25%, due 03/10/07 # | 350,000 | 191,410 |
| Westpac Banking Corp. NZ, Ltd., 5.50%, due 12/06/04 # | 1,250,000 | 766,276 |
| Westpac Banking Corp. NZ, Ltd., 6.25%, due 10/24/05 # | 750,000 | 460,821 |
| TOTAL BONDS (Cost \$7,254,756) | | 8,118,606 |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|---|-------------------------|----------------------------|
| SHORT TERM INVESTMENTS (0.06%) | | |
| Forsyth Barr Money Market # (Cost \$20,616) | 35,304 | \$ 21,693 |
| TOTAL NEW ZEALAND (Cost \$15,833,276) | | <u>19,980,462</u> |
| <u>UNITED STATES (16.53%)</u> | | |
| | <u>Principal/Shares</u> | |
| INVESTMENT COMPANIES (2.61%) | | |
| Aberdeen Asia Pacific Equity Fund | 40,000 | 241,200 |
| Aberdeen Australia Equity Fund | 43,400 | 364,560 |
| Ishares MSCI Australia Index Fund | 20,000 | 254,000 |
| TOTAL INVESTMENT COMPANIES (Cost \$792,160) ... | | <u>859,760</u> |
| SHORT TERM INVESTMENTS (13.92%) | | |
| Fifth Third Bank, 0.44%, dated 10/31/03, due 11/03/03, repurchase price \$1,480,697 (collateralized by FNMB Pool # 50851, due 02/01/14, market value \$1,525,062) | 1,480,643 | 1,480,643 |
| Fifth Third Institutional Government Select Money Market Fund, 0.79% ** | 1,559,171 | 1,559,171 |
| Fifth Third U.S. Treasury Money Market Fund, 0.84% ** | 1,559,171 | 1,559,171 |
| TOTAL SHORT TERM INVESTMENTS (Cost \$4,598,986) . | | <u>4,598,985</u> |
| TOTAL UNITED STATES (Cost \$5,391,146) | | <u>5,458,745</u> |
| TOTAL INVESTMENTS (Cost \$27,310,371) (99.31%) ... | | <u>32,806,429</u> |
| OTHER ASSETS IN EXCESS OF LIABILITIES, NET (0.69%) | | <u>229,323</u> |
| NET ASSETS — (100%) | | <u><u>\$33,035,752</u></u> |

* Non-income producing investment

** Variable rate security; the rate shown represents the rate at October 31, 2003.

Principal amount shown is in New Zealand Dollars; value shown is in U.S. Dollars.

ADR American Depository Receipt

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

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------|
| COMMON STOCK (68.34%) | | |
| <i>AIRLINES (0.49%)</i> | | |
| All Nippon Airways Co., Ltd. * | 10,000 | \$ 25,743 |
| Japan Airlines Co., Ltd. * | 640 | 9,198 |
| | | <u>34,941</u> |
| <i>AUTOMOBILE MANUFACTURERS (4.44%)</i> | | |
| Honda Motor Co., Ltd. # | 6,000 | 120,300 |
| Nissan Motor Co., Ltd. | 3,200 | 72,352 |
| Toyota Motor Corp. | 2,100 | 121,842 |
| | | <u>314,494</u> |
| <i>BANKS (1.04%)</i> | | |
| Mitsubishi Tokyo Financial Group, Inc. | 10,000 | <u>73,400</u> |
| <i>BUILDING (0.57%)</i> | | |
| Sanyo Industries, Ltd. | 16,000 | <u>40,169</u> |
| <i>BUILDING PRODUCTS (0.59%)</i> | | |
| Nishimatsu Construction Co., Ltd. | 10,000 | <u>41,752</u> |
| <i>DIVERSIFIED HOLDINGS (1.03%)</i> | | |
| Mitsubishi Corp. | 7,000 | <u>72,652</u> |
| <i>ELECTRONICS & ELECTRICAL EQUIPMENT (7.27%)</i> | | |
| Alpine Electronics, Inc. | 4,500 | 57,798 |
| Meidensha Corp. * | 38,000 | 91,254 |
| Pioneer Corp. | 4,000 | 101,000 |
| Sony Corp. # | 5,200 | 183,040 |
| Yokogawa Electric Corp. | 7,000 | 81,821 |
| | | <u>514,913</u> |
| <i>FINANCIAL SERVICES (1.86%)</i> | | |
| Daiwa Securities Group, Inc. | 11,000 | 80,447 |
| UFJ Holdings, Inc. | 12 | 51,303 |
| | | <u>131,750</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------|
| <i>FOOD & BEVERAGE (3.20%)</i> | | |
| Ajinomoto Co., Inc. | 5,200 | \$ 161,550 |
| QP Corp. | 8,000 | 64,766 |
| | | <u>226,316</u> |
| <i>INSURANCE (4.77%)</i> | | |
| AFLAC, Inc. # | 3,700 | 134,976 |
| Millea Holdings, Inc. | 3,000 | 182,010 |
| Sompo Japan Insurance, Inc. | 2,520 | 20,860 |
| | | <u>337,846</u> |
| <i>INTERNET SERVICES & SOFTWARE (0.87%)</i> | | |
| Softbank Corp. | 1,200 | <u>61,673</u> |
| <i>IRON/STEEL (5.08%)</i> | | |
| JFE Holdings, Inc. | 9,000 | 230,045 |
| Nippon Steel Corp. | 63,000 | 129,513 |
| | | <u>359,558</u> |
| <i>LEISURE & RECREATION (0.75%)</i> | | |
| Sankyo Co., Ltd. Gumna | 1,600 | <u>53,413</u> |
| <i>MANUFACTURING (2.00%)</i> | | |
| Ishikawajima-Harima Heavy Industries Co., Ltd. | 25,000 | 34,111 |
| Nidec Corp. | 1,100 | 107,525 |
| | | <u>141,636</u> |
| <i>MEDICAL-DRUGS (9.35%)</i> | | |
| Chugai Pharmaceutical Co., Ltd. | 8,500 | 121,081 |
| Eisai Co., Ltd. | 7,400 | 173,666 |
| Sawai Pharmaceutical Co., Ltd. | 4,300 | 151,371 |
| Takeda Chemical Industries, Ltd. | 3,800 | 134,461 |
| Tanabe Seiyaku Co., Ltd. | 6,000 | 43,935 |
| Yamanouchi Pharmaceutical Co., Ltd. | 1,500 | 37,659 |
| | | <u>662,173</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|---|---------------|-------------------|
| <i>OFFICE/BUSINESS EQUIPMENT (1.87%)</i> | | |
| Canon, Inc. | 2,700 | \$ <u>132,165</u> |
| <i>PHOTOGRAPHY (0.72%)</i> | | |
| Fuji Photo Film Co., Ltd. | 1,700 | <u>51,000</u> |
| <i>PRINTING (0.68%)</i> | | |
| Tosho Printing Co., Ltd. | 17,000 | <u>47,783</u> |
| <i>REAL ESTATE (3.02%)</i> | | |
| Sumitomo Realty & Development Co., Ltd. | 23,000 | <u>213,399</u> |
| <i>RETAIL (1.30%)</i> | | |
| Seven-Eleven Japan Co., Ltd. | 1,000 | 31,655 |
| Yamada Denki Co., Ltd. | 1,900 | <u>60,490</u> |
| | | <u>92,145</u> |
| <i>TEXTILE PRODUCTS (0.87%)</i> | | |
| Ichikawa Co., Ltd. | 25,000 | <u>61,400</u> |
| <i>TIRE AND RUBBER (1.70%)</i> | | |
| Bridgestone Corp. | 2,750 | 72,043 |
| Sumitomo Rubber Industries, Inc. | 10,000 | <u>48,483</u> |
| | | <u>120,526</u> |
| <i>TRANSPORT SERVICES (1.13%)</i> | | |
| Yamato Transport Co., Ltd. | 6,000 | <u>79,738</u> |
| <i>TRANSPORTATION (5.09%)</i> | | |
| East Japan Railway Co. | 13 | 58,889 |
| Hankyu Corp. | 22,000 | 66,839 |
| Keihin Electric Express Railway Co., Ltd. | 13,000 | 76,036 |
| Keio Electric Railway Co., Ltd. | 18,000 | 95,129 |
| Tobu Railway Co., Ltd. | 18,000 | <u>63,037</u> |
| | | <u>359,930</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|---------------------------|
| <i>UTILITIES (8.65%)</i> | | |
| Chugku Electric Power Co. | 5,000 | \$ 81,957 |
| Hokkaido Electric Power Co. | 6,000 | 94,529 |
| Shikoku Electric Power Co. | 1,900 | 31,213 |
| Toho Gas Co., Ltd. | 70,000 | 205,030 |
| Tohoku Electric Power Co. | 9,700 | 157,233 |
| Tokyo Electric & Power Co., Inc. | 2,000 | 42,662 |
| | | <u>612,624</u> |
| TOTAL COMMON STOCK (Cost \$4,143,104) | | <u>4,837,396</u> |
| <i>INVESTMENT COMPANIES (22.49%)</i> | | |
| iShares MSCI Japan Index Fund | 50,000 | 462,000 |
| iShares S&P/TOPIX 150 Index Fund | 5,500 | 443,300 |
| Japan Equity Fund, Inc. * | 29,100 | 208,356 |
| Japan OTC Equity Fund, Inc. * | 20,000 | 215,200 |
| Morgan Stanley Asia Pacific Fund | 25,200 | 262,836 |
| | | <u>1,591,692</u> |
| TOTAL INVESTMENT COMPANIES (Cost \$1,361,889) | | <u>1,591,692</u> |
| <i>SHORT TERM INVESTMENTS (3.38%)</i> | | |
| Fifth Third Institutional Government Money Market Fund, 0.95% ** (Cost \$239,527) | 239,527 | <u>239,527</u> |
| TOTAL INVESTMENTS (Cost \$5,744,520) (94.21%) | | <u>\$6,668,615</u> |
| OTHER ASSETS IN EXCESS OF LIABILITIES, | | |
| NET (5.79%) | | <u>410,202</u> |
| NET ASSETS (100%) | | <u><u>\$7,078,817</u></u> |

Call options have been written by the Fund against these positions. (Note 7)

* Non-income producing investment.

** Variable rate security; the rate shown represents the rate at October 31, 2003.

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

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|---|---------------|----------------|
| COMMON STOCK (82.38%) | | |
| <i>BRAZIL (0.88%)</i> | | |
| Cia Vale do Rio Doce - ADR | 1,800 | \$ 82,350 |
| <i>CANADA (2.50%)</i> | | |
| Biovail Corp. * | 4,000 | 96,200 |
| Vitran Corp., Inc. * | 10,000 | 139,400 |
| | | <u>235,600</u> |
| <i>FRANCE (2.73%)</i> | | |
| Aventis SA - ADR # | 1,000 | 52,960 |
| BNP Paribas - ADR | 3,000 | 78,820 |
| Total Fina Elf SA - ADR # | 1,600 | 124,912 |
| | | <u>256,692</u> |
| <i>GERMANY (1.24%)</i> | | |
| Bayer AG - ADR | 2,600 | 62,322 |
| SAP AG - ADR | 1,500 | 54,810 |
| | | <u>117,132</u> |
| <i>GREAT BRITAIN (9.47%)</i> | | |
| Anglo American Plc - ADR | 4,000 | 81,760 |
| British Airways Plc - ADR | 2,800 | 99,736 |
| GlaxoSmithKline Plc - ADR | 1,500 | 64,935 |
| Intercontinental Hotels Group Plc - ADR * | 12,979 | 119,666 |
| Lloyds TSB Group Plc - ADR | 4,000 | 112,880 |
| Mitchells & Butlers Plc - ADR * | 12,999 | 51,996 |
| National Grid Transco Plc - ADR | 3,500 | 113,435 |
| Rio Tinto Plc - ADR | 1,000 | 99,050 |
| Tate & Lyle Plc - ADR | 2,000 | 41,847 |
| United Utilities - ADR | 2,000 | 32,660 |
| Vodafone Group Plc - ADR # | 3,500 | 74,025 |
| | | <u>891,990</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|---|---------------|----------------|
| <i>INDIA (3.78%)</i> | | |
| ICICI Bank Ltd. - ADR | 16,500 | \$ 209,550 |
| Infosys Technologies Ltd. - ADR | 1,200 | 101,532 |
| Satyam Computer Services Ltd. - ADR | 2,500 | 45,250 |
| | | <u>356,332</u> |
| <i>IRELAND (0.80%)</i> | | |
| Bank of Ireland - ADR | 1,500 | <u>74,745</u> |
| <i>ITALY (1.62%)</i> | | |
| Natuzzi SpA - ADR | 10,000 | 109,600 |
| Telecom Italia SpA - ADR * | 1,650 | 42,735 |
| | | <u>152,335</u> |
| <i>NETHERLANDS (3.83%)</i> | | |
| Akzo Nobel NV - ADR | 2,100 | 66,486 |
| ING Groep NV - ADR # | 8,534 | 177,849 |
| Royal Dutch Petroleum Co. # | 1,300 | 57,694 |
| Unilever NV # | 1,000 | 58,650 |
| | | <u>360,679</u> |
| <i>SOUTH AFRICA (0.53%)</i> | | |
| Anglogold Ltd. - ADR | 1,300 | <u>50,232</u> |
| <i>SPAIN (1.76%)</i> | | |
| Endesa SA - ADR | 5,000 | 79,150 |
| Repsol YPF SA - ADR | 5,000 | 86,850 |
| | | <u>166,000</u> |
| <i>SWITZERLAND (1.50%)</i> | | |
| Nestle SA - ADR | 900 | 49,537 |
| UBS AG | 1,500 | 92,010 |
| | | <u>141,547</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--------------------------------------|---------------|--------------|
| <i>UNITED STATES (51.74%)</i> | | |
| Activision, Inc. * | 9,175 | \$ 138,451 |
| Advanced Marketing Services | 9,800 | 112,210 |
| AGCO Corp. | 7,500 | 135,000 |
| BJ's Wholesale Club, Inc. * | 2,575 | 66,152 |
| Compass Bancshares, Inc. | 2,650 | 100,117 |
| Conmed Corp. * | 5,720 | 116,402 |
| Cooper Cos., Inc. | 2,600 | 112,970 |
| Copart, Inc. * | 10,200 | 127,194 |
| Datascope Corp. | 3,500 | 116,515 |
| Dentsply International, Inc. | 3,350 | 148,036 |
| DST Systems, Inc. * | 3,885 | 146,931 |
| Greenpoint Financial Corp. # | 2,965 | 92,360 |
| Headwaters, Inc. * | 7,000 | 131,180 |
| Imation Corp. | 5,000 | 170,250 |
| International Rectifier Corp. # * | 2,000 | 95,460 |
| Interstate Bakeries | 7,100 | 104,228 |
| Investment Technology Group, Inc. | 7,600 | 150,936 |
| Lubrizol Corp. | 5,055 | 153,166 |
| Manpower, Inc. | 3,050 | 141,520 |
| Merrill Lynch & Co., Inc. * | 10,000 | 110,500 |
| Metris Cos., Inc. | 11,000 | 52,030 |
| McCormick & Co., Inc. | 1,765 | 52,315 |
| Michaels Stores, Inc. | 1,550 | 73,578 |
| Microchip Technology, Inc. # | 3,455 | 113,013 |
| Nautilus Group, Inc. | 7,700 | 120,197 |
| NCO Group, Inc. * | 4,350 | 103,530 |
| New York Community Bancorp, Inc. | 3,013 | 109,071 |
| Pec Solutions, Inc. * | 7,700 | 117,194 |
| Pentair, Inc. | 3,880 | 159,080 |
| Pinnacle Entertainment, Inc. * | 14,700 | 128,625 |
| PMI Group, Inc. | 3,200 | 122,336 |
| Quanex Corp. | 3,550 | 142,177 |
| Sandisk Corp. # * | 2,500 | 201,500 |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|----------------------|------------------|
| SCANA Corp. | 3,075 | \$ 105,442 |
| Six Flags, Inc. | 13,900 | 82,288 |
| Smith International, Inc. # * | 1,245 | 46,351 |
| Sovereign Bancorp, Inc. | 3,425 | 71,274 |
| SPX Corp. * | 3,405 | 163,849 |
| Stein Mart, Inc. * | 18,800 | 135,172 |
| Symantec Corp. # * | 1,100 | 73,315 |
| Tecumseh Products Co. * | 2,300 | 94,254 |
| Thoratec Corp. * | 6,200 | 95,418 |
| Varco International, Inc. * | 2,345 | 41,249 |
| | | <u>4,872,836</u> |
| TOTAL COMMON STOCK (Cost \$6,534,043) | | <u>7,758,470</u> |
| INVESTMENT COMPANIES (15.31%) | | |
| Commonwealth Australia/New Zealand Fund | 16,874 | 243,664 |
| Commonwealth Japan Fund | 104,366 | 415,375 |
| iShares MSCI Canada Index Fund | 5,000 | 66,100 |
| iShares MSCI EAFE Index Fund | 1,700 | 211,820 |
| iShares MSCI Emerging Markets Index Fund | 900 | 133,569 |
| iShares MSCI EMU Index Fund | 1,600 | 86,528 |
| iShares MSCI Taiwan Index Fund | 3,000 | 34,950 |
| iShares MSCI United Kingdom Index Fund | 11,800 | 170,746 |
| iShares S&P Latin America 40 Index Fund | 1,500 | 78,600 |
| | | <u>1,441,352</u> |
| TOTAL INVESTMENT COMPANIES (Cost \$1,282,381) | | <u>1,441,352</u> |
| | <u>Principal</u> | |
| MISCELLANEOUS BONDS (1.70%) | | |
| Ford Motor Credit Co., 5.75%, 02/23/04 | 45,000 | 45,545 |
| Household Finance Corp., 8.00%, 08/01/04 | 40,000 | 41,897 |
| Union Carbide Corp., 6.79%, 06/01/25 | 75,000 | 72,750 |
| | | <u>160,192</u> |
| TOTAL MISCELLANEOUS BONDS (Cost \$164,186) | | <u>160,192</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - October 31, 2003

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------------------|
| PREFERRED STOCK (1.38%) | | |
| Corporate Office Properties Trust SBI MD | 1,000 | \$ 27,400 |
| Equity Office Properties Trust | 1,000 | 49,250 |
| Lasalle Hotel Properties | 1,000 | 27,500 |
| Winston Hotels, Inc. | 1,000 | <u>25,500</u> |
| TOTAL PREFERRED STOCK (Cost \$124,290) | | <u>129,650</u> |
| <u>Principal</u> | | |
| REPURCHASE AGREEMENT (7.03%) | | |
| Fifth Third Bank, 0.44%, dated 10/31/03, due 11/03/03, repurchase price \$662,641 (collateralized by FHARM Pool #865586, 6.174%, due 05/01/29, market value \$682,496) | | |
| (Cost \$662,617) | 662,617 | <u>662,617</u> |
| TOTAL INVESTMENTS (Cost \$8,767,517) (107.80%) ... | | <u>\$10,152,281</u> |
| LIABILITIES IN EXCESS OF OTHER ASSETS, | | |
| NET (-7.80%) | | <u>(734,420)</u> |
| NET ASSETS (100%) | | <u><u>\$ 9,417,861</u></u> |

Call options have been written by the Fund against these positions. (Note 7)

* Non-income producing investment

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF ASSETS AND LIABILITIES - October 31, 2003

| | Commonwealth Australia/New Zealand Fund | Commonwealth Japan Fund | Commonwealth Global Fund |
|--|--|----------------------------|-----------------------------|
| ASSETS: | | | |
| Investments, at market (identified cost \$27,310,371, \$5,744,520 and \$8,767,517, respectively) | \$32,806,429 | \$6,668,615 | \$10,152,281 |
| Foreign currency, at value (identified cost \$754,627, \$0 and \$0, respectively) | 759,859 | — | — |
| Receivables: | | | |
| Dividends and interest | 112,248 | 13,096 | 7,225 |
| Fund shares sold | 402,314 | 435,000 | — |
| Investments sold | 280,402 | 110,157 | — |
| Prepaid expenses | 37,501 | 15,746 | 15,464 |
| Total assets | <u>34,398,753</u> | <u>7,242,614</u> | <u>10,174,970</u> |
| LIABILITIES: | | | |
| Payables: | | | |
| Accrued 12b-1 fees | 13,254 | 5,673 | 1,789 |
| Due to advisor | 18,534 | 4,827 | 5,219 |
| Fund shares redeemed | 26,672 | 113,940 | — |
| Investments purchased | 1,251,727 | — | 651,509 |
| Accrued expenses | 52,814 | 16,907 | 13,104 |
| Covered call options written, at value (premiums received \$0, \$14,603 and \$38,264, respectively) | — | 22,450 | 85,488 |
| Total liabilities | <u>1,363,001</u> | <u>163,797</u> | <u>757,109</u> |
| NET ASSETS | <u>\$33,035,752</u> | <u>\$7,078,817</u> | <u>\$9,417,861</u> |
| NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE: | | | |
| (2,288,463, 1,779,783 and 785,613 shares of beneficial interest outstanding, respectively, par value .01, unlimited shares authorized) | <u>\$ 14.44</u> | <u>\$ 3.98</u> | <u>\$ 11.99</u> |
| SOURCE OF NET ASSETS: | | | |
| Paid-in capital | 26,331,772 | 7,135,961 | 8,147,599 |
| Accumulated net realized gain (loss) on investments and foreign currency | 819,735 | (971,724) | (67,278) |
| Undistributed net investment income (loss) . . | 379,265 | — | — |
| Net unrealized appreciation on investments and foreign currency | 5,504,980 | 914,580 | 1,337,540 |
| | <u>\$33,035,752</u> | <u>\$7,078,817</u> | <u>\$9,417,861</u> |

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF OPERATIONS For the Year Ended October 31, 2003

| | Commonwealth Australia/New Zealand Fund | Commonwealth Japan Fund | Commonwealth Global Fund* |
|---|--|----------------------------|------------------------------|
| INVESTMENT INCOME: | | | |
| Interest (net of foreign taxes withheld of \$30,437, \$0 and \$0, respectively) | \$ 271,381 | \$ 6,353 | \$ 9,557 |
| Dividends (net of foreign taxes withheld of \$144,396, \$7,478 and \$33, respectively) | 619,692 | 39,069 | 52,806 |
| Total investment income | 891,073 | 45,422 | 62,363 |
| EXPENSES: | | | |
| Management fees | 151,377 | 38,501 | 25,771 |
| Administration fees | 73,773 | 71,004 | 55,000 |
| Custodian fees | 59,347 | 11,182 | 4,500 |
| Distribution fees | 50,459 | 12,936 | 8,604 |
| Insurance | 37,455 | 20,739 | 6,920 |
| Trustee fees and expenses | 18,574 | 17,066 | 12,577 |
| Audit fees | 24,259 | 6,523 | 4,744 |
| Legal fees | 44,117 | 28,482 | 27,811 |
| Registration fees | 19,304 | 18,336 | 11,740 |
| Reports to shareholders | 7,078 | 3,301 | 2,115 |
| Miscellaneous expense | 26,065 | 16,324 | 14,194 |
| Total expenses | 511,808 | 244,394 | 173,976 |
| Net investment income (loss) | 379,265 | (198,972) | (111,613) |
| REALIZED AND UNREALIZED GAIN (LOSS) | | | |
| ON INVESTMENTS: | | | |
| Net realized gain (loss) on: | | | |
| Investments | 1,068,339 | (52,618) | (75,434) |
| Option contracts written | — | 11,346 | 8,156 |
| Foreign currency transactions | 161,853 | 3,196 | — |
| Net unrealized appreciation (depreciation) during the year on: | | | |
| Investments | 5,219,918 | 1,454,593 | 1,337,540 |
| Foreign currency transactions | 8,921 | (1,668) | — |
| Net gain on investments and foreign currency . . | 6,459,031 | 1,414,849 | 1,270,262 |
| Net increase in net assets resulting from operations | \$6,838,296 | \$1,215,877 | \$1,158,649 |

* The Commonwealth Global Fund commenced operations on December 3, 2002.

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF CHANGES IN NET ASSETS

| | <u>Commonwealth Australia/New Zealand Fund</u> | |
|---|--|-------------------------|
| | For the Year Ended | For the Year Ended |
| | <u>October 31, 2003</u> | <u>October 31, 2002</u> |
| OPERATIONS: | | |
| Net investment income (loss) | \$ 379,265 | \$ (30,385) |
| Net realized gain (loss) on: | | |
| Investments | 1,068,339 | (68,916) |
| Foreign currency transactions | 161,853 | (22,894) |
| Net unrealized appreciation during the period on investments and foreign currency | <u>5,228,839</u> | <u>1,079,892</u> |
| Net increase in net assets resulting from operations | <u>6,838,296</u> | <u>957,697</u> |
| CAPITAL SHARE TRANSACTIONS: | | |
| Increase in net assets from Fund share transactions | <u>19,333,561</u> | <u>1,372,538</u> |
| Increase in net assets | 26,171,857 | 2,330,235 |
| NET ASSETS: | | |
| Beginning of year | <u>6,863,895</u> | <u>4,533,660</u> |
| End of year | <u>\$33,035,752</u> | <u>\$6,863,895</u> |
| | <u>Commonwealth Japan Fund</u> | |
| | For the Year Ended | For the Year Ended |
| | <u>October 31, 2003</u> | <u>October 31, 2002</u> |
| OPERATIONS: | | |
| Net investment loss | \$ (198,972) | \$ (214,653) |
| Net realized gain (loss) on: | | |
| Investments | (41,272) | 11,103 |
| Foreign currency transactions | 3,196 | 338 |
| Net unrealized appreciation (depreciation) during the period on investments and foreign currency | <u>1,452,925</u> | <u>(437,943)</u> |
| Net increase (decrease) in net assets resulting from operations . . . | <u>1,215,877</u> | <u>(641,155)</u> |
| CAPITAL SHARE TRANSACTIONS: | | |
| Increase in net assets from Fund share transactions | <u>2,252,328</u> | <u>844,097</u> |
| Increase in net assets | 3,468,205 | 202,942 |
| NET ASSETS: | | |
| Beginning of year | <u>3,610,612</u> | <u>3,407,670</u> |
| End of year | <u>\$7,078,817</u> | <u>\$3,610,612</u> |

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF CHANGES IN NET ASSETS

| | <u>Commonwealth Global Fund</u> For the Period Ended October 31, 2003* |
|--|---|
| OPERATIONS: | |
| Net investment loss | \$ (111,613) |
| Net realized loss on: | |
| Investments | (67,278) |
| Foreign currency transactions | — |
| Net unrealized appreciation during the period on investments and foreign currency | <u>1,337,540</u> |
| Net increase in net assets resulting from operations | <u>1,158,649</u> |
| CAPITAL SHARE TRANSACTIONS: | |
| Increase in net assets from Fund share transactions | <u>8,259,212</u> |
| Increase in net assets | 9,417,861 |
| NET ASSETS: | |
| Beginning of year | <u>—</u> |
| End of year | <u>\$9,417,861</u> |

* The Commonwealth Global Fund commenced operations on December 3, 2002.

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

FINANCIAL HIGHLIGHTS

The following tables set forth the per share operating performance data for a share of capital stock outstanding, total return ratios to average net assets and other supplemental data for each year indicated.

| | Commonwealth Australia/New Zealand Fund | | | | |
|---|---|----------------|----------------|----------------|----------------|
| | Years Ended October 31, | | | | |
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| Net Asset Value, Beginning of Period | <u>\$10.39</u> | <u>\$ 8.53</u> | <u>\$ 7.19</u> | <u>\$ 9.27</u> | <u>\$ 7.73</u> |
| Investment Operations: | | | | | |
| Net investment income (loss) | 0.17 | (0.05) | — | 0.03 | 0.13 |
| Net realized and unrealized gain (loss) on investments | <u>3.88</u> | <u>1.91</u> | <u>1.34</u> | <u>(2.05)</u> | <u>1.44</u> |
| Total from investment operations | <u>4.05</u> | <u>1.86</u> | <u>1.34</u> | <u>(2.02)</u> | <u>1.57</u> |
| Distributions from: | | | | | |
| Net investment income | <u>—</u> | <u>—</u> | <u>—</u> | <u>(0.06)</u> | <u>(0.03)</u> |
| Net Asset Value, End of Period | <u>\$14.44</u> | <u>\$10.39</u> | <u>\$ 8.53</u> | <u>\$ 7.19</u> | <u>\$ 9.27</u> |
| Total Return | 38.98% | 21.81% | 18.64% | (21.98)% | 20.38% |
| Ratios/Supplemental Data | | | | | |
| Net assets, end of period (in 000's) | \$33,036 | \$6,864 | \$4,534 | \$3,485 | \$4,349 |
| Ratio of expenses to average net assets before reimbursements and waivers of expenses | 2.53% | 5.63% | 5.74% | 4.75% | 4.14% |
| after reimbursements and waivers of expenses | 2.53% | 5.63% | 5.74% | 4.75% | 4.14% |
| Ratio of net investment income before reimbursements and waivers of expenses | 1.87% | (0.56)% | (0.18)% | 0.39% | 1.42% |
| after reimbursements and waivers of expenses | 1.87% | (0.56)% | (0.18)% | 0.39% | 1.42% |
| Portfolio turnover rate | 78% | 28% | 28% | 15% | 8% |

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

FINANCIAL HIGHLIGHTS

The following tables set forth the per share operating performance data for a share of capital stock outstanding, total return ratios to average net assets and other supplemental data for each year indicated.

| | Commonwealth Japan Fund | | | | |
|---|-------------------------|----------------|----------------|----------------|----------------|
| | Years Ended October 31, | | | | |
| | 2003 | 2002 | 2001 | 2000 | 1999 |
| Net Asset Value, Beginning of Period | \$ <u>3.37</u> | \$ <u>4.12</u> | \$ <u>5.64</u> | \$ <u>6.88</u> | \$ <u>4.55</u> |
| Investment Operations: | | | | | |
| Net investment loss | (0.11) | (0.20) | — | (0.14) | (0.21) |
| Net realized and unrealized gain (loss) | | | | | |
| on investments | <u>0.72</u> | <u>(0.55)</u> | <u>(1.52)</u> | <u>(1.10)</u> | <u>2.54</u> |
| Total from investment operations | <u>0.61</u> | <u>(0.75)</u> | <u>(1.52)</u> | <u>(1.24)</u> | <u>2.33</u> |
| Distributions from: | | | | | |
| Net investment income | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Net Asset Value, End of Period | \$ <u>3.98</u> | \$ <u>3.37</u> | \$ <u>4.12</u> | \$ <u>5.64</u> | \$ <u>6.88</u> |
| Total Return | 18.10% | (18.20)% | (26.95)% | (18.02)% | 51.21% |
| Ratios/Supplemental Data | | | | | |
| Net assets, end of period (in 000's) | \$7,079 | \$3,611 | \$3,408 | \$6,282 | \$5,305 |
| Ratio of expenses to average net assets | | | | | |
| before reimbursements and waivers | | | | | |
| of expenses | 4.78% | 6.94% | 5.57% | 3.84% | 4.61% |
| after reimbursements and waivers | | | | | |
| of expenses | 4.78% | 6.94% | 5.57% | 3.84% | 4.61% |
| Ratio of net investment loss | | | | | |
| before reimbursements and waivers | | | | | |
| of expenses | (3.89)% | (6.03)% | (3.97)% | (3.08)% | (3.94)% |
| after reimbursements and waivers | | | | | |
| of expenses | (3.89)% | (6.03)% | (3.97)% | (3.08)% | (3.94)% |
| Portfolio turnover rate | 28% | 5% | 51% | 14% | 17% |

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

FINANCIAL HIGHLIGHTS

The following tables set forth the per share operating performance data for a share of capital stock outstanding, total return ratios to average net assets and other supplemental data for each year indicated.

| | <u>Commonwealth Global Fund</u> |
|---|---|
| | <u>For the Period Ended October 31, 2003*</u> |
| Net Asset Value, Beginning of Period | <u>\$10.00</u> |
| Investment Operations: | |
| Net investment loss | (0.14) |
| Net realized and unrealized gain on investments | <u>2.13</u> |
| Total from investment operations | <u>1.99</u> |
| Distributions from: | |
| Net investment income | <u>—</u> |
| Net Asset Value, End of Period | <u>\$11.99</u> |
| Total Return | 19.90% ² |
| Ratios/Supplemental Data | |
| Net assets, end of period (in 000's) | \$9,418 |
| Ratio of expenses to average net assets | |
| before reimbursements and waivers of expenses | 4.62% ¹ |
| after reimbursements and waivers of expenses | 4.62% ¹ |
| Ratio of net investment loss | |
| before reimbursements and waivers of expenses | (2.96)% ¹ |
| after reimbursements and waivers of expenses | (2.96)% ¹ |
| Portfolio turnover rate | 11% |

* The Commonwealth Global Fund commenced operations on December 3, 2002.

¹ Annualized

² Aggregate total return, not annualized

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003

Note 1 - Organization

Commonwealth International Series Trust (the "Trust") is registered under the Investment Company Act of 1940 (the "Act"), as a diversified open-end management investment company. The Trust currently consists of three diversified series: the Australia/New Zealand Fund, the Japan Fund and the Global Fund (each a "Fund" and collectively the "Funds"). The Global Fund became effective with the SEC on October 15, 2002 and commenced operations on December 3, 2002.

Note 2 - Investment Objectives

The Australia/New Zealand Fund's investment objective is to seek long-term capital appreciation and current income by investing in equity securities, debt securities, and securities convertible into common stock of Australia and New Zealand issuers.

The Japan Fund's investment objective is to seek long-term capital appreciation and income using a research oriented approach.

The Global Fund's investment objective is to seek long-term capital appreciation and current income by investing in U.S. and foreign equity securities, debt securities and securities convertible into common stock with a general focus on established companies in countries with developed economies.

Note 3 - Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of its financial statements.

A) Valuation of Securities - Portfolio securities which are traded on securities exchanges are valued at the last sales price on that exchange prior to the relevant closing or, if there is no recent last sales price available, at the last current bid quotation. A security which is listed or traded on more than one exchange is valued at the quotation on the exchange determined to be the primary market for such security. Fixed income securities are valued using market quotations or pricing services. In the absence of any applicable price, securities will be valued at a fair value as determined in good faith in accordance with procedures established by the Board of Trustees.

B) Currency Translation - For purposes of determining the Funds' net asset value, all assets and liabilities initially expressed in foreign currency values are converted into U.S. dollar values at the prevailing market rate at 14:00 GMT on each U.S. business day, as established by the Board of Trustees. The cost of securities is determined by using historical exchange rates. Income is translated at approximate rates prevailing when accrued. The Funds do not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in the market prices of the investments. Such fluctuations are included with the net realized and unrealized gains and losses from investments.

C) Accounting for Investments - Security transactions are accounted for on the trade date. Realized gains and losses on security transactions are based on the identified cost basis for both financial statement and Federal

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

income tax purposes. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Discounts and premiums on bonds purchased are amortized over the life of the bonds. Interest income and estimated expenses are accrued daily.

D) Federal Income Taxes - No provision has been made for Federal income taxes since it is the policy of the Funds to continue to comply with the special provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income and realized capital gains, to relieve it from all, or substantially all, such taxes.

Under the United States-New Zealand tax treaty, New Zealand imposes a withholding tax on dividends (15%) and interest (10%) received by the Fund. There is currently no New Zealand tax on capital gains.

Under the United States-Japan tax treaty, Japan imposes a withholding tax of 15% on the dividends received by the Fund. There is currently no Japanese tax on capital gains.

E) Distributions to Shareholders - The Funds distribute net investment income, if any, and net realized gains (net of any capital loss carryovers) annually. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences are primarily due to differing treatments for foreign currency transactions and capital loss carryovers.

F) Option Accounting Principles - When the Funds sell an option, an amount equal to the premium received by the Funds is recorded as a liability. The amount of the liability is marked-to-market to reflect the current market value of the options written. The current market value of a traded option is the last sale price and options not traded that day are valued at the prevailing quoted bid price. When an option expires on its stipulated expiration date or the Fund enters into a closing purchase transaction, the Funds realize a gain (or loss, if the cost of a closing purchase transaction exceeds the premium received when the option was sold) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has a realized gain or loss.

G) Forward Currency Contracts - Forward currency transactions are undertaken to hedge against possible variations in the foreign exchange rates between the United States Dollar and foreign currency. A forward currency contract is an agreement between two parties to buy or sell a currency at a set price on a future date. Forward contracts are marked-to-market daily and the change in the market value is recorded by the Fund as an unrealized gain or loss. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The Funds could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably.

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

H) Repurchase Agreements - In connection with transactions in repurchase agreements, it is the Funds' policy that their custodian bank take possession of the underlying collateral securities, the fair value of which must be equal to the principal amount of the repurchase agreement including accrued interest throughout the term of the repurchase agreement. If the seller defaults and the fair value of the collateral declines, realization of the collateral by the Funds may be delayed or limited.

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

Note 4 - Investment Advisory Fees, Administrative Fees and Other Transactions with Affiliates

The Funds retain FCA Corp, ("FCA") as its Investment Adviser. Under the Investment Advisory Agreement (the "Agreement"), the Adviser is paid a monthly fee based on the average daily net assets at the annual rate of .75%.

The Trust on behalf of its series has contracted with InCap Service Company ("ISC") to perform specified administrative, accounting, and transfer agent services for the Funds.

During the year ended October 31, 2003, ISC received fees of \$73,773, \$71,004 and \$55,000 from the Australia/ New Zealand Fund, the Japan Fund and the Global Fund, respectively.

InCap Securities, Inc. an affiliate of the Transfer Agent serves as Distributor of the Fund's shares.

The Funds have adopted a Service and Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act whereby Fund assets are used to reimburse the Distributor for costs and expenses incurred with the distribution and marketing of shares of the Funds and servicing of Fund shareholders. Distribution and marketing expenses include, among other things, printing of prospectuses, advertising literature, and costs of personnel involved with the promotion and distribution of the Fund's shares. Under the Plan, the Fund pays the Distributor an amount computed at an annual rate of up to 0.25% of the Fund's average net assets (including reinvested dividends paid with respect to those assets). Of this amount, the Distributor may reallocate to securities dealers (which may include the Distributor itself) and other financial institutions and organizations (collectively, "Service Organizations") amounts based on the Fund's average net assets owned by stockholders for whom the Service Organizations have a servicing relationship. For the year ended October 31, 2003, the Australia/New Zealand Fund and the Japan Fund incurred \$50,459 and \$12,936, respectively. For the period ended October 31, 2003, the Global Fund incurred \$8,604 in 12b-1 fees.

The Global Fund invests a portion of its assets in both the Australia/New Zealand and Japan Funds. When computing both the Advisory fee and the 12b-1 fee for the Global Fund, average daily net assets are reduced by Fund assets invested in the Australia/New Zealand Fund and the Japan Fund.

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

Certain officers and directors of the Funds, who are also officers and directors of the Adviser, the Administrator, or Distributor, received no compensation from the Funds. For the year ended October 31, 2003, directors of the Funds who are not “interested persons” received directors’ fees of \$38,775.

Note 5 - Capital Stock

At October 31, 2003 there were shares outstanding of 2,288,463, 1,779,783 and 785,613, for the Australia/New Zealand Fund, the Japan Fund and the Global Fund, respectively. Transactions in capital stock were as follows:

| | Commonwealth Australia/New Zealand Fund | | | |
|---------------------------|---|---------------|--------------------------------|--------------|
| | Year Ended October 31, 2003 | | Year Ended October 31, 2002 | |
| | SHARES | DOLLARS | SHARES | DOLLARS |
| Shares sold | 21,722,143 | \$273,840,292 | 1,529,390 | \$15,266,300 |
| Shares redeemed | (20,094,363) | (254,506,731) | (1,400,188) | (13,893,762) |
| Net increase | 1,627,780 | \$ 19,333,561 | 129,202 | \$ 1,372,538 |

| | Commonwealth Japan Fund | | | |
|---------------------------|--------------------------------|---------------|--------------------------------|--------------|
| | Year Ended October 31, 2003 | | Year Ended October 31, 2002 | |
| | SHARES | DOLLARS | SHARES | DOLLARS |
| Shares sold | 40,234,402 | \$141,049,183 | 7,626,964 | \$27,831,507 |
| Shares redeemed | (39,524,827) | (138,796,855) | (7,383,299) | (26,987,410) |
| Net increase | 709,575 | \$ 2,252,328 | 243,665 | \$ 844,097 |

| | Commonwealth Global Fund | |
|---------------------------|----------------------------------|-------------|
| | Period Ended October 31, 2003 | |
| | SHARES | DOLLARS |
| Shares sold | 936,629 | \$9,898,108 |
| Shares redeemed | (151,016) | (1,638,896) |
| Net increase | 785,613 | \$8,259,212 |

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

Note 6 - Purchases and Sales of Securities

Purchases and sales of investment securities (excluding short-term securities) by the Funds for the year from November 1, 2002 to October 31, 2003 for the Australia/New Zealand Fund and the Japan Fund and for the period from December 3, 2002 to October 31, 2003 for the Global Fund were as follows:

| | <u>Purchases</u> | <u>Sales</u> |
|--------------------------------------|------------------|--------------|
| Australia/New Zealand Fund | \$30,669,404 | \$13,565,231 |
| Japan Fund | 2,988,862 | 1,129,220 |
| Global Fund | 9,017,043 | 412,518 |

Note 7 - Options Written by the Japan Fund and the Global Fund

A call option gives the holder the right to buy the underlying stock from the writer (the Funds) at a specified price within a fixed period of time. Therefore, the securities held by the Funds against which options are written may not be traded and are held in escrow by the custodian.

The following table sets forth the outstanding call options written by the Japan Fund and the Global Fund as of October 31, 2003.

| <u>Commonwealth Japan Fund</u> | | | |
|--|-------------------------|---------------------|--------------------------------|
| <u>Call Options On</u> | <u>Premium Received</u> | <u>Market Value</u> | <u>Unrealized Appreciation</u> |
| 3,700 shs AFLAC, Inc. ADR @ 35 exp February 21, 2004 | \$ 4,509 | \$ 9,250 | \$(4,741) |
| 6,000 shs Honda Motor Co., Ltd. @ 20 exp January 17, 2004 | 6,529 | 6,000 | 529 |
| 3,000 shs Sony Corp. @ 35 exp January 17, 2004 | <u>3,565</u> | <u>7,200</u> | <u>(3,635)</u> |
| Total | <u>\$14,603</u> | <u>\$22,450</u> | <u>\$(7,847)</u> |

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

| <u>Commonwealth Global Fund</u> | | | |
|--|-------------------------|---------------------|--|
| <u>Call Options On</u> | <u>Premium Received</u> | <u>Market Value</u> | <u>Unrealized Appreciation/ (Depreciation)</u> |
| 1,000 shs Aventis SA ADR @ 60 exp January 17, 2004 | \$ 1,415 | \$ 500 | \$ 915 |
| 1,650 shs Greenpoint Financial Corp. ADR @ 55 exp January 17, 2004 | 2,382 | 248 | 2,134 |
| 4,000 shs ING Groep NV @ 20 exp January 17, 2004 | 4,275 | 6,000 | (1,725) |
| 2,000 shs International Rectifier Corp. ADR @ 35 exp January 17, 2004 | 2,655 | 26,600 | (23,945) |
| 1,700 shs Microchip Technology, Inc. ADR @ 30 exp January 17, 2004 | 2,154 | 6,800 | (4,646) |
| 800 shs Royal Dutch Petroleum Co. @ 47.5 exp January 17, 2004 | 771 | 240 | 531 |
| 1,200 shs Sandisk Corp. ADR @ 100 exp January 17, 2004 | 6,474 | 12,360 | (5,886) |
| 1,300 shs Sandisk Corp. ADR @ 75 exp January 17, 2004 | 5,676 | 12,740 | (7,064) |
| 1,200 shs Smith International, Inc. ADR @ 40 exp January 17, 2004 | 3,319 | 1,080 | 2,239 |
| 1,100 shs Symantec Corp. ADR @ 50 exp January 17, 2004 | 4,472 | 17,710 | (13,238) |
| 800 shs Total SA @ 85 exp February 21, 2004 | 2,051 | 960 | 1,091 |
| 1,000 shs Unilever NV ADR @ 70 exp January 17, 2004 | <u>2,620</u> | <u>250</u> | <u>2,370</u> |
| Total | <u>\$38,264</u> | <u>\$85,488</u> | <u>\$(47,224)</u> |

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

The aggregate market value at October 31, 2003 of securities subject to call options is \$360,876 or approximately 5.10% of net assets for the Japan Fund and \$814,886 or approximately 8.65% of net assets for the Global Fund. Written option activity for the year ended October 31, 2003 was as follows:

Commonwealth Japan Fund

| | <u>Number of Options</u> | <u>Amount of Premium</u> |
|---|--------------------------|--------------------------|
| Options outstanding at October 31, 2002 | 47 | \$ 6,681 |
| Options written | 154 | 19,269 |
| Options expired | (74) | (11,347) |
| Options covered | <u>0</u> | <u>0</u> |
| Options outstanding at October 31, 2003 | <u>127</u> | <u>\$14,603</u> |

Commonwealth Global Fund

| | <u>Number of Options</u> | <u>Amount of Premium</u> |
|---|--------------------------|--------------------------|
| Options outstanding at October 31, 2002 | — | \$ — |
| Options written | 459 | 82,544 |
| Options expired | (97) | (15,485) |
| Options covered | <u>(184)</u> | <u>(28,795)</u> |
| Options outstanding at October 31, 2003 | <u>178</u> | <u>\$38,264</u> |

Note 8 - Tax Matters

As of October 31, 2003, the components of distributable earnings on a tax basis for the Funds were as follows:

| | <u>Undistributed Ordinary Income</u> | <u>Undistributed Short- Term Capital Gains/ (Losses)</u> | <u>Undistributed Long- Term Capital Gains/ (Losses)</u> | <u>Unrealized Appreciation/ (Depreciation)</u> |
|----------------------------------|--|--|---|--|
| Australia/New Zealand Fund . . . | \$541,118 | \$674,789 | — | \$5,479,151 |
| Japan Fund | — | — | — | 924,095 |
| Global Fund | — | — | — | 1,384,764 |

The difference between book basis and tax basis unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses on wash sales. The difference between book basis undistributed net investment income and tax basis undistributed ordinary income and between book basis accumulated net realized gain on investments and tax basis undistributed short term capital gains is attributable primarily to differing book/tax treatment of foreign currency gains.

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2003 (continued)

As of October 31, 2003, the Funds had capital loss carryforwards and loss deferrals available for federal income tax purposes as follows:

| | Capital Loss Carryforwards Expiring | | | | | Deferred for Tax Purposes |
|----------------------------------|--|--------------------|--------------------|--------------------|---------------------|--------------------------------------|
| | <u>October 31,</u> | | | | | |
| | <u>2005</u> | <u>2006</u> | <u>2009</u> | <u>2011</u> | <u>Total</u> | |
| Australia/New Zealand Fund . . . | \$ — | \$ — | \$ — | \$ — | \$ — | \$16,907 |
| Japan Fund | 420,940 | 244,983 | 261,843 | 43,958 | 971,724 | — |
| Global Fund | — | — | — | 67,278 | 67,278 | — |

The losses deferred for tax purposes consist of losses deferred on wash sales.

For U.S. federal income tax purposes, the cost of securities owned, gross appreciation, gross depreciation and net unrealized appreciation/(depreciation) of investments at October 31, 2003 for each fund:

| | <u>Cost</u> | <u>Gross Appreciation</u> | <u>Gross Depreciation</u> | <u>Net Appreciation/ (Depreciation)</u> |
|--------------------------------------|--------------------|--------------------------------------|--------------------------------------|--|
| Australia/New Zealand Fund | \$27,327,278 | \$5,482,876 | \$ (3,725) | \$5,479,151 |
| Japan Fund | 5,744,520 | 1,119,686 | (195,591) | 924,095 |
| Global Fund | 8,767,517 | 1,440,760 | (55,996) | 1,384,764 |

Note 9 - Reclass of Capital Accounts

In accordance with accounting pronouncements, the Japan and Global Funds have recorded reclassifications in the capital accounts. These reclassifications have no impact on the net asset value of the Funds and are designed generally to present undistributed net investment income and capital gains/(accumulated losses) during the period on a tax basis which is considered to be more informative to the shareholder. As of October 31, 2003, the Funds recorded the following reclassifications to increase (decrease) the capital accounts listed below:

| | <u>Undistributed Net Investment Income</u> | <u>Net Realized Gain (Accumulated Losses)</u> | <u>Paid-in Capital</u> |
|-----------------------|---|--|-------------------------------|
| Japan Fund | \$113,613 | \$ — | \$(113,613) |
| Global Fund | 198,972 | (3,196) | (195,776) |

COMMONWEALTH INTERNATIONAL SERIES TRUST

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders and Board of Trustees of Commonwealth International Series Trust

We have audited the accompanying statements of assets and liabilities of Commonwealth International Series Trust (comprising the Commonwealth Australia/New Zealand Fund, Japan Fund, and Global Fund), including the schedules of investments, as of October 31, 2003, the related statements of operations for the year or period then ended, the statements of changes in net assets for each of the years or period in the two year period then ended, and the financial highlights for each of the years or period in the five year period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2003, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the respective Funds of the Commonwealth International Series Trust as of October 31, 2003, the results of their operations for the year or period then ended, the changes in their net assets for each of the years or period in the two year period then ended, and the financial highlights for each of the years or period in the five year period then ended in conformity with accounting principles generally accepted in the United States of America.

BRIGGS, BUNTING & DOUGHERTY, LLP

**Philadelphia, Pennsylvania
December 22, 2003**

COMMONWEALTH INTERNATIONAL SERIES TRUST

TRUSTEES AND OFFICERS (Unaudited)

| Name, Age and Address | Position(s) With Fund | Term of Office and Length of Time Served | Principal Occupation(s) for the Last Five Years | Number of Portfolios in Complex Overseen by Trustee/Officer | Other Directorships Held By Trustee/Officer |
|---|-------------------------------------|---|--|---|--|
| INTERESTED TRUSTEES: | | | | | |
| Robert Scharar ⁽¹⁾ , 55 5847 San Felipe Suite 850 Houston, TX 77057 | President, Interested Trustee | Indefinite until successor elected and qualified; 3 years. | Investment manager/Attorney/CPA; President, FCA Corp. | 4 | United Dominion Realty Trust |
| INDEPENDENT TRUSTEES: | | | | | |
| John Akard, Jr., 37 5847 San Felipe Suite 850 Houston, TX 77057 | Independent Trustee | Indefinite until successor elected and qualified; 3 years. | Attorney/CPA | 4 | None |
| Kathleen Kelly, 51 5847 San Felipe Suite 850 Houston, TX 77057 | Independent Trustee | Indefinite until successor elected and qualified; 3 years. | Consultant | 4 | None |
| Jack Ewing, 63 5847 San Felipe Suite 850 Houston, TX 77057 | Independent Trustee | Indefinite until successor elected and qualified; 3 years. | Professor | 4 | None |

(1) Robert Scharar is considered an “interested person” of the Funds because of his affiliation with the Fund’s Investment Advisor as the sole shareholder of that Advisor.

COMMONWEALTH INTERNATIONAL SERIES TRUST

TRUSTEES AND OFFICERS (Unaudited) (continued)

| Name, Age and Address | Position(s) With Fund | Term of Office and Length of Time Served | Principal Occupation(s) for the Last Five Years | Number of Portfolios in Complex Overseen by Trustee/Officer | Other Directorships Held By Trustee/Officer |
|--|--------------------------|---|---|---|--|
| OFFICERS: | | | | | |
| Larry E. Beaver, Jr., 34 630-A Fitzwatertown Rd. Willow Grove, PA 19090 | Treasurer | 2003- current | Manager Fund Accounting, InCap Service Co., May 2003 to present; Supervisor Fund Accounting, InCap Service Co., October 2001 to April 2003; Accountant, PFPC, Inc., March 1998 to September 2001. | 4 | None |
| Charles R. Ropka, 40 1010 Kings Hwy. S. Building 2, Suite B Cherry Hill, NJ 08034 | Secretary | 2003- current | Attorney, Rabil & Ropka, LLC | 4 | None |
| David F. Ganley, 55 630-A Fitzwatertown Rd. Willow Grove, PA 19090 | Assistant Secretary | 2003- current | Managing Director, InCap Group, Inc.; Chief Admin. Officer, InCap Service Co.; President & Treasurer, InCap Securities, Inc. | 4 | Officer, Capstone Funds |
| Bonnie Bingham, 54 5847 San Felipe Suite 850 Houston, TX 77057 | Assistant Secretary | 2003- current | Administrator & Private Coordinator, FCA Corp. | 4 | None |

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTICE TO SHAREHOLDERS (Unaudited)

For the fiscal year ended October 31, 2003, certain dividends paid by the Australia/New Zealand Fund may be subject to a maximum tax rate of 15%, as provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (“the Act”). The Fund intends to designate up to the maximum amount of such dividends allowable under the Act. Complete information will be reported in conjunction with your 2003 Form 1099-DIV.