

**Commonwealth International  
Series Trust**

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**INVESTMENT ADVISOR**

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**DISTRIBUTOR**

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**CUSTODIAN BANK**

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**INDEPENDENT AUDITORS**

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**The Commonwealth International  
Series Trust  
Australia/New Zealand Fund  
Japan Fund  
Global Fund  
Real Estate Securities Fund**



**SEMI-ANNUAL REPORT**

**April 30, 2004**



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

**Dear Shareholder:**

We are pleased to present this semi-annual report of the Commonwealth International Series Trust for the six months ended April 30, 2004. The Australia/New Zealand Fund's net asset value ("NAV") as of April 30, 2004 is U.S. \$14.39 per share compared to U.S. \$14.44 per share on October 31, 2003, a decrease of 0.4%. On December 12, 2003 the Australia/New Zealand Fund distributed U.S. \$0.212 per share in capital gains distributions and U.S. \$0.206 in income distributions. The six month period return for the Australia/New Zealand Fund, with distributions included, is 2.46%. The Japan Fund's NAV on April 30, 2004 is U.S. \$3.99 per share compared to U.S. \$3.98 per share on October 31, 2003, an increase of 0.25%. The Global Fund's NAV as of April 30, 2004 is U.S. \$12.65 per share compared to U.S. \$11.99 per share on October 31, 2003, an increase of 5.5%. The Real Estate Securities Fund's NAV as of April 30, 2004 is U.S. \$9.08 per share compared to U.S. \$10.00 per share on January 5, 2004 (the Fund's inception date), a decrease of 9.20%.

**Australia/New Zealand Fund:** For the six month period ending April 30, 2004 the New Zealand Exchange 50 Free Float Total Return Index<sup>1</sup> appreciated 16.7% in U.S. Dollar terms and 14.1% in New Zealand Dollar terms. From October 31, 2003 through April 30, 2004 the New Zealand Dollar appreciated 1.9% versus the U.S. Dollar.

New Zealand's Gross Domestic Product (GDP) increased 2.4% in the fourth quarter of 2003 following the above average growth rate of 6.4% in the third quarter. After rising to 5.0% in the first quarter of 2003, the unemployment rate has declined four consecutive quarters to a sixteen year low of 4.3% in the first quarter of 2004. Strong domestic demand coupled with a tightening labor market was cited by the Bank of New Zealand in its decision to raise interest rates 25 basis points to 5.5% at the end of April, the second such increase since the beginning of the year.

The Australian All Ordinaries Index<sup>2</sup> appreciated 8.6% in U.S. Dollar terms and 6.5% in Australian Dollar terms for the six month period ending April 30, 2004. The Australian Dollar continued to appreciate versus the U.S. Dollar on the heels of rising commodity prices and strong growth in the Asia Pacific Region, which advanced the Australian Dollar 1.7% higher versus the U.S. Dollar over the six month period.

Both domestic and foreign demand has been strong for the last year which in turn has supported rising equity prices. Australia's GDP grew at 4% in the fourth quarter of 2003 from the fourth quarter of 2002, while the unemployment rate dropped from 6.2% in April of 2003 to 5.6% in April of 2004. The strong rise in Australia's terms of trade, which has boosted national income in recent years, owes much to China's huge appetite for

## COMMONWEALTH INTERNATIONAL SERIES TRUST

resources. We expect growth in Australia to peak mid-2004 given the economy is already operating above capacity and signs that domestic wage and inflationary pressures are building. Tax cuts and fiscal stimulus equivalent to 1% of GDP in 2004-05 will provide a partial offset to slowdown in interest rate sensitive sectors.

**Global Fund:** The MSCI World Index<sup>3</sup> increased 8.7% in U.S. Dollar terms for the six month period ending April 30, 2004. The yield on the U.S. 10 Year Treasury increased from 4.29% on October 31, 2003 to 4.51% on April 30, 2004 as investors speculated that the period of record low interest rates may be coming to an end. Over the six month period ending April 30, 2004, the MSCI EAFE Index<sup>4</sup> outperformed the MSCI World Index<sup>3</sup> appreciating 11.1% and 8.7% for the MSCI World Index<sup>3</sup>.

Despite the global interest rate tightening cycle having commenced and the period of most rapid acceleration of U.S. growth likely behind us, we remain optimistic over global growth prospects in 2004. U.S. economic momentum is expected to slow once the temporary support factors (mortgage refinancing and fiscal stimulus from tax cuts) wear off. These forces are partially offset by recovering profits, an improving labor market and nascent capital expenditure recovery. Europe's ability to achieve above-consensus GDP growth of 2.0% in 2004 reflects the improvement in the private sector's finances, and a pro-growth stance by the European Central Bank, paving the way for stronger domestic demand growth.

**Japan Fund:** The TOPIX, also known as the Tokyo Price Index<sup>5</sup>, increased 13.9% in U.S. Dollar terms and 14.2% in Japanese Yen terms for the six month period ending April 30, 2004. The Other Finance and Banking Index were the best performing industry sectors over the six month period led by improving disposal of non-performing loans and improved capital ratios among the major financial institutions. The Japanese Yen depreciated 0.5% versus the U.S. Dollar over the last six months as the Japanese Government continued its policy of currency intervention in an effort to curb the advance of the Yen against its major trading partners.

First quarter real GDP rose by 5.6% in the first quarter of 2004; Real GDP has now expanded for eight consecutive quarters, and is now above the 2% rate we consider trend growth. By demand component, all categories of private demand recorded increases. In addition, nominal GDP was up by 3.2%, the fourth straight quarter on quarter increase. Consumption rose by 1.0% in real terms, and capital investment was up by 2.4%. The economy showed greater than expected growth in the first quarter, and we do not expect it to start receding at a rapid pace. However, the economic recovery will not continue forever. In March, the economy entered its 26th month of recovery, about two-thirds of the average duration of previous recoveries, and exceeding the 21 months marked by the previous recovery.

**Real Estate Fund:** The Commonwealth Real Estate Securities Fund finishes its first four months of operation in April, a month seeing major declines in REIT stocks and producing negative returns for 2004 for the REIT sector. The NAREIT Equity REIT Index<sup>6</sup> declined 14.6% in April 2004. Equity REITs (real estate investment trusts) have generated solid returns for investors over the past several years, on both a price-only and total return basis. April 2004 bore witness to the first signs of weakness in REIT share prices in some time. A stronger than anticipated jobs report in March resulted in speculation of upward interest rate movements. During the month of April, the 10-year Treasury interest rate increased 63 basis points. REIT prices were affected negatively as we believe primarily non-dedicated REIT investors took profits.

While many investors believe there is a direct negative correlation between REIT fundamental performance and interest rates (i.e., as interest rates move up, REIT fundamentals deteriorate), historically this has not proven true. Share price is much more sensitive to interest rate changes than operating fundamentals. A rising interest

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rate environment will negatively affect income of REITs with substantial variable rate debt on the balance sheets. Higher interest rates will generally be offset by increased rents when the economy is performing better and rising interest rates typically coincide with an improving economy. Many REITs limit the use of variable rate debt.

We founded the Fund to provide investors with exposure to the real estate sector, not just REITs, which is why we invest in securities of Real Estate Industry Companies (i.e., those whose fortunes are impacted by the real estate market which may include REITs, real estate development companies, real estate management companies, building supply companies, timber companies and other publicly-traded companies involved in real estate related activities and industries).

We also thought owners of our Fund would like to know just how a REIT common stock may differ from other equity securities. REITs are a creature of federal tax law, established in 1960 to allow the earnings to be taxed only once at the shareholder level. To enjoy this benefit, a REIT must distribute at least 90% of its taxable income (not Financial GAAP income) each year. If all taxable income is distributed, then double taxation is eliminated. This is one reason REITs tend to pay higher dividends than the stock market as a whole. The REIT must also base its activities on long term real estate related activities as opposed to short term trading (more information on REITs may be obtained at [www.nareit.com](http://www.nareit.com)).

### **Who is the adviser?**

The Funds' investment adviser is FCA Corp. FCA is a fee-based financial planning and investment counseling firm located at 5847 San Felipe, Suite 850, Houston, Texas 77057. FCA and its predecessors have been in business since 1975.

### **Why do our Funds include foreign companies?**

We believe a portfolio containing foreign securities offers an investor better diversity and less correlation versus a solely U.S. equity portfolio. In general, we think that investors should look at international investing not only for diversification, but because there really is no reason for investors to limit themselves to the U.S. stock market. A well diversified investment portfolio includes an allocation to international as well as domestic markets because investing outside the U.S. provides the traditional benefits of diversification—the potential to diminish risk and achieve more consistent long-term performance. It also offers exposure to many of the world's leading companies and fastest-growing economies.

### **What are ADRs and how do we use them?**

Depository Receipts, also known as ADRs, are negotiable certificates that represent a foreign company's U.S. publicly traded equity. Depository Receipts are created when a broker purchases the company's shares on the home market and delivers them to the depository's custodian bank, which then instructs the depository bank to issue Depository Receipts. Depository Receipts may trade freely, just like any other security, either on an exchange or in the over-the-counter market. (For more information on ADRs visit the Bank of New York's website, [www.adrbny.com](http://www.adrbny.com))

Because Depository Receipts (ADRs) trade on U.S. exchanges, the Funds may purchase an ADR, as opposed to the ordinary shares, thus avoiding additional foreign custodial expenses. In addition, ADRs traded in the U.S. are denominated in U.S. Dollars, thus eliminating the need to convert U.S. Dollars into foreign currency. When

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feasible and given proper liquidity in the security, the Funds will generally purchase ADRs instead of foreign shares.

Although ADRs are U.S. denominated securities, the value of the underlying security (ordinary shares) as well as fluctuations in foreign currency rates, will have a material effect on the value of the ADR. Also, there are not ADRs available for most foreign equities.

### **Fund Portfolio Turnover**

Higher levels of activity by a Fund result in higher transaction costs and may also result in taxes on realized capital gains to be borne by the Fund's shareholders. Each Fund generally invests in securities with the view to hold them long-term. While constantly monitored, the portfolio's securities are evaluated on their long-term prospects and depending upon the market, economic, and political environment, the Fund may experience higher or lower turnover ratios in certain years as the portfolio is rebalanced to take advantage of long-term opportunities.

### **Share Turnover**

Share turnover in the Australia/New Zealand Fund and the Japan Fund are relatively large compared to the size of the Funds due to certain investors who may trade through numerous brokerages and purchase and redeem Fund shares on a more frequent basis. The Commonwealth International Series Trust Board of Trustees has been advised of this and continues to closely monitor such trades. In this regard, the Funds' Advisor and Administrator have been directed to monitor and report to the Board the extent to which such trading occurs. In addition, steps have been taken to help minimize any potential adverse effect on Fund shareholders that include: real time notification of purchases and redemptions from the two brokerage platforms where most of the activity is occurring and the Funds' use of American Depositary Receipts and other U.S. traded securities.

### **Expense Ratios and How They Impacted Fund Performance**

The operating expense ratio of the Funds investing overseas can be expected to be higher than that of an investment company investing exclusively in securities of United States issuers since the expenses of the Funds (such as custodial, currency exchange, valuation and communications costs) usually are higher.

As with every mutual fund, size has a direct impact on the expense ratio. Typically, larger funds can have smaller expense ratios as there is more of an opportunity to spread out among a greater number of shareholders the many semi-fixed costs necessary to operate a mutual fund in our current legal and economic environment. This can be evidenced by the Commonwealth's own Australia/New Zealand Fund which went from assets of \$4.534 million and an expense ratio of 5.74% on 10/31/01 to assets of \$23.920 million and an expense ratio of 1.87% on 4/30/04.

Details of Fund turnover and expenses are included with the accompanying financial statements.

### **Administrative Fee Arrangements**

Each Fund pays FCA Corp., as the Advisor, 0.75% per annum of its total net asset value, excluding the asset value of one Fund in another Fund of the complex. InCap Service Company ("InCap"), the Administrator, supervises all aspects of the Funds' operations other than the management of its investments and is paid by each Fund for those services. InCap is not related to the Advisor.

## COMMONWEALTH INTERNATIONAL SERIES TRUST

Each Fund bears the cost of its accounting services, performed by InCap, which includes maintaining their financial books and records and calculating their daily net asset value. Each Fund also pays transfer agency fees, custodial fees, legal and auditing fees, the costs of reports to stockholders and the Securities and Exchange Commission, fees under the Service and Distribution Plan and all other ordinary expenses not specifically borne by the Administrator.


### Closing

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.



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Robert W. Scharar  
President and Portfolio Manager  
Commonwealth International Series



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Wesley R. 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.commonwealth-funds.com](http://www.commonwealth-funds.com)

<sup>1</sup>The 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.

<sup>2</sup>The 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.

<sup>3</sup>The 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.

<sup>4</sup>The MSCI EAFE Index is a capitalization weighted index that monitors the performance of stocks from Europe, Australasia, and the Far East.

<sup>5</sup>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. 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.

<sup>6</sup>The National Association of Real Estate Investment Trusts (NAREIT) Index includes both price and income returns of all publicly traded REITs (Equity, Mortgage and Hybrid). The index began on December 31, 1971 with a base value of 100.

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

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><u>AUSTRALIA (29.85%)</u></b>		
<b>COMMON STOCK (23.81%)</b>		
<b><i>ADVERTISING (1.00%)</i></b>		
STW Communications Group, Ltd. ....	100,000	\$ <u>238,319</u>
<b><i>AIRLINES (1.67%)</i></b>		
Qantas Airways, Ltd. ....	165,000	<u>399,184</u>
<b><i>BANKS (1.72%)</i></b>		
Australia and New Zealand Banking Group, Ltd. - ADR ....	6,100	<u>412,055</u>
<b><i>BEVERAGES (1.66%)</i></b>		
Coca-Cola Amatil, Ltd. ....	80,000	<u>398,065</u>
<b><i>BUILDING (3.76%)</i></b>		
James Hardie Industries NV ....	85,000	411,280
Rinker Group, Ltd. ....	95,000	<u>488,481</u>
		<u>899,761</u>
<b><i>FINANCIAL SERVICES (1.83%)</i></b>		
Perpetual Trustees Australia, Ltd. ....	14,800	<u>438,218</u>
<b><i>INSURANCE (1.76%)</i></b>		
QBE Insurance Group ....	50,000	<u>420,669</u>
<b><i>MINING AND BUILDING MATERIALS (5.28%)</i></b>		
Alumina, Ltd. ....	94,000	344,176
BHP Billiton, Ltd. - ADR ....	10,000	164,100
Oxiana, Ltd. * ....	600,000	355,312
Rio Tinto, Ltd. ....	17,000	<u>399,372</u>
		<u>1,262,960</u>

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

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b>MULTIMEDIA (1.84%)</b>		
Publishing & Broadcasting, Ltd. ....	50,000	\$ 439,806
<b>OIL &amp; GAS (1.72%)</b>		
Origin Energy, Ltd. ....	100,000	411,641
<b>TRANSPORT SERVICES (1.57%)</b>		
Toll Holdings, Ltd. ....	50,000	375,171
<b>TOTAL COMMON STOCK (Cost \$4,541,911) .....</b>		<u>5,695,849</u>
	<b><u>Principal</u></b>	
<b>BONDS (6.04%)</b>		
Australian Government, 9.00%, due 09/15/04 † .....	1,000,000	731,617
Nestle Australia, 4.75%, due 11/21/05 † .....	1,000,000	713,842
<b>TOTAL BONDS (Cost \$1,492,045) .....</b>		<u>1,445,459</u>
<b>TOTAL AUSTRALIA (Cost \$6,033,956) .....</b>		<u>7,141,308</u>
 <b><u>NEW ZEALAND (93.07%)</u></b>		
<b>COMMON STOCK (54.05%)</b>		
	<b><u>Shares</u></b>	
<b>AGRICULTURE (5.19%)</b>		
Allied Farmers, Ltd. ....	93,307	92,216
Pyne Gould Guinness, Ltd. ....	539,789	516,593
Williams & Kettle, Ltd. ....	375,000	633,327
		<u>1,242,136</u>
<b>AIRPORT DEVELOPMENT (1.82%)</b>		
Auckland International Airport, Ltd. ....	102,400	434,913
<b>APPLIANCES (4.95%)</b>		
Fisher & Paykel Appliances Holdings, Ltd. ....	329,596	979,284
Scott Technology, Ltd. ....	101,246	205,822
		<u>1,185,106</u>



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

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>AUTOMOBILE MANUFACTURERS (1.43%)</i></b>		
Colonial Motor Co., Ltd. ....	180,000	\$ 343,404
<b><i>CHEMICALS (1.42%)</i></b>		
Nuplex Industries, Ltd. ....	111,355	339,909
<b><i>COMPUTER SERVICES (0.83%)</i></b>		
Renaissance Corp., Ltd. ....	451,434	197,663
<b><i>DIVERSIFIED HOLDINGS (1.54%)</i></b>		
Hellaby Holdings, Ltd. ....	116,640	368,444
<b><i>ELECTRICAL SERVICES (5.09%)</i></b>		
Contact Energy, Ltd. ....	168,700	612,035
Powerco, Ltd. ....	450,000	605,179
		<u>1,217,214</u>
<b><i>FINANCIAL SERVICES (0.81%)</i></b>		
Hallenstein Glasson Holdings, Ltd. ....	100,000	194,533
<b><i>FOREST AND PAPER PRODUCTS (0.52%)</i></b>		
Evergreen Forests, Ltd. * ....	448,500	123,438
<b><i>HEALTHCARE (6.11%)</i></b>		
Calan Healthcare Properties Trust ....	883,445	497,342
Fisher & Paykel Healthcare Corp. ....	40,639	330,460
Ryman Healthcare, Ltd. ....	250,000	358,104
Taylors Group, Ltd. ....	54,050	89,931
Wakefield Hospital, Ltd. ....	125,995	185,206
		<u>1,461,043</u>
<b><i>INSURANCE (0.94%)</i></b>		
AXA Asia Pacific Holdings, Ltd. ....	100,000	225,183

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

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>MANUFACTURING (1.00%)</i></b>		
Skellmax Industries .....	300,000	\$ 238,319
<b><i>PORTS (10.05%)</i></b>		
Northland Port Corp. NZ, Ltd. ....	302,300	523,782
Port of Tauranga, Ltd. ....	175,000	535,279
Ports of Auckland, Ltd. ....	158,392	726,223
South Port New Zealand, Ltd. ....	721,770	618,518
		<u>2,403,802</u>
<b><i>REAL ESTATE (1.51%)</i></b>		
Kiwi Income Property Trust .....	282,413	187,251
Urbus Properties, Ltd. ....	300,000	174,517
		<u>361,768</u>
<b><i>RENTAL EQUIPMENT (0.66%)</i></b>		
Hirequip New Zealand, Ltd. ....	250,000	157,941
<b><i>RESTAURANTS (1.21%)</i></b>		
Restaurant Brands New Zealand, Ltd. ....	337,386	289,122
<b><i>STEEL (1.44%)</i></b>		
Steel and Tube Holding, Ltd. ....	140,000	344,155
<b><i>TRANSPORT SERVICES (4.21%)</i></b>		
Freightways, Ltd. ....	150,000	215,800
Mainfreight, Ltd. ....	665,375	790,775
		<u>1,006,575</u>
<b><i>WASTE MANAGEMENT (3.32%)</i></b>		
Waste Management NZ, Ltd. ....	282,154	794,203
<b>TOTAL COMMON STOCK (Cost \$8,928,345) .....</b>		<u>12,928,871</u>

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

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Principal</u>	<u>Value</u>
<b>BONDS (31.94%)</b>		
ANZ Banking Corp., Ltd., 7.04%, due 07/23/12 # . . . . .	300,000	\$ 194,764
Coca-Cola Amatil, Ltd., 8.00%, due 06/15/05 # . . . . .	500,000	318,612
Evergreen Forests, Ltd., zero coupon, due 03/19/09 # . . . . .	103,051	82,508
Fletcher Building, 8.60%, due 03/15/08 # . . . . .	775,000	511,431
Fonterra Cooperative Group, Ltd. Perpetual Notes, 7.48%, due 11/10/50 #	400,000	266,466
Global Corporate Credit, Ltd., Credit Linked Notes, 7.20%, due 12/30/08 #	400,000	250,453
Global Market, Ltd., GEM Linked Notes, zero coupon, due 01/18/08 . .	3,200,000	2,181,773
GPG Finance, 8.70%, due 12/15/08 # . . . . .	1,500,000	997,185
H.J. Heinz Co., Ltd., 6.85%, due 02/15/05 # . . . . .	1,500,000	941,968
TCNZ Finance Ltd., 7.50%, due 09/15/06 # . . . . .	500,000	323,951
Urbus Properties, Ltd. Convertible Notes, 9.25%, due 03/10/07 # . . . . .	563,325	320,652
Westpac Banking Corp. NZ, Ltd., 5.50%, due 12/06/04 # . . . . .	1,250,000	779,876
Westpac Banking Corp. NZ, Ltd., 6.25%, due 10/24/05 # . . . . .	750,000	<u>469,643</u>
<b>TOTAL BONDS (Cost \$6,642,879) . . . . .</b>		<u><b>7,639,282</b></u>
	<u>Shares</u>	
<b>INVESTMENT COMPANIES (5.65%)</b>		
Infratil, Ltd. . . . .	277,729	526,377
New Zealand Investment Trust Plc . . . . .	220,169	<u>826,305</u>
<b>TOTAL INVESTMENT COMPANIES (Cost \$1,001,224) . . . . .</b>		<u><b>1,352,682</b></u>
<b>SHORT TERM INVESTMENTS (1.43%)</b>		
Forsyth Barr Money Market # (Cost \$354,753) . . . . .	546,468	<u>341,820</u>
<b>TOTAL NEW ZEALAND (Cost \$16,927,201) . . . . .</b>		<u><b>22,262,655</b></u>
<b>TOTAL INVESTMENTS (Cost \$22,961,157) (122.92%) . . . . .</b>		<b>\$29,403,963</b>
<b>LIABILITIES IN EXCESS OF OTHER ASSETS,</b>		
<b>NET (-22.92%) . . . . .</b>		<u><b>(5,483,131)</b></u>
<b>NET ASSETS - (100.00%) . . . . .</b>		<u><u><b>\$23,920,832</b></u></u>

\* Non-income producing investment

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

† Principal amount shown is in Australian 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 - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCK (135.12%)</b>		
<i><b>AIRLINES (1.34%)</b></i>		
All Nippon Airways Co., Ltd. ....	22,000	\$ 66,784
<i><b>AUTOMOBILE MANUFACTURERS (9.36%)</b></i>		
Fuji Heavy Industries Ltd. ....	15,000	72,176
Honda Motor Co., Ltd. ....	6,200	124,930
Nissan Motor Co., Ltd. ....	5,200	113,880
Toyota Motor Corp. ....	2,100	153,741
		<u>464,727</u>
<i><b>AUTOMOBILE PARTS AND EQUIPMENT (6.97%)</b></i>		
Bridgestone Corp. ....	2,750	93,100
Calsonic Kansei Corp. ....	7,000	54,932
NGK Spark Plug Co., Ltd. ....	12,000	111,023
Sumitomo Rubber Industries, Inc. ....	10,000	86,992
		<u>346,047</u>
<i><b>BANKS (5.36%)</b></i>		
Mitsubishi Tokyo Financial Group, Inc. ....	16,000	142,400
UFJ Holdings, Inc. ....	20	123,782
		<u>266,182</u>
<i><b>BUILDING MATERIALS (0.85%)</b></i>		
Sanyo Industries, Ltd. ....	16,000	42,336
<i><b>CHEMICALS (3.35%)</b></i>		
JSR Corp. ....	3,000	63,205
Kansai Paint Co., Ltd. ....	12,000	65,788
Nissan Chemical Industries, Ltd. ....	5,000	37,470
		<u>166,463</u>
<i><b>COMMERCIAL SERVICES (1.99%)</b></i>		
Tosho Printing Co Ltd. ....	30,000	98,682

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH JAPAN FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>COMPUTERS (1.41%)</i></b>		
TDK Corp. ....	1,000	\$ 69,950
<b><i>COSMETICS (2.38%)</i></b>		
Uni-Charm Corp. ....	2,500	<u>118,255</u>
<b><i>DISTRIBUTION WHOLESALE (4.58%)</i></b>		
Marubeni Corp. ....	45,000	113,361
Mitsubishi Corp. ....	12,000	<u>114,395</u>
		<u>227,756</u>
<b><i>DIVERSIFIED FINANCIAL SERVICES (1.67%)</i></b>		
Daiwa Securities Group, Inc. ....	11,000	<u>82,733</u>
<b><i>ELECTRIC AND POWER (5.12%)</i></b>		
Hokkaido Electric Power Co., Inc. ....	6,000	98,627
Tohoku Electric Power Co., Inc. ....	9,700	<u>155,844</u>
		<u>254,471</u>
<b><i>ELECTRICAL COMPONENTS AND EQUIPMENT (6.72%)</i></b>		
FANUC, Ltd. ....	2,000	122,514
Mitsubishi Electric Corp. ....	12,000	60,677
Stanley Electric Co., Ltd. ....	5,000	94,468
Ushio, Inc. ....	3,000	<u>56,001</u>
		<u>333,660</u>
<b><i>ELECTRONICS (5.24%)</i></b>		
Advantest Corp. ....	2,400	45,312
Keyence Corp. ....	500	120,067
Yokogawa Electric Corp. ....	7,000	<u>95,084</u>
		<u>260,463</u>
<b><i>ENGINEERING AND CONSTRUCTION (0.71%)</i></b>		
Nishimatsu Construction Co., Ltd. ....	10,000	<u>35,250</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH JAPAN FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>FOOD (2.83%)</i></b>		
Ajinomoto Co., Inc. ....	1,200	\$ 140,383
<b><i>GAS DISTRIBUTION (2.33%)</i></b>		
Toho Gas Co., Ltd. ....	35,000	115,763
<b><i>HAND/MACHINE TOOLS (5.41%)</i></b>		
Meidensha Corp. ....	38,000	90,562
Nidec Corp. ....	4,400	121,000
SMC Corp. ....	500	57,315
		<u>268,877</u>
<b><i>HEALTHCARE PRODUCTS (3.82%)</i></b>		
Hoya Corp. ....	600	64,918
Nakanishi, Inc. ....	2,000	125,051
		<u>189,969</u>
<b><i>HOME BUILDERS (0.88%)</i></b>		
Haseko Corp. ....	15,000	43,632
<b><i>HOME FURNISHINGS (4.50%)</i></b>		
Alpine Electronics Inc. ....	8,000	109,175
Pioneer Corp. ....	4,000	114,600
		<u>223,775</u>
<b><i>HOUSEWARES (1.08%)</i></b>		
Toto, Ltd. ....	5,000	53,464
<b><i>INSURANCE (4.74%)</i></b>		
Millea Holdings, Inc. ....	3,310	235,642
<b><i>INTERNET (3.03%)</i></b>		
eAccess, Ltd. * ....	10	50,927
Softbank Corp. ....	2,200	99,678
		<u>150,605</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH JAPAN FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>IRON/STEEL PRODUCERS (6.72%)</i></b>		
JFE Holdings, Inc. ....	9,000	\$ 201,849
Nippon Steel Corp. ....	63,000	131,874
		<u>333,723</u>
<b><i>LEISURE AND RECREATION (2.25%)</i></b>		
Sankyo Co., Ltd. ....	3,000	<u>112,002</u>
<b><i>OFFICE EQUIPMENT &amp; SUPPLIES (4.94%)</i></b>		
Canon, Inc. ....	2,700	141,237
Ricoh Co., Ltd. ....	500	49,375
Teraoka Seisakusho Co., Ltd. ....	5,000	54,732
		<u>245,344</u>
<b><i>PHARMACEUTICALS (7.50%)</i></b>		
Chugai Pharmaceutical Co., Ltd. ....	8,500	128,630
Sawai Pharmaceutical Co., Ltd. ....	4,300	163,264
Takeda Chemical Industries, Ltd. ....	2,000	80,649
		<u>372,543</u>
<b><i>PHOTO EQUIPMENT (1.09%)</i></b>		
Fuji Photo Film Co., Ltd. ....	1,700	<u>54,230</u>
<b><i>REAL ESTATE (3.39%)</i></b>		
Sumitomo Realty & Development Co., Ltd. ....	15,000	<u>168,411</u>
<b><i>RETAIL (6.91%)</i></b>		
EDION Corp. ....	5,000	55,050
Ito-Yokado Co., Ltd. ....	2,000	83,186
Seven-Eleven Japan Co., Ltd. ....	3,000	101,944
Yamada Denki Co., Ltd. ....	3,000	103,031
		<u>343,211</u>
<b><i>TEXTILES (2.11%)</i></b>		
Ichikawa Co., Ltd. ....	35,000	<u>104,662</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH JAPAN FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b>TRANSPORTATION (14.54%)</b>		
East Japan Railway Co. ....	23	\$ 117,548
Hankyu Corp. ....	22,000	84,727
Keihin Electric Express Railway Co., Ltd. ....	13,000	78,691
Keio Electric Railway Co., Ltd. ....	18,000	100,802
Mitsui OSK Lines, Ltd. ....	14,000	61,275
Nippon Yusen Kabushiki Kaisha ....	15,000	61,030
Tobu Railway Co., Ltd. ....	18,000	77,151
Tokyu Corp. ....	10,000	49,930
Yamato Transport Co., Ltd. ....	6,000	91,178
		<u>722,332</u>
<b>TOTAL COMMON STOCK (Cost \$5,798,262) .....</b>		<u>6,712,327</u>
<b>INVESTMENT COMPANIES (14.21%)</b>		
Japan Equity Fund, Inc. * .....	43,100	292,649
Japan Smaller Capitalization Fund, Inc. * .....	20,000	250,400
Morgan Stanley Asia Pacific Fund, Inc. ....	15,000	162,750
		<u>705,799</u>
<b>TOTAL INVESTMENT COMPANIES (Cost \$575,053) ...</b>		<u>705,799</u>
<b>TOTAL INVESTMENTS (Cost \$6,373,315) (149.33%) ...</b>		\$ 7,418,126
<b>LIABILITIES IN EXCESS OF OTHER ASSETS,</b>		
<b>NET (-49.33%) .....</b>		<u>(2,450,374)</u>
<b>NET ASSETS (100%) .....</b>		<u>\$ 4,967,752</u>

\* Non-income producing investment.

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



**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH GLOBAL FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCK (77.16%)</b>		
<b><i>BRAZIL (1.09%)</i></b>		
Cia Vale do Rio Doce .....	2,800	\$ 127,400
<b><i>CANADA (1.61%)</i></b>		
Biovail Corp. # * .....	2,000	38,000
Vitran Corp., Inc. * .....	10,000	149,000
		<u>187,000</u>
<b><i>FRANCE (2.82%)</i></b>		
BNP Paribas - ADR .....	5,000	150,144
Lafarge SA - ADR .....	5,000	104,300
Total SA - ADR .....	800	73,696
		<u>328,140</u>
<b><i>GERMANY (1.46%)</i></b>		
Bayer AG - ADR .....	3,600	95,904
SAP AG - ADR .....	2,000	74,560
		<u>170,464</u>
<b><i>GREAT BRITAIN (9.42%)</i></b>		
Anglo American Plc - ADR .....	6,500	132,405
British Airways Plc - ADR * .....	2,800	141,764
GlaxoSmithKline Plc - ADR .....	3,000	126,000
Intercontinental Hotels Group Plc - ADR .....	12,979	123,690
Lloyds TSB Group Plc - ADR .....	4,000	122,320
Mitchells & Butlers Plc - ADR .....	19,175	89,356
National Grid Transco Plc - ADR .....	3,500	134,365
Rio Tinto Plc - ADR .....	1,500	134,400
Tate & Lyle Plc - ADR .....	2,000	43,128
Vodafone Group Plc - ADR # .....	2,000	49,080
		<u>1,096,508</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH GLOBAL FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>HONG KONG (0.78)%</i></b>		
Cathay Pacific Airways, Ltd. ADR .....	10,000	\$ <u>90,707</u>
<b><i>INDIA (3.50)%</i></b>		
ICICI Bank, Ltd. - ADR .....	13,000	201,500
Infosys Technologies, Ltd. - ADR .....	1,700	137,649
Satyam Computer Services, Ltd. - ADR .....	3,500	<u>67,970</u>
		<u>407,119</u>
<b><i>ITALY (1.39)%</i></b>		
Natuzzi SpA - ADR .....	10,000	108,600
Telecom Italia SpA - ADR .....	1,650	<u>52,850</u>
		<u>161,450</u>
<b><i>MEXICO (0.70)%</i></b>		
America Movil SA de CV - ADR .....	2,400	<u>81,120</u>
<b><i>NETHERLANDS (1.94)%</i></b>		
ING Groep NV - ADR .....	4,534	96,211
Royal Dutch Petroleum Co. - ADR .....	1,300	63,258
Unilever NV - ADR .....	1,000	<u>65,930</u>
		<u>225,399</u>
<b><i>PORTUGAL (0.42)%</i></b>		
Portugal Telecom SGPS SA - ADR .....	4,500	<u>48,735</u>
<b><i>SOUTH AFRICA (0.89)%</i></b>		
AngloGold Ashanti, Ltd. - ADR .....	3,300	<u>103,686</u>
<b><i>SPAIN (1.68)%</i></b>		
Endesa SA - ADR .....	5,000	91,700
Repsol YPF SA - ADR .....	5,000	<u>104,400</u>
		<u>196,100</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH GLOBAL FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>SWITZERLAND (1.40%)</i></b>		
Nestle SA - ADR .....	900	\$ 56,918
UBS AG .....	1,500	106,200
		<u>163,118</u>
<b><i>UNITED STATES (48.06%)</i></b>		
Activision, Inc. * .....	13,762	207,256
AGCO Corp. * .....	7,500	144,375
BJ's Wholesale Club, Inc. * .....	5,075	122,967
Compass Bancshares, Inc. ....	2,650	101,654
Conmed Corp. * .....	5,720	141,169
Continental Airlines, Inc. * .....	10,000	106,600
Cooper Cos., Inc. ....	2,600	140,400
Copart, Inc. * .....	10,200	193,392
Dentsply International , Inc. ....	3,350	162,341
DST Systems, Inc. * .....	3,885	171,523
Greenpoint Financial Corp. ....	1,315	51,285
Headwaters, Inc. * .....	7,000	160,930
Independence Community Bank Corp. ....	3,000	109,290
Imation Corp. ....	5,000	194,850
International Rectifier Corp. * .....	2,500	99,100
Interstate Bakeries .....	7,100	80,230
Investment Technology Group, Inc. * .....	7,600	108,908
Lubrizol Corp. ....	5,055	160,749
Manpower, Inc. ....	3,050	143,045
McCormick & Co., Inc. ....	3,265	111,532
Merrill Lynch & Co., Inc. * .....	10,000	117,200
Metris Cos., Inc. * .....	13,000	91,000
Michaels Stores, Inc. ....	1,550	77,547
Microchip Technology, Inc. ....	3,455	96,809
Nautilus Group, Inc. ....	7,500	120,600
NCO Group, Inc. * .....	4,350	98,745
New York Community Bancorp, Inc. ....	6,017	150,846
Norfolk Southern Corp. ....	5,000	119,100
Pec Solutions, Inc. * .....	7,700	89,166

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH GLOBAL FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
Pentair, Inc. . . . .	3,880	\$ 231,209
Pinnacle Entertainment, Inc. * . . . .	14,700	167,874
PMI Group, Inc. . . . .	3,200	137,696
Quanex Corp. . . . .	3,550	144,840
Sandisk Corp. # * . . . .	5,000	115,550
SCANA Corp. . . . .	3,075	105,780
Six Flags, Inc. * . . . .	13,900	103,277
Smith International, Inc. * . . . .	2,245	122,914
Sovereign Bancorp, Inc. . . . .	5,425	108,391
SPX Corp. . . . .	3,405	151,012
Stein Mart, Inc. * . . . .	18,300	232,776
Tecumseh Products Co. * . . . .	2,300	89,401
Thoratec Corp. * . . . .	9,000	122,490
Varco International, Inc. * . . . .	4,345	89,898
		<u>5,595,717</u>
<b>TOTAL COMMON STOCK (Cost \$7,444,831) . . . . .</b>		<u>8,982,663</u>
 <b>INVESTMENT COMPANIES (14.82%)</b>		
Commonwealth Australia/New Zealand Fund . . . . .	31,455	452,635
Commonwealth Japan Fund . . . . .	36,589	145,990
Europe Fund, Inc. . . . .	12,000	113,280
iShares MSCI Emerging Markets Index Fund . . . . .	1,400	221,620
iShares MSCI EMU Index Fund . . . . .	1,600	94,960
iShares MSCI Japan Index Fund . . . . .	15,000	152,100
iShares MSCI United Kingdom Index Fund . . . . .	6,800	106,012
iShares S&P Latin America 40 Index Fund . . . . .	1,500	83,970
iShares S&P Small Cap 600/BARRA Growth Index Fund . . . . .	1,500	136,020
Latin America Discovery Fund, Inc. . . . .	9,000	110,880
Morgan Stanley Asia Pacific Fund, Inc. . . . .	10,000	108,500
		<u>1,725,967</u>
<b>TOTAL INVESTMENT COMPANIES (Cost \$1,653,020) .</b>		<u>1,725,967</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH GLOBAL FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Principal</u>	<u>Value</u>
<b>MISCELLANEOUS BONDS (1.00%)</b>		
Household Finance Corp., 8.00%, 08/01/04 .....	40,000	\$ 40,637
Union Carbide Corp., 6.79%, 06/01/25 .....	75,000	<u>75,656</u>
<b>TOTAL MISCELLANEOUS BONDS (Cost \$118,114) . . . .</b>		<u>116,293</u>
	<u>Shares</u>	
<b>PREFERRED STOCK (0.88%)</b>		
Corporate Office Properties Trust SBI MD .....	1,000	26,700
Equity Office Properties Trust .....	1,000	49,375
Lasalle Hotel Properties .....	1,000	<u>26,950</u>
<b>TOTAL PREFERRED STOCK (Cost \$100,490) .....</b>		<u>103,025</u>
	<u>Principal</u>	
<b>SHORT TERM INVESTMENTS (5.38%)</b>		
Fifth Third Institutional Government Money Market Fund, 0.84% ** . .	556,110	556,110
Fifth Third U.S. Treasury Money Market Fund, 0.77% ** .....	70,022	<u>70,022</u>
<b>TOTAL SHORT TERM INVESTMENTS (Cost \$626,132)</b>		<u>626,132</u>
<b>TOTAL INVESTMENTS (Cost \$9,942,587) (99.24%) . . . .</b>		\$11,554,080
<b>OTHER ASSETS IN EXCESS OF LIABILITIES,</b>		
<b>NET (0.76%)</b> .....		<u>88,153</u>
<b>NET ASSETS (100%)</b> .....		<u><u>\$11,642,233</u></u>

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

\* Non-income producing investment.

\*\* Rate shown represents the rate at April 30, 2004, is subject to change and resets daily.

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

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH REAL ESTATE SECURITIES FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b>COMMON STOCK (52.85%)</b>		
<i><b>BUILDING MATERIALS (1.52%)</b></i>		
CRH Plc .....	500	\$ 10,925
Universal Forest Products, Inc. ....	1,800	48,762
		<u>59,687</u>
<i><b>FINANCIAL SERVICES (1.22%)</b></i>		
Friedman Billings Ramsey Group, Inc. ....	2,600	48,100
<i><b>REAL ESTATE INVESTMENT TRUSTS - APARTMENTS (1.51%)</b></i>		
Camden Property Trust .....	1,400	59,248
<i><b>REAL ESTATE INVESTMENT TRUSTS - DIVERSIFIED (5.64%)</b></i>		
Keystone Property Trust .....	2,800	56,952
U.S. Restaurant Properties, Inc. ....	3,500	55,860
Washington Real Estate Investment Trust .....	4,000	108,800
		<u>221,612</u>
<i><b>REAL ESTATE INVESTMENT TRUSTS - HEALTH CARE (1.29%)</b></i>		
Senior Housing Properties Trust .....	3,400	50,830
<i><b>REAL ESTATE INVESTMENT TRUSTS - HOTELS (10.70%)</b></i>		
Equity Inns, Inc. ....	11,000	90,200
Highland Hospitality Corp. * .....	9,800	104,076
Host Marriott Corp. * .....	9,800	116,620
Winston Hotels, Inc. ....	11,900	109,599
		<u>420,495</u>
<i><b>REAL ESTATE INVESTMENT TRUSTS - MANUFACTURED HOMES (2.76%)</b></i>		
American Land Lease, Inc. ....	5,600	108,360

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH REAL ESTATE SECURITIES FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b><i>REAL ESTATE INVESTMENT TRUSTS -</i></b>		
<b><i>OFFICE PROPERTY (4.03)%</i></b>		
American Financial Realty Trust .....	600	\$ 8,880
Equity Office Properties Trust .....	2,100	52,857
HRPT Properties Trust .....	10,100	<u>96,455</u>
		<u>158,192</u>
<b><i>REAL ESTATE INVESTMENT TRUSTS -</i></b>		
<b><i>REGIONAL MALLS (2.41)%</i></b>		
General Growth Properties, Inc. ....	3,500	<u>94,885</u>
<b><i>REAL ESTATE INVESTMENT TRUSTS -</i></b>		
<b><i>SHOPPING CENTERS (9.42)%</i></b>		
Acadia Realty Trust .....	4,800	60,288
Agree Realty Corp. ....	4,400	107,800
Saul Centers, Inc. ....	4,100	102,500
Weingarten Realty Investors .....	3,450	<u>99,739</u>
		<u>370,327</u>
<b><i>REAL ESTATE INVESTMENT TRUSTS - STORAGE (2.66)%</i></b>		
Public Storage, Inc. ....	2,500	<u>104,475</u>
<b><i>RETAIL (7.46)%</i></b>		
Home Depot, Inc. ....	3,300	116,127
Kingfisher Plc .....	5,700	57,263
Lowe's Cos., Inc. ....	2,300	<u>119,738</u>
		<u>293,128</u>
<b><i>SAVINGS AND LOANS (2.23)%</i></b>		
Independence Community Bank Corp. ....	2,400	<u>87,432</u>
<b>TOTAL COMMON STOCK (Cost \$2,263,214) .....</b>		<u>2,076,771</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST  
COMMONWEALTH REAL ESTATE SECURITIES FUND**

**SCHEDULE OF INVESTMENTS - April 30, 2004 (Unaudited)**

	<u>Shares</u>	<u>Value</u>
<b>INVESTMENT COMPANIES (12.62%)</b>		
AEW Real Estate Income Fund . . . . .	4,000	\$ 63,200
AIM Select Real Estate Income Fund . . . . .	4,300	63,554
iShares Cohen & Steers Realty Majors Index Fund . . . . .	900	90,594
iShares Dow Jones U.S. Real Estate Index Fund . . . . .	1,600	148,960
Real Estate Income Fund, Inc. . . . .	4,300	66,521
Scudder RREEF Real Estate Fund, Inc. . . . .	3,700	<u>63,048</u>
<b>TOTAL INVESTMENT COMPANIES (Cost \$553,266) . . .</b>		<u>495,877</u>
 <u>Principal</u> 		
<b>SHORT TERM INVESTMENTS (19.66%)</b>		
Fifth Third Bank Repurchase Agreement, 0.40%, dated 04/30/04, due 05/03/04, repurchase price \$497,397 (collateralized by FNMB Pool, # 313882 due 12/01/17, market value \$512,301) . . . . .	497,380	497,380
Fifth Third Institutional Government Money Market Fund, 0.79% ** . .	137,579	137,579
Fifth Third U.S. Treasury Money Market Fund, 0.84% ** . . . . .	137,578	<u>137,578</u>
<b>TOTAL SHORT TERM INVESTMENTS (Cost \$772,537)</b>		<u>772,537</u>
<b>TOTAL INVESTMENTS (Cost \$3,589,017) (85.13%) . . . .</b>		\$ 3,345,185
<b>OTHER ASSETS IN EXCESS OF LIABILITIES,</b>		
<b>NET (14.87%) . . . . .</b>		<u>584,182</u>
<b>NET ASSETS (100%) . . . . .</b>		<u><u>\$ 3,929,367</u></u>

\* Non-income producing investment.

\*\* Rate shown represents the rate at April 30, 2004, is subject to change and resets daily.

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



# COMMONWEALTH INTERNATIONAL SERIES TRUST

## STATEMENTS OF ASSETS AND LIABILITIES - April 30, 2004 (Unaudited)

	<u>Commonwealth Australia/ New Zealand Fund</u>	<u>Commonwealth Japan Fund</u>	<u>Commonwealth Global Fund</u>	<u>Commonwealth Real Estate Securities Fund</u>
<b>ASSETS:</b>				
Investments, at market (identified cost \$22,961,157, \$6,373,315, \$9,942,587 and \$3,589,017 respectively) . . . . .	\$29,403,963	\$7,418,126	\$11,554,080	\$3,345,185
Foreign currency, at value (identified cost \$1,849,290, \$266,764, \$0 and \$0, respectively) . .	1,780,643	260,390	—	—
Receivables:				
Dividends and interest . . . . .	100,089	23,331	26,806	6,253
Fund shares sold . . . . .	597,052	100,510	507,000	815,274
Investments sold . . . . .	3,860,499	610,850	21,000	18,560
Prepaid expenses . . . . .	14,491	9,532	10,069	7,441
Total assets . . . . .	<u>35,756,737</u>	<u>8,422,739</u>	<u>12,118,955</u>	<u>4,192,713</u>
<b>LIABILITIES:</b>				
Payables:				
Accrued 12b-1 fees . . . . .	8,547	10,891	3,081	1,673
Due to advisor fees . . . . .	19,765	6,133	6,623	1,662
Due to custodian . . . . .	9,764,691	—	—	—
Line of credit borrowing . . . . .	1,854,729	3,145,271	—	—
Fund shares redeemed . . . . .	160,620	21,000	75,000	—
Investments purchased . . . . .	—	253,610	364,813	257,504
Accrued expenses . . . . .	27,553	18,082	8,155	2,507
Covered call options written, at value (premiums received \$0, \$0, \$25,614 and \$0, respectively) . . . . .	—	—	19,050	—
Total liabilities . . . . .	<u>11,835,905</u>	<u>3,454,987</u>	<u>476,722</u>	<u>263,346</u>
<b>NET ASSETS</b> . . . . .	<u>\$23,920,832</u>	<u>\$4,967,752</u>	<u>\$11,642,233</u>	<u>\$3,929,367</u>
<b>NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE:</b>				
(1,662,756, 1,245,558, 920,467 and 432,629 shares of beneficial interest outstanding, respectively, par value .01, unlimited shares authorized) . . . . .	<u>\$ 14.39</u>	<u>\$ 3.99</u>	<u>\$ 12.65</u>	<u>\$ 9.08</u>
<b>SOURCE OF NET ASSETS:</b>				
Paid-in capital . . . . .	16,102,544	4,441,800	9,830,305	4,182,736
Undistributed (accumulated) net investment income (loss) . . . . .	230,829	(92,241)	(22,336)	(8,017)
Accumulated net realized gain (loss) on investments and foreign currency . . . . .	1,198,166	(423,712)	216,207	(1,520)
Net unrealized appreciation (depreciation) on investments and foreign currency . . . . .	<u>6,389,293</u>	<u>1,041,905</u>	<u>1,618,057</u>	<u>(243,832)</u>
	<u>\$23,920,832</u>	<u>\$4,967,752</u>	<u>\$11,642,233</u>	<u>\$3,929,367</u>

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

# COMMONWEALTH INTERNATIONAL SERIES TRUST

## STATEMENTS OF OPERATIONS For the Period Ended April 30, 2004 (Unaudited)

	Commonwealth Australia/ New Zealand Fund	Commonwealth Japan Fund	Commonwealth Global Fund	Commonwealth Real Estate Securities Fund*
<b>INVESTMENT INCOME:</b>				
Interest (net of foreign taxes withheld of \$25,372, \$0, \$0 and \$0, respectively) . . . . .	\$ 305,182	\$ 3,901	\$ 5,865	\$ 1,781
Dividends (net of foreign taxes withheld of \$119,098, \$3,024, \$0 and \$0, respectively)	<u>569,025</u>	<u>34,842</u>	<u>100,680</u>	<u>21,265</u>
Total investment income . . . . .	<u>874,207</u>	<u>38,743</u>	<u>106,545</u>	<u>23,046</u>
<b>EXPENSES:</b>				
Management fees . . . . .	145,737	30,656	36,862	5,565
Administration fees . . . . .	35,403	35,403	29,835	15,964
Custodian fees . . . . .	17,660	3,606	1,565	562
Distribution fees . . . . .	48,579	10,219	12,301	1,855
Insurance . . . . .	20,936	5,960	5,395	2,264
Trustee fees and expenses . . . . .	7,160	7,160	7,160	—
Audit fees . . . . .	12,143	2,564	3,455	427
Legal fees . . . . .	37,812	8,951	9,927	1,302
Registration fees . . . . .	12,268	8,652	14,371	4
Pricing fees . . . . .	6,472	5,203	2,292	420
Reports to shareholders . . . . .	6,011	2,701	912	454
Interest expense . . . . .	5,711	3,493	5	—
Miscellaneous expense . . . . .	<u>12,384</u>	<u>6,416</u>	<u>4,801</u>	<u>2,246</u>
Total expenses . . . . .	<u>368,276</u>	<u>130,984</u>	<u>128,881</u>	<u>31,063</u>
Net investment income (loss) . . . . .	<u>505,931</u>	<u>(92,241)</u>	<u>(22,336)</u>	<u>(8,017)</u>
<b>REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS:</b>				
Net realized gain (loss) on:				
Investments . . . . .	797,658	515,626	259,554	(1,520)
Option contracts written . . . . .	—	14,603	23,931	—
Foreign currency transactions . . . . .	255,562	17,783	—	—
Net change in unrealized appreciation (depreciation) on:				
Investments . . . . .	946,747	128,564	280,517	(243,832)
Foreign currency transactions . . . . .	<u>(62,434)</u>	<u>(1,239)</u>	<u>—</u>	<u>—</u>
Net gain (loss) on investments and foreign currency . . . . .	<u>1,937,533</u>	<u>675,337</u>	<u>564,002</u>	<u>(245,352)</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$2,443,464</u>	<u>\$ 583,096</u>	<u>\$ 541,666</u>	<u>\$(253,369)</u>

\*The Commonwealth Real Estate Securities Fund commenced operations on January 5, 2004.

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

# COMMONWEALTH INTERNATIONAL SERIES TRUST

## STATEMENTS OF CHANGES IN NET ASSETS

	<b>Commonwealth Australia/New Zealand Fund</b>	
	<b>For the Period Ended April 30, 2004</b>	<b>For the Year Ended October 31, 2003</b>
	(Unaudited)	
<b>OPERATIONS:</b>		
Net investment income . . . . .	\$ 505,931	\$ 379,265
Net realized gain on:		
Investments . . . . .	797,658	1,068,339
Foreign currency transactions . . . . .	255,562	161,853
Net unrealized appreciation during the period on investments and foreign currency . . . . .	884,313	5,228,839
Net increase in net assets resulting from operations . . . . .	2,443,464	6,838,296
<b>DISTRIBUTIONS TO SHAREHOLDERS FROM:</b>		
Net investment income . . . . .	(654,367)	—
Net realized gain . . . . .	(674,789)	—
Total Distributions . . . . .	(1,329,156)	—
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Increase (decrease) in net assets from Fund share transactions . . .	(10,229,228)	19,333,561
Increase (decrease) in net assets . . . . .	(9,114,920)	26,171,857
<b>NET ASSETS:</b>		
Beginning of year . . . . .	33,035,752	6,863,895
End of year . . . . .	\$23,920,832	\$33,035,752
<b>Commonwealth Japan Fund</b>		
	<b>For the Period Ended April 30, 2004</b>	<b>For the Year Ended October 31, 2003</b>
	(Unaudited)	
<b>OPERATIONS:</b>		
Net investment loss . . . . .	\$ (92,241)	\$ (198,972)
Net realized gain (loss) on:		
Investments . . . . .	530,229	(41,272)
Foreign currency transactions . . . . .	17,783	3,196
Net unrealized appreciation during the period on investments and foreign currency . . . . .	127,325	1,452,925
Net increase in net assets resulting from operations . . . . .	583,096	1,215,877
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Increase (decrease) in net assets from Fund share transactions . .	(2,694,161)	2,252,328
Increase (decrease) in net assets . . . . .	(2,111,065)	3,468,205
<b>NET ASSETS:</b>		
Beginning of year . . . . .	7,078,817	3,610,612
End of year . . . . .	\$ 4,967,752	\$ 7,078,817

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

# COMMONWEALTH INTERNATIONAL SERIES TRUST

## STATEMENTS OF CHANGES IN NET ASSETS

	<b>Commonwealth Global Fund</b>	
	<b>For the Period Ended April 30, 2004</b>	<b>For the Year Ended October 31, 2003*</b>
	(Unaudited)	
<b>OPERATIONS:</b>		
Net investment loss . . . . .	\$ (22,336)	\$ (111,613)
Net realized gain (loss) on:		
Investments . . . . .	283,485	(67,278)
Foreign currency transactions . . . . .	—	—
Net unrealized appreciation during the period on investments and foreign currency . . . . .	280,517	1,337,540
Net increase in net assets resulting from operations . . . . .	541,666	1,158,649
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Increase in net assets from Fund share transactions . . . . .	1,682,706	8,259,212
Increase in net assets . . . . .	2,224,372	9,417,861
<b>NET ASSETS:</b>		
Beginning of year . . . . .	9,417,861	—
End of year . . . . .	\$11,642,233	\$9,417,861
<b>Commonwealth Real Estate Securities Fund</b>		
	<b>For the Period Ended April 30, 2004**</b>	
	(Unaudited)	
<b>OPERATIONS:</b>		
Net investment loss . . . . .	\$ (8,017)	
Net realized loss on:		
Investments . . . . .	(1,520)	
Foreign currency transactions . . . . .	—	
Net unrealized depreciation during the period on investments and foreign currency . . . . .	(243,832)	
Net decrease in net assets resulting from operations . . . . .	(253,369)	
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Increase in net assets from Fund share transactions . . . . .	4,182,736	
Increase in net assets . . . . .	3,929,367	
<b>NET ASSETS:</b>		
Beginning of year . . . . .	—	
End of year . . . . .	\$3,929,367	

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

\*\*The Commonwealth Real Estate Securities Fund commenced operations on January 5, 2004.

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

# COMMONWEALTH INTERNATIONAL SERIES TRUST

## STATEMENTS OF CASH FLOWS (Unaudited)

	Commonwealth Australia/ New Zealand Fund	Commonwealth Japan Fund
	For the Period Ended April 30, 2004	For the Period Ended April 30, 2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net increase in net assets resulting from operations . . . . .	\$ 2,443,464	\$ 583,096
Adjustments to reconcile net increases in net assets from operations to net cash used in operating activities:		
Purchase of investment securities . . . . .	(9,310,785)	(3,275,886)
Purchase of foreign currency . . . . .	(9,457,168)	(1,932,627)
Proceeds from sales of investment securities . . . . .	10,364,722	2,923,191
Proceeds from sales of foreign currency . . . . .	8,408,015	1,683,955
Proceeds from sales of short-term investments, net . . . . .	4,267,926	239,527
Proceeds from return of capital dividends . . . . .	4,531	—
Accretion of premium on debt securities, net . . . . .	30,530	—
Net unrealized appreciation during the period on investments and foreign currency . . . . .	(884,313)	(127,325)
Net realized gain during the period on investments and foreign currency . . . . .	(1,053,220)	(548,012)
(Increase) decrease in:		
Dividends and interest receivable . . . . .	4,103	(9,273)
Prepaid expenses . . . . .	23,010	6,214
Receivable for investments sold . . . . .	(3,560,597)	(500,693)
Receivable for fund shares sold . . . . .	(194,738)	334,490
Increase (decrease) in:		
Accrued 12b-1 fees . . . . .	(4,707)	5,218
Due to advisor . . . . .	1,231	1,306
Payable for investments purchased . . . . .	(1,251,727)	257,784
Payable for fund shares redeemed . . . . .	133,948	(92,940)
Accrued expenses . . . . .	(25,261)	1,175
Net cash provided from operating activities . . . . .	<u>(61,036)</u>	<u>(450,800)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in loan payable . . . . .	1,854,729	3,145,271
Proceeds from custodian overdraft . . . . .	9,764,691	—
Proceeds from fund shares sold . . . . .	251,646,772	125,451,601
Payment for fund shares redeemed . . . . .	(262,977,778)	(128,146,072)
Cash distributions paid . . . . .	(227,378)	—
Net cash provided by financing activities . . . . .	<u>61,036</u>	<u>450,800</u>
Net increase (decrease) in cash . . . . .	<u>—</u>	<u>—</u>
<b>CASH:</b>		
Beginning balance . . . . .	<u>—</u>	<u>—</u>
Ending balance . . . . .	<u>\$ —</u>	<u>\$ —</u>

Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consist of reinvestment of dividend distributions of \$1,101,778 and \$0 for the Commonwealth Australia/New Zealand and Commonwealth Japan Funds, respectively.

**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 or period indicated.

	Commonwealth Australia/New Zealand Fund					
	For the Period Ended April 30, 2004	Years Ended October 31,				
	(Unaudited)	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<b>Net Asset Value,</b>						
<b>Beginning of Period</b> . . . . .	\$ 14.44	\$ 10.39	\$ 8.53	\$ 7.19	\$ 9.27	\$ 7.73
<b>Investment Operations:</b>						
Net investment income (loss) . . . . .	0.18	0.17	(0.05)	—	0.03	0.13
Net realized and unrealized gain (loss) on investments . . . . .	0.19	3.88	1.91	1.34	(2.05)	1.44
Total from investment operations . . . . .	0.37	4.05	1.86	1.34	(2.02)	1.57
<b>Distributions from:</b>						
Net investment income . . . . .	(0.21)	—	—	—	(0.06)	(0.03)
Net realized capital gains . . . . .	(0.21)	—	—	—	—	—
	(0.42)	—	—	—	(0.06)	(0.03)
<b>Net Asset Value, End of Period</b>	<u>\$ 14.39</u>	<u>\$ 14.44</u>	<u>\$10.39</u>	<u>\$ 8.53</u>	<u>\$ 7.19</u>	<u>\$ 9.30</u>
<b>Total Return</b> . . . . .	2.46% <sup>2</sup>	38.98%	21.81%	18.64%	(21.98)%	20.38%
<b>Ratios/Supplemental Data</b>						
Net assets, end of period (in 000's) . . . . .	\$23,921	\$33,036	\$6,864	\$4,534	\$3,485	\$4,349
Ratio of expenses to average net assets before reimbursements and waivers of expenses after reimbursements and waivers of expenses	1.90% <sup>1</sup>	2.53%	5.63%	5.74%	4.75%	4.14%
Ratio of net investment income (loss) before reimbursements and waivers of expenses after reimbursements and waivers of expenses	1.90% <sup>1</sup>	2.53%	5.63%	5.74%	4.75%	4.14%
Ratio of net investment income (loss) before reimbursements and waivers of expenses after reimbursements and waivers of expenses	2.61% <sup>1</sup>	1.87%	(0.56)%	(0.18)%	0.39%	1.42%
Ratio of net investment income (loss) before reimbursements and waivers of expenses after reimbursements and waivers of expenses	2.61% <sup>1</sup>	1.87%	(0.56)%	(0.18)%	0.39%	1.42%
Portfolio turnover rate . . . . .	30%	78%	28%	28%	15%	8%

<sup>1</sup>Annualized

<sup>2</sup>Aggregate total return, not annualized

**The accompanying notes are an integral part of the 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 or period indicated.

	Commonwealth Japan Fund					
	For the Period Ended April 30, 2004 (Unaudited)	Years Ended October 31,				
	2003	2002	2001	2000	1999	
<b>Net Asset Value,</b>						
<b>Beginning of Period</b> . . . . .	\$ 3.98	\$ 3.37	\$ 4.12	\$ 5.64	\$ 6.88	\$ 4.55
<b>Investment Operations:</b>						
Net investment loss . . . . .	(0.07)	(0.11)	(0.20)	—	(0.14)	(0.21)
Net realized and unrealized gain (loss) on investments . .	0.08	0.72	(0.55)	(1.52)	(1.10)	2.54
Total from investment operations . . . . .	0.01	0.61	(0.75)	(1.52)	(1.24)	2.33
<b>Distributions from:</b>						
Net investment income . . . . .	—	—	—	—	—	—
<b>Net Asset Value, End of Period</b>	\$ 3.99	\$ 3.98	\$ 3.37	\$ 4.12	\$ 5.64	\$ 6.88
<b>Total Return</b> . . . . .	0.25% <sup>2</sup>	18.10%	(18.20)%	(26.95)%	(18.02)%	51.21%
<b>Ratios/Supplemental Data</b>						
Net assets, end of period (in 000's) . . . . .	\$ 4,968	\$7,079	\$3,611	\$3,408	\$6,282	\$5,305
Ratio of expenses to average net assets before reimbursements and waivers of expenses after reimbursements and waivers of expenses	3.21% <sup>1</sup>	4.78%	6.94%	5.57%	3.84%	4.61%
Ratio of net investment loss before reimbursements and waivers of expenses after reimbursements and waivers of expenses	(2.26)% <sup>1</sup>	(3.89)%	(6.03)%	(3.97)%	(3.08)%	(3.94)%
Portfolio turnover rate . . . . .	40%	28%	5%	51%	14%	17%

<sup>1</sup>Annualized

<sup>2</sup>Aggregate total return, not annualized

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

# COMMONWEALTH INTERNATIONAL SERIES TRUST

## FINANCIAL HIGHLIGHTS

The following table sets 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 the periods indicated.

	Commonwealth Global Fund	
	For the Period Ended April 30, 2004 (Unaudited)	For the Period Ended October 31, 2003*
<b>Net Asset Value, Beginning of Period</b> .....	\$ 11.99	\$10.00
<b>Investment Operations:</b>		
Net investment loss .....	(0.02)	(0.14)
Net realized and unrealized gain on investments .....	0.68	2.13
Total from investment operations .....	0.66	1.99
<b>Distributions from:</b>		
Net investment income .....	—	—
<b>Net Asset Value, End of Period</b> .....	\$ 12.65	\$11.99
<b>Total Return</b> .....	5.50% <sup>2</sup>	19.90% <sup>2</sup>
<b>Ratios/Supplemental Data</b>		
Net assets, end of period (in 000's) .....	\$11,642	\$9,418
Ratio of expenses to average net assets before reimbursements and waivers of expenses .....	2.41% <sup>1</sup>	4.62% <sup>1</sup>
after reimbursements and waivers of expenses .....	2.41% <sup>1</sup>	4.62% <sup>1</sup>
Ratio of net investment loss before reimbursements and waivers of expenses .....	(0.42)% <sup>1</sup>	(2.96)% <sup>1</sup>
after reimbursements and waivers of expenses .....	(0.42)% <sup>1</sup>	(2.96)% <sup>1</sup>
Portfolio turnover rate .....	22%	11%

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

<sup>1</sup> Annualized

<sup>2</sup> Aggregate total return, not annualized

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



# COMMONWEALTH INTERNATIONAL SERIES TRUST

## FINANCIAL HIGHLIGHTS

The following table sets 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 the period indicated.

	<u>Commonwealth Real Estate Securities Fund</u>
	For the Period Ended April 30, 2004**
	(Unaudited)
<b>Net Asset Value, Beginning of Period</b> . . . . .	<u>\$10.00</u>
<b>Investment Operations:</b>	
Net investment loss . . . . .	(0.02)
Net realized and unrealized loss on investments . . . . .	<u>(0.90)</u>
Total from investment operations . . . . .	<u>(0.92)</u>
<b>Distributions from:</b>	
Net investment income . . . . .	<u>—</u>
<b>Net Asset Value, End of Period</b> . . . . .	<u><u>\$ 9.08</u></u>
<b>Total Return</b> . . . . .	(9.20)% <sup>2</sup>
<b>Ratios/Supplemental Data</b>	
Net assets, end of period (in 000's) . . . . .	\$3,929
Ratio of expenses to average net assets before reimbursements and waivers of expenses . . . . .	4.14% <sup>1</sup>
after reimbursements and waivers of expenses . . . . .	4.14% <sup>1</sup>
Ratio of net investment loss before reimbursements and waivers of expenses . . . . .	(1.07)% <sup>1</sup>
after reimbursements and waivers of expenses . . . . .	(1.07)% <sup>1</sup>
Portfolio turnover rate . . . . .	1%

\* The Commonwealth Real Estate Securities Fund commenced operations on January 5, 2004.

<sup>1</sup> Annualized

<sup>2</sup> Aggregate total return, not annualized

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

# COMMONWEALTH INTERNATIONAL SERIES TRUST

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## NOTES TO FINANCIAL STATEMENTS - April 30, 2004 (Unaudited)

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### 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 four diversified series: the Australia/New Zealand Fund, the Japan Fund, the Global Fund and the Real Estate Securities Fund (each a "Fund" and collectively the "Funds"). The Real Estate Securities Fund became effective with the SEC on November 21, 2003 and commenced operations on January 5, 2004.

### 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 by investing in equity securities, including common and preferred stock, securities convertible into common stock, and debt securities of Japanese issuers.

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.

The Real Estate Securities Fund's investment objective is to seek long-term capital appreciation and current income by investing in common stock and other equity securities, including preferred stock and securities convertible into common stock, and debt securities of real estate industry companies.

### 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. The policies are in conformity with accounting principles generally accepted in the United States of America.

**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. Equity securities that are traded on the NASDAQ National Market System, for which quotations are readily available, are valued at the official closing price. Fixed income securities are valued using market quotations or pricing services. Money Market securities are stated at amortized cost, which in the opinion of the Board of Trustees reflects fair value. 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. For the period from November 1, 2003 through April 30, 2004, there were no securities valued at fair value as determined by the Board of Trustees.

# COMMONWEALTH INTERNATIONAL SERIES TRUST

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## NOTES TO FINANCIAL STATEMENTS - April 30, 2004 (Unaudited) (continued)

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**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 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 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.

Dividends or interest on foreign securities may be subject to the withholding of the country of domicile's income tax by tax treaty provisions or otherwise. Generally there are no foreign taxes applicable to the Funds' capital gains realized on foreign securities in their country of domicile.

**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.

# COMMONWEALTH INTERNATIONAL SERIES TRUST

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## NOTES TO FINANCIAL STATEMENTS - April 30, 2004 (Unaudited) (continued)

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**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 counter parties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably.

**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 0.75%. During the period ended April 30, 2004, FCA received fees of \$145,737, \$30,656, \$36,862 and \$5,565 from the Australia/New Zealand Fund, the Japan Fund, the Global Fund and the Real Estate Securities Fund, respectively. Officers of the Trust are also officers of FCA.

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. For its services, ISC receives a monthly fee based on the average daily net assets at the annual rate of 0.20% for the first \$25 million in assets, 0.15% on the next \$25 million, 0.10% on the next \$50 million, 0.075% on the next \$300 million and 0.03% on assets exceeding \$400 million. The Funds are subject to minimum fees of \$5,917 per month for the Australia/New Zealand Fund and the Japan Fund and \$5,000 per month for the Global Fund and the Real Estate Securities Fund. ISC is currently earning the minimum fees. During the period ended April 30, 2004, ISC received fees of \$35,403, \$35,403, \$29,835, and \$15,964 from the Australia/ New Zealand Fund, the Japan Fund, the Global Fund, and the Real Estate Securities Fund, respectively. Officers of the Trust are also employees of ISC.

# COMMONWEALTH INTERNATIONAL SERIES TRUST

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## NOTES TO FINANCIAL STATEMENTS - April 30, 2004 (Unaudited) (continued)

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InCap Securities, Inc. (the “Distributor”), an affiliate of the Transfer Agent, serves as Distributor of the Funds’ shares. For its services, the Distributor receives a monthly fee of \$1,667. The fees are allocated to the Funds based on their respective percentage of the Trusts’ collective average net assets for each month. These fees are paid from accruals made with respect to the Service and Distribution Plan pursuant to Rule 12b-1. For the period ended April 30, 2004, the Distributor received fees of \$10,000. Officers of the Distributor are also officers of ISC.

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 Funds pay the Distributor an amount computed at an annual rate of up to 0.25% of the Funds’ 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 Funds’ average net assets owned by stockholders for whom the Service Organizations have a servicing relationship. For the period ended April 30, 2004, the Australia/New Zealand Fund, the Japan Fund, the Global Fund and the Real Estate Securities Fund incurred \$48,579, \$10,219, \$12,301, and \$1,855, respectively. Certain officers and trustees of the Funds, who are also officers and directors of the Adviser, the Administrator, or Distributor, received no compensation from the Funds. For the period ended April 30, 2004, trustees of the Funds who are not “interested persons” received trustees’ fees of \$21,807.

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.

### Note 5 - Capital Stock

At April 30, 2004 there were shares outstanding of 1,662,756, 1,245,558, 920,467, and 432,629 for the Australia/New Zealand Fund, the Japan Fund, the Global Fund, and the Real Estate Securities Fund, respectively. Transactions in capital stock were as follows:

	Commonwealth Australia/New Zealand Fund			
	Period Ended		Year Ended	
	April 30, 2004		October 31, 2003	
	<u>SHARES</u>	<u>DOLLARS</u>	<u>SHARES</u>	<u>DOLLARS</u>
Shares sold . . . . .	16,679,636	\$251,646,772	21,722,143	\$273,840,292
Shares reinvested . . . . .	74,344	1,101,778	—	—
Shares redeemed . . . . .	<u>(17,379,687)</u>	<u>(262,977,778)</u>	<u>(20,094,363)</u>	<u>(254,506,731)</u>
Net increase (decrease) . . . . .	<u>(625,707)</u>	<u>\$(10,229,228)</u>	<u>1,627,780</u>	<u>\$ 19,333,561</u>

# COMMONWEALTH INTERNATIONAL SERIES TRUST

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## NOTES TO FINANCIAL STATEMENTS - April 30, 2004 (Unaudited) (continued)

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	Commonwealth Japan Fund			
	Period Ended April 30, 2004		Year Ended October 31, 2003	
	SHARES	DOLLARS	SHARES	DOLLARS
Shares sold .....	31,644,023	\$125,451,911	40,234,402	\$141,049,183
Shares redeemed .....	(32,178,248)	(128,146,072)	(39,524,827)	(138,796,855)
Net increase (decrease) .....	(534,225)	\$ (2,694,161)	709,575	\$ 2,252,328

	Commonwealth Global Fund			
	Period Ended April 30, 2004		Period Ended October 31, 2003	
	SHARES	DOLLARS	SHARES	DOLLARS
Shares sold .....	737,957	\$9,543,004	936,629	\$9,898,108
Shares redeemed .....	(603,103)	(7,860,298)	(151,016)	(1,638,896)
Net increase .....	134,854	\$1,682,706	785,613	\$8,259,212

	Commonwealth Real Estate Securities Fund	
	Period Ended April 30, 2004, 2003	
	SHARES	DOLLARS
Shares sold .....	432,629	\$4,182,736
Shares redeemed .....	—	—
Net increase .....	432,629	\$4,182,736

### Note 6 - Purchases and Sales of Securities

Purchases and sales of investment securities (excluding short-term securities) by the Funds for the period from November 1, 2003 to April, 30, 2004 for the Australia/New Zealand Fund, the Japan Fund, and the Global Fund, and for the period from January 5, 2004 to April 30, 2004 for the Real Estate Securities Fund were as follows:

	Purchases	Sales
Australia/New Zealand Fund .....	\$9,310,785	\$10,364,722
Japan Fund .....	3,275,886	2,923,191
Global Fund .....	3,181,100	2,228,026
Real Estate Securities Fund .....	2,836,560	18,560

## COMMONWEALTH INTERNATIONAL SERIES TRUST

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### NOTES TO FINANCIAL STATEMENTS - April 30, 2004 (Unaudited) (continued)

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#### 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 Global Fund as of April 30, 2004.

	<u>Commonwealth Global Fund</u>		
<u>Call Options On</u>	<u>Premium Received</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
2,000 shs Biovail Corp. @ 17.50 exp October 16, 2004 .....	\$ 4,535	\$ 7,000	\$(2,465)
5,000 shs Sandisk Corp. @ 32.50 exp January 22, 2005 .....	18,344	9,250	9,094
2,000 shs Vodafone Plc. ADR @ 25 exp October 16, 2004 .....	<u>2,735</u>	<u>2,800</u>	<u>(65)</u>
Total	<u>\$25,614</u>	<u>\$19,050</u>	<u>\$ 6,564</u>

The aggregate market value at April 30, 2004 of securities subject to call options is \$202,630 or approximately 1.74% of net assets for the Global Fund. Written option activity for the period ended April 30, 2004 was as follows:

	<u>Commonwealth Japan Fund</u>	
	<u>Number of Options</u>	<u>Amount of Premium</u>
Options outstanding at October 31, 2003 .....	127	\$14,603
Options written .....	—	—
Options expired .....	(127)	(14,603)
Options covered .....	—	—
Options outstanding at April 30, 2004 .....	<u>—</u>	<u>—</u>

	<u>Commonwealth Global Fund</u>	
	<u>Number of Options</u>	<u>Amount of Premium</u>
Options outstanding at October 31, 2003 .....	178	\$ 38,264
Options written .....	105	26,839
Options expired .....	(146)	(31,830)
Options covered .....	<u>(47)</u>	<u>(7,659)</u>
Options outstanding at April 30, 2004 .....	<u>90</u>	<u>\$ 25,614</u>

# COMMONWEALTH INTERNATIONAL SERIES TRUST

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## NOTES TO FINANCIAL STATEMENTS - April 30, 2003 (Unaudited) (continued)

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### 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 Long-Term Capital Gains/ (Losses)</u>	<u>Capital Loss Carryforwards</u>	<u>Unrealized Appreciation/ (Depreciation)</u>	<u>Distributable Earnings/ (Accumulated Losses)</u>
Australia/New Zealand Fund . . .	\$1,215,907	\$ —	\$ —	\$5,488,073	\$6,703,980
Japan Fund . . . . .	—	—	(971,724)	914,580	(57,144)
Global Fund . . . . .	—	—	(67,278)	1,337,540	1,270,262

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.

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 October 31,

	<u>2005</u>	<u>2006</u>	<u>2009</u>	<u>2011</u>	<u>Total</u>	<u>Deferred for Tax Purposes</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	—
Real Estate Securities Fund . . . .	—	—	—	—	—	—

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 April 30, 2004 for each fund:

	<u>Cost</u>	<u>Gross Appreciation</u>	<u>Gross Depreciation</u>	<u>Net Appreciation/ (Depreciation)</u>
Australia/New Zealand Fund . . . . .	\$22,961,157	\$6,620,997	\$(178,191)	\$6,442,806
Japan Fund . . . . .	6,373,315	1,256,006	(211,195)	1,044,811
Global Fund . . . . .	9,946,739	1,821,399	(214,058)	1,607,341
Real Estate Securities Fund . . . . .	3,590,537	1,694	(247,046)	(245,352)



## COMMONWEALTH INTERNATIONAL SERIES TRUST

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### NOTES TO FINANCIAL STATEMENTS - April 30, 2003 (Unaudited) (continued)

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The tax character of distributions paid for the period ended April 30, 2004 and for the year ended October 31, 2003 were as follows:

	<u>Ordinary Income</u>	<u>Long-Term Capital Gains</u>	<u>Total</u>	<u>Distributions Paid</u>
Australia/New Zealand Fund . . . . .	\$1,329,156	\$ —		\$1,329,156

There were no distributions paid for the Japan Fund, the Global Fund or the Real Estate Securities Fund during the period ended April 30, 2004.

There were no distributions paid for the Australia/New Zealand Fund, the Japan Fund, the Global Fund or the Real Estate Securities Fund during the year ended October 31, 2003.

#### Note 9 - Revolving Credit Agreement

The Trust has entered into a Revolving Credit Agreement with Fifth Third Bank (the “Bank”). Pursuant to the terms of the Agreement, the Bank extends to the Trust, a line of credit facility under which the Bank may make loans to the Trust on behalf of the Funds from time to time in an amount up to \$5,000,000 as a temporary measure for extraordinary or emergency purposes based on instructions received from any authorized representative of the Trust. The Trust shall not at any time incur borrowings with respect to the Funds such that the aggregate loans then outstanding under this line of credit facility would exceed \$5,000,000. Any principal balance outstanding shall bear interest at the Federal Funds Rate of the Bank in effect at that time. As of April 30, 2004, the Australia/New Zealand Fund and the Japan Fund had \$1,854,729 and \$3,145,271 of outstanding loans, respectively, with an interest rate of 1.03% and a due date of May 3, 2004. There were no loans outstanding for the Global Fund or the Real Estate Securities Fund as of April 30, 2004. The average amount of borrowings and the average interest rate on those borrowings by the Trust during the period ended April 30, 2004 were as follows:

	<u>Average Principal</u>	<u>Average Interest Rate</u>
Australia/New Zealand Fund . . . . .	\$1,135,900	1.00%
Japan Fund . . . . .	706,941	1.00%
Global Fund . . . . .	1,081	1.00%

There were no loans made to the Real Estate Securities Fund during the period ended April 30, 2004.

At April 30, 2004, in addition to the loan outstanding under the line of credit facility, an overdraft with the Bank existed for the Australia/New Zealand Fund in the amount of \$9,764,691 due to net redemptions totaling in excess of \$9.8 million for the period from April 26, 2004 to April 30, 2004. As a result of the overdraft, the Fund will incur interest, at a rate equal to the Federal Funds Rate of the Bank in effect at that time plus three percent, each day until the overdraft is satisfied. The interest rate in effect at April 30, 2004 was 4.03%.