

**Commonwealth International
Series Trust**

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INVESTMENT ADVISOR

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ADMINISTRATOR & TRANSFER AGENT

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Two Logan Square, Suite 2121
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**The Commonwealth International
Series Trust
Australia/New Zealand Fund
Japan Fund**



SEMI-ANNUAL REPORT

April 30, 2001

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH AUSTRALIA/NEW ZEALAND FUND (CNZLX)
COMMONWEALTH JAPAN FUND (CNJFX)**

Dear Shareholder:

We are pleased to present this semi-annual report on the Commonwealth International Series Trust's funds for the six months ended April 30, 2001. The Australia/New Zealand Fund's net asset value ("NAV") at April 30, 2001 was US \$7.92 per share compared to US \$7.18 per share on October 31, 2000. The Japan Fund's net asset value ("NAV") at April 30, 2001 was US \$4.56 per share compared to US \$5.64 per share on October 31, 2000.

FUNDS' COMPARATIVE PERFORMANCE

The Fund's objectives are to own a diversified portfolio of stocks of companies that provide current income through dividends and have potential for long-term capital appreciation. Our portfolios include securities traded in the local country as well as the use of American Depository Receipts (ADRs) because they can provide an efficient currency exchange and liquidity management for a US dollar fund.

| | <i>Oct 2000-Apr 2001 Performance (%)</i> | | |
|---|---|--|------------------------------------|
| | <i>Net Asset Value Change in US\$</i> | <i>Local Market Benchmark in US \$</i> | <i>Local Currency vs US \$</i> |
| Commonwealth Australia/New-Zealand | +10.3 | +17.6 | (NZ\$) +4.2 |
| Commonwealth Japan | -19.1 | -12.5 | (Yen) -13.2 |

The most relevant index against which to compare the Japan Fund's performance is the TOPIX¹ that comprises all the stocks currently listed on the first section of the Tokyo Stock Exchange. For the Australia/New Zealand fund, the market index used is the NZ40 capitalization index. This will change as the fund's weighting in Australia increases. In analyzing the funds' performance, the reader should remember an index does not reflect any cash positions, brokerage costs or administrative or management fees incurred by the Fund as well as the currency effects on performance.

ECONOMIC & MARKET OVERVIEW

Australia: Concerns over the economic slowdown led the Reserve Bank to cut interest rates three times since the beginning of the year, and more interest rate cuts are expected if the economy remains weak. The Australian dollar lost 1.6% against the US dollar from October 2000 to April 2001. Commodity prices are up since January, which bodes well for exports, production and the currency.

We believe there are significant benefits to be acquired by increasing our exposure to quality Australian stocks that fit our investment style. One reason for international investing is asset performance diversification. The MSCI-Australia index has a correlation of 0.49 (1-year) and 0.41 (4-year) with the US market as of December 31, 2000. This relatively low correlation makes the Australian market a good investment candidate for risk diversification purposes for a US based investor. In terms of valuations, the Australian market is cheaper than the US market based on price-to-earnings, price-to-book and price-to-cash flows ratios. Also the dividend yield is higher in Australia.²

New Zealand: New Zealand's positive trade surplus widened (\$153 million) in April as the country sold a lot of meat and dairy produce and imported less machinery, equipment and crude oil, according to a Bloomberg report. Economists are concerned that exports, which make up 30 percent of the nation's production, will be hurt by a slowdown in the U.S., Japan and Australian economies, which together take half of all exports. The New Zealand dollar remains weak relative to its past 3-year average level, which should help exports. The New Zealand stock market is among the best performing markets year-to-date. Strong export and growing tourist arrival have helped the currency upward, while keeping the economy humming. Interest rates have been cut twice already. JP Morgan estimates the New Zealand market to be 15% undervalued despite the good performance.

Japan: Japan's economy contracted in the first quarter as business spending and exports slumped, leaving the nation on the brink of recession barely two years after its last one ended. Gross domestic product fell 0.2 percent (seasonally adjusted) in the three months ended March 31 from the previous quarter. The new cabinet leader, Junichiro Koizumi, is seen as a Prime Minister who can use his popularity to reform the economy. A prolonged recession may derail Koizumi's plan to cap government spending and force banks to write off at least 13 trillion yen (\$107 billion). These policies helped Koizumi win the election and may convince investors he can pull Japan out of an 11-year economic slump. While an economic recovery is not forecast in the first half of 2001, the market sentiment has significantly improved since the beginning of the year. The Japanese markets look attractive in terms of valuations with a PER of 50.6 versus a historical average of 57.6 (a 12% discount). Earnings are forecast to grow 30% in 2001. The correlation between the US market and the MSCI Japan index is very low at 0.13 for the year 2000 and 0.15 for the last four years.³

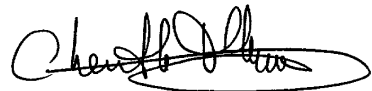
The exposure of the Japanese portfolio to the technology sector has been significantly reduced in favor of the more defensive issues in the utilities and transportation sectors.

If you have any questions, please feel free to contact us. We thank you for your continued support.

Sincerely,



Robert W. Scharar
President and Portfolio Manager
Commonwealth International Series Trust



Cheikh B. Mbaye
Vice-President
Commonwealth International Series Trust

This report is intended for the Funds' shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current fund prospectus.

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¹TOPIX is an unmanaged index including all the stocks currently listed in the Tokyo Stock Exchange First Section (over 90% of all equity securities traded in the Tokyo Stock Exchange) weighted by market capitalization. Index returns are calculated monthly and assume reinvestment of dividends. Unlike Fund returns, TOPIX returns do not reflect deduction of any fees or expenses.

²According to Salomon Smith Barney's Global EFT Investors report (April 10, 2001)

³According to Salomon Smith Barney's Global EFT Investors report (April 10, 2001)

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

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------|
| COMMON STOCK (101.87%) | | |
| <i>AGRICULTURE (12.86%)</i> | | |
| Williams & Kettle, Ltd. | 333,100 | \$ 418,830 |
| <i>BANKS (2.12%)</i> | | |
| Australia and New Zealand Banking Group, Ltd. | 1,000 | 35,750 |
| Bank of Queensland, Ltd. | 10,345 | 33,287 |
| | | <u>69,037</u> |
| <i>BEVERAGES (10.29%)</i> | | |
| BRL Hardy, Ltd. | 8,510 | 39,988 |
| Frucor Beverages Group, Ltd. | 164,500 | 151,229 |
| Montana Group NZ, Ltd. | 82,000 | 144,008 |
| | | <u>335,225</u> |
| <i>CHEMICALS (1.20%)</i> | | |
| Nuplex Industries, Ltd. | 27,000 | 38,958 |
| <i>COMMERCIAL SERVICES (17.75%)</i> | | |
| Lyttelton Port Company, Ltd. | 276,250 | 202,715 |
| Northland Port Corp., Ltd. | 302,300 | 211,861 |
| South Port New Zealand, Ltd. | 336,500 | 163,693 |
| | | <u>578,269</u> |
| <i>COMPUTERS (1.09%)</i> | | |
| Advantage Group, Ltd.* | 100,000 | 35,454 |
| <i>DIVERSIFIED FINANCIAL SERVICES (1.31%)</i> | | |
| Perpetual Trustees Australia, Ltd. | 2,100 | 42,796 |
| <i>DIVERSIFIED HOLDING COMPANIES (2.20%)</i> | | |
| Hellaby Holdings, Ltd. | 91,640 | 71,780 |

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

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------|
| <i>ENGINEERING & CONSTRUCTION (3.09%)</i> | | |
| Auckland International Airport, Ltd. | 70,000 | \$ 100,713 |
| <i>ENVIRONMENTAL CONTROL (8.34%)</i> | | |
| Waste Management NZ, Ltd. | 177,154 | <u>271,679</u> |
| <i>EQUITY FUND (2.89%)</i> | | |
| iShares MSCI Australia Index Fund | 10,000 | <u>94,000</u> |
| <i>FINANCIAL (2.52%)</i> | | |
| Westpac Trust Investments | 13,889 | <u>82,165</u> |
| <i>FOOD (0.39%)</i> | | |
| AFFCO Holdings, Ltd.* | 100,000 | <u>12,780</u> |
| <i>HEALTHCARE-SERVICES (1.21%)</i> | | |
| Ryman Healthcare Group, Ltd. | 50,000 | <u>39,576</u> |
| <i>HOME FURNISHINGS (7.91%)</i> | | |
| Fisher & Paykel Industries, Ltd. | 58,030 | 208,130 |
| Scott Technology, Ltd. | 79,997 | <u>49,468</u> |
| | | <u>257,598</u> |
| <i>INSURANCE (2.32%)</i> | | |
| AMP, Ltd. | 4,000 | 40,860 |
| AXA Asia Pacific Holdings, Ltd. | 25,000 | <u>34,732</u> |
| | | <u>75,592</u> |
| <i>INVESTMENT COMPANIES (5.22%)</i> | | |
| Infratil, Ltd. | 294,729 | 166,459 |
| Infratil, Ltd. Warrants* | 55,972 | <u>3,461</u> |
| | | <u>169,920</u> |

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

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|------------------|
| <i>LEISURE TIME (1.97%)</i> | | |
| Sky City, Ltd. | 1,360 | \$ 5,270 |
| Tourism Holdings, Ltd. | 97,499 | <u>59,085</u> |
| | | <u>64,355</u> |
| <i>MEDIA (2.63%)</i> | | |
| Independent Newspapers, Ltd. | 60,000 | <u>85,831</u> |
| <i>METAL FABRICATION & HARDWARE (0.38%)</i> | | |
| Steel & Tube Holdings, Ltd. | 20,000 | <u>12,532</u> |
| <i>RETAIL (3.27%)</i> | | |
| Arthur Barnett, Ltd. | 210,300 | 71,958 |
| Fantastic Furniture Holdings, Ltd. | 56,000 | <u>34,465</u> |
| | | <u>106,423</u> |
| <i>TELECOMMUNICATIONS (0.58%)</i> | | |
| Telecom Corporation of New Zealand, Ltd. | 7,000 | <u>18,844</u> |
| <i>TRANSPORTATION (5.07%)</i> | | |
| Mainfreight, Ltd. | 241,250 | 114,374 |
| Toll Holdings, Ltd. | 6,000 | <u>50,871</u> |
| | | <u>165,245</u> |
| <i>UTILITIES (4.08%)</i> | | |
| New Zealand Refining Co., Ltd. | 13,647 | 91,760 |
| United Networks, Ltd. | 12,000 | <u>41,060</u> |
| | | <u>132,820</u> |
| <i>WHOLESALE OFFICE SUPPLIES (1.18%)</i> | | |
| Corporate Express Australia, Ltd. | 8,200 | <u>38,531</u> |
| TOTAL COMMON STOCK (Cost \$4,385,972) | | <u>3,318,953</u> |

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

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------------------|
| BONDS (4.88%) | | |
| Evergreen Forests, Ltd., zero coupon, due 03/19/2009 | 45,000 | \$ 20,778 |
| Infratil, Ltd., 6.90%, due 03/31/2004 | 55,972 | 30,437 |
| Kiwi Income Property Trust, 9.00%, due 09/30/2003 | 140,000 | 67,527 |
| State Bank of South Australia, 9.00%, due 07/30/2002 | 94,000 | <u>40,189</u> |
| TOTAL BONDS (Cost \$223,871) | | <u>158,931</u> |
| TOTAL INVESTMENTS (Cost \$4,609,843) (106.75%) ... | | 3,477,884 |
| OTHER ASSETS & LIABILITIES, NET (-6.75%) | | <u>(220,181)</u> |
| NET ASSETS — (100%) | | <u><u>\$ 3,257,703</u></u> |

*Non-income producing investment

Cost for federal income tax at April 30, 2001 was \$4,609,843 and net unrealized depreciation consisted of:

| | |
|-------------------------------------|------------------------------|
| Gross unrealized appreciation | \$ 269,346 |
| Gross unrealized depreciation | <u>(1,401,305)</u> |
| Net unrealized depreciation | <u><u>\$ (1,131,959)</u></u> |

See notes to financial statements.

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------|
| COMMON STOCK (84.37%) | | |
| <i>AIRLINES (1.40%)</i> | | |
| Japan Airlines Co., Ltd. | 1,600 | \$ 12,800 |
| All Nippon Airways Co., Ltd.* | 10,000 | <u>40,232</u> |
| | | <u>53,032</u> |
| <i>AUTO MANUFACTURERS (2.83%)</i> | | |
| Honda Motor Co., Ltd.# | 600 | 49,386 |
| Nissan Motor Co., Ltd. | 1,700 | 23,715 |
| Toyota Motor Corp. | 500 | <u>33,855</u> |
| | | <u>106,956</u> |
| <i>AUTO PARTS & EQUIPMENT (3.70%)</i> | | |
| Yokohama Rubber Co., Ltd. | 10,000 | 22,261 |
| Bridgestone Corp. | 550 | 63,354 |
| Sumitomo Rubber Industries | 10,000 | <u>54,236</u> |
| | | <u>139,851</u> |
| <i>BUILDING MATERIALS (1.83%)</i> | | |
| Sanyo Industries, Ltd. | 16,000 | <u>69,033</u> |
| <i>CHEMICALS (1.90%)</i> | | |
| Showa Denko K K* | 32,000 | <u>71,753</u> |
| <i>DIVERSIFIED FINANCIAL SERVICES (1.68%)</i> | | |
| Nomura Securities Co. Ltd. | 3,000 | <u>63,383</u> |
| <i>FOOD (5.13%)</i> | | |
| Ajinomoto Co., Inc. | 1,200 | 122,394 |
| QP Corp. | 8,000 | <u>71,494</u> |
| | | <u>193,888</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------|
| <i>INDICES (2.49%)</i> | | |
| Nikkei 225 Index Tokyo Stock Exchange | 10,000 | \$ 93,900 |
| <i>INSURANCE (1.16%)</i> | | |
| Tokio Marine & Fire Insurance | 600 | 31,350 |
| Nissan Fire & Marine Insurance | 3,000 | 12,579 |
| | | <u>43,929</u> |
| <i>INTERNET (1.21%)</i> | | |
| Softbank Corp. | 1,200 | <u>45,655</u> |
| <i>IRON & STEEL (3.96%)</i> | | |
| Nippon Steel Corp. | 63,000 | 116,275 |
| Nakayama Steel Works, Ltd. | 23,000 | 33,326 |
| | | <u>149,601</u> |
| <i>METAL FABRICATION & HARDWARE (3.55%)</i> | | |
| NKK Corp.* | 120,000 | <u>134,051</u> |
| <i>MISCELLANEOUS MANUFACTURING (0.07%)</i> | | |
| Ishikawajima-Harima Heavy Industries Co., Ltd. | 1,000 | <u>2,485</u> |
| <i>PHARMACEUTICALS (18.78%)</i> | | |
| Takeda Chemical Industries, Ltd. | 4,000 | 192,982 |
| Banyu Pharmaceutical Co., Ltd. | 300 | 110,495 |
| Eisai Co., Ltd. | 7,400 | 189,889 |
| Hokuriku Seiyaku | 10,000 | 216,538 |
| | | <u>709,904</u> |
| <i>REAL ESTATE (3.35%)</i> | | |
| Sumitomo Realty & Development | 23,000 | <u>126,418</u> |

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|------------------|
| <i>TELECOMMUNICATIONS (2.72%)</i> | | |
| NTT Docomo, Inc. | 5 | \$ 102,805 |
| <i>TEXTILES (1.56%)</i> | | |
| Nippon Felt Co., Ltd. | 8,000 | 25,450 |
| Ichikawa Co., Ltd. | 14,000 | 33,545 |
| | | <u>58,995</u> |
| <i>TRANSPORTATION (11.80%)</i> | | |
| Keihin Electric Express Railway | 2,000 | 8,402 |
| Hankyu Corp. | 22,000 | 74,975 |
| Tobu Railway Co., Ltd. | 18,000 | 55,515 |
| Yamato Transport Co., Ltd. | 10,000 | 213,705 |
| Keio Electric Railway Co., Ltd. | 18,000 | 93,253 |
| | | <u>445,850</u> |
| <i>UTILITIES (15.25%)</i> | | |
| Chugoku Electric Power Co., Inc. | 5,000 | 73,258 |
| Hokkaido Electric Power | 6,000 | 80,625 |
| Shikoku Electric Power Co., Inc. | 1,900 | 28,284 |
| Toho Gas Co., Ltd. | 88,000 | 195,896 |
| Tohoku Electric Power | 10,700 | 150,104 |
| Tokyo Electric Power Co. | 2,000 | 47,760 |
| | | <u>575,927</u> |
| TOTAL COMMON STOCK (Cost \$2,967,073) | | <u>3,187,416</u> |

See notes to financial statements.

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - April 30, 2001 (Unaudited)

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|----------------------------|
| MISCELLANEOUS ASSETS (2.90%) | | |
| Japan OTC Equity Fund (Cost \$152,819) | 15,000 | <u>109,500</u> |
| REPURCHASE AGREEMENTS (11.55%) | | |
| Fifth Third Bank, 4.00%, dated 04/30/01, due 05/01/01, repurchase price \$436,315 (collateralized by FNMA Pool #352245, 6.809%, due 07/01/26, market value \$445,014) (Cost \$436,267) . . . | 436,267 | <u>\$ 436,267</u> |
| TOTAL INVESTMENTS (Cost \$3,556,159) (98.82%) | | 3,733,183 |
| OTHER ASSETS & LIABILITIES, NET (1.18%) | | <u>44,689</u> |
| NET ASSETS — (100%) | | <u><u>\$ 3,777,872</u></u> |

* Non-income producing investment

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

Cost for federal income tax at April 30, 2001 was \$3,556,159 and net unrealized depreciation consisted of:

| | | |
|-------------------------------------|------------|--------------------------|
| Gross unrealized appreciation | \$ 348,313 | |
| Gross unrealized depreciation | | <u>(171,289)</u> |
| Net unrealized appreciation | | <u><u>\$ 177,204</u></u> |

See notes to financial statements.

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENT OF ASSETS AND LIABILITIES - April 30, 2001 (Unaudited)

| | Commonwealth Australia/New Zealand Fund | Commonwealth Japan Fund |
|--|--|----------------------------|
| ASSETS: | | |
| Investments, at market (identified cost \$4,609,843 and \$3,556,159 respectively) | \$3,477,884 | \$3,733,183 |
| Foreign currency, at value (identified cost \$149,162 and \$7,533, respectively) (Note 3B) | 145,366 | 7,637 |
| Receivables: | | |
| Dividends and interest | 18,592 | 12,514 |
| Fund shares sold | 807 | 15,050 |
| Prepaid expenses | 19,274 | 17,761 |
| Total assets | 3,656,442 | 3,782,002 |
| LIABILITIES: | | |
| Payables: | | |
| Cash overdraft | 353,920 | — |
| Fund shares redeemed | 46,948 | — |
| Accrued distribution fees | 1,304 | 1,392 |
| Due to advisor | 2,048 | 2,561 |
| Covered call options written, at value (premiums received \$0 and \$4,135, respectively) | — | 4,320 |
| Total liabilities | 398,739 | 4,130 |
| NET ASSETS | \$3,257,703 | \$3,777,872 |
| NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE | | |
| (411,348 and 828,770 shares of beneficial interest outstanding, respectively) | \$ 7.92 | \$ 4.56 |
| SOURCE OF NET ASSETS: | | |
| Paid-in capital | 4,699,408 | 6,119,356 |
| Accumulated net realized loss on investments | (343,022) | (2,474,768) |
| Undistributed net investment gain (loss) | 37,151 | (43,609) |
| Net unrealized appreciation (depreciation) on investments and foreign currency | (1,135,834) | 176,893 |
| | \$3,257,703 | \$3,777,872 |

See notes to financial statements.

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENT OF OPERATIONS For the Period Ended April 30, 2001 (Unaudited)

| | Commonwealth Australia/New Zealand Fund | Commonwealth Japan Fund |
|---|--|----------------------------|
| INVESTMENT INCOME: | | |
| Interest | \$ 12,340 | \$ 8,957 |
| Dividends (net of foreign taxes withheld of \$20,075 and \$3,616, respectively) | <u>100,179</u> | <u>31,082</u> |
| Total investment income | <u>112,519</u> | <u>40,039</u> |
| EXPENSES: (Note 2) | | |
| Investment advisory fees | 12,815 | 4,871 |
| Administration fees | 33,885 | 30,015 |
| Custodian fees | 3,539 | 3,003 |
| Distribution fees | 4,272 | 4,957 |
| Trustee expense | — | 2 |
| Audit fees | 5,403 | 3,279 |
| Legal fees | 5,953 | 5,316 |
| Registration fees | 6,176 | 9,602 |
| Reports to shareholders | 2,059 | 4,959 |
| Miscellaneous expense | <u>1,266</u> | <u>7,644</u> |
| Total expenses | <u>75,368</u> | <u>83,648</u> |
| Net investment income (loss) | <u>37,151</u> | <u>(43,609)</u> |
| REALIZED AND UNREALIZED GAIN ON INVESTMENTS: | | |
| Net realized gain (loss) on: | | |
| Investments | (242,151) | (304,992) |
| Option contracts written | — | (1,120) |
| Foreign currency transactions | (27,467) | 5,702 |
| Net unrealized appreciation (depreciation) during the year on investments and foreign currency | <u>531,221</u> | <u>(393,081)</u> |
| | <u>261,603</u> | <u>(693,491)</u> |
| Net increase (decrease) in net assets resulting from operations | <u>\$298,754</u> | <u>\$(737,100)</u> |

See notes to financial statements.

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENT OF CHANGES IN NET ASSETS

| | Commonwealth Australia/New Zealand Fund | |
|---|--|--|
| | For the Period Ended April 30, 2001 (Unaudited) | For the Year Ended October 31, 2000 |
| OPERATIONS: | | |
| Net investment income | \$ 37,151 | \$ 14,931 |
| Net realized gain (loss) on: | | |
| Investments | (242,151) | 171,009 |
| Foreign currency transactions | (27,467) | (41,018) |
| Net unrealized appreciation (depreciation) during the year on investments and foreign currency | 531,221 | (933,335) |
| Net increase (decrease) in net assets resulting from operations . . . | 298,754 | (788,413) |
| DISTRIBUTIONS TO SHAREHOLDERS FROM: | | |
| Net investment income | — | (28,321) |
| CAPITAL SHARE TRANSACTIONS: | | |
| Decrease in net assets from Fund share transactions | (526,205) | (47,512) |
| Decrease in net assets | (227,451) | (864,246) |
| NET ASSETS: | | |
| Beginning of year | 3,485,154 | 4,349,400 |
| End of year (including undistributed net investment income of \$37,151 and 0 respectively) | \$ 3,257,703 | \$3,485,154 |
| | | |
| | Commonwealth Japan Fund | |
| | For the Period Ended April 30, 2001 (Unaudited) | For the Year Ended October 31, 2000 |
| OPERATIONS: | | |
| Net investment loss | \$ (43,609) | \$ (159,309) |
| Net realized gain (loss) on: | | |
| Investments | (306,112) | 201,354 |
| Foreign currency transactions | 5,702 | (2,669) |
| Net unrealized appreciation (depreciation) during the year on investments and foreign currency | (393,081) | (936,291) |
| Net increase in net assets resulting from operations | (737,100) | (896,915) |
| CAPITAL SHARE TRANSACTIONS: | | |
| Increase in net assets from Fund share transactions | (1,767,417) | 1,874,617 |
| Increase (decrease) in net assets | (2,504,517) | 977,702 |
| NET ASSETS: | | |
| Beginning of year | 6,282,389 | 5,304,687 |
| End of year | \$ 3,777,872 | \$6,282,389 |

See notes to 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.

| | For Six Months Ended April 30, 2001 (Unaudited) | Commonwealth Australia/New Zealand Fund | | | | |
|---|--|---|---------|----------|----------|---------|
| | | Years Ended October 31, | | | | |
| | | 2000 | 1999 | 1998 | 1997 | 1996 |
| Net Asset Value, Beginning of Period | \$ 7.19 | \$ 9.27 | \$ 7.73 | \$ 11.25 | \$ 12.73 | \$11.12 |
| Investment Operations: | | | | | | |
| Net investment income | 0.09 | 0.03 | 0.13 | 0.14 | 0.24 | 0.19 |
| Net realized and unrealized gain (loss) | | | | | | |
| on investments | 0.64 | (2.05) | 1.44 | (3.46) | (1.55) | 1.93 |
| Total from investment operations | 0.73 | (2.02) | 1.57 | (3.32) | (1.31) | 2.12 |
| Distributions from: | | | | | | |
| Net investment income | — | (0.06) | (0.03) | (0.20) | (0.17) | (0.29) |
| Net realized gain on investments | — | — | — | — | — | (0.22) |
| | — | (0.06) | (0.03) | (0.20) | (0.17) | (0.51) |
| Net Asset Value, End of Period | \$ 7.92 | \$ 7.19 | \$ 9.27 | \$ 7.73 | \$ 11.25 | \$12.73 |
| Total Return | 10.15% | (21.98)% | 20.38% | (29.88)% | (10.46)% | 20.03% |
| Ratios/Supplemental Data | | | | | | |
| Net assets, end of period (in 000's) | \$3,258 | \$ 3,485 | \$4,349 | \$ 4,494 | \$ 6,844 | \$8,258 |
| Ratio of expenses to average net assets | | | | | | |
| before reimbursements and waivers of expenses | 4.41% | 4.75% | 4.14% | 4.37% | 2.89% | 3.63% |
| after reimbursements and waivers of expenses | 4.41% | 4.75% | 4.14% | 4.37% | 2.50% | 2.72% |
| Ratio of net investment income | | | | | | |
| before reimbursements and waivers of expenses | 2.17% | 0.39% | 1.42% | 1.51% | 1.26% | 1.41% |
| after reimbursements and waivers of expenses | 2.17% | 0.39% | 1.42% | 1.51% | 1.65% | 2.32% |
| Portfolio turnover rate | 14% | 15% | 8% | 25% | 24% | 38% |

See notes to financial statements.

COMMONWEALTH INTERNATIONAL SERIES TRUST

FINANCIAL HIGHLIGHTS

| | For Six Months Ended April 30, 2001 (Unaudited) | Commonwealth Japan Fund | | | | |
|---|--|-------------------------|----------|----------|----------|---------|
| | | Years Ended October 31, | | | | |
| | | 2000 | 1999 | 1998 | 1997 | 1996 |
| Net Asset Value, Beginning of Period | \$ 5.64 | \$ 6.88 | \$ 4.55 | \$ 5.21 | \$ 6.76 | \$ 6.76 |
| Investment Operations: | | | | | | |
| Net investment income (loss) | (0.05) | (0.14) | (0.21) | (0.07) | (0.28) | (0.19) |
| Net realized and unrealized gain (loss) on investments | (1.03) | (1.10) | 2.54 | (0.59) | (1.27) | 0.25 |
| Total from investment operations | (1.08) | (1.24) | 2.33 | (0.66) | (1.55) | 0.06 |
| Distributions from: | | | | | | |
| Net investment income | — | — | — | — | — | (0.06) |
| Net Asset Value, End of Period | \$ 4.56 | \$ 5.64 | \$ 6.88 | \$ 4.55 | \$ 5.21 | \$ 6.76 |
| Total Return | (19.15)% | (18.02)% | 51.21% | (12.67)% | (22.93)% | 0.75% |
| Ratios/Supplemental Data | | | | | | |
| Net assets, end of period (in 000's) | \$ 3,778 | \$ 6,282 | \$ 5,305 | \$ 2,604 | \$ 1,902 | \$2,975 |
| Ratio of expenses to average net assets | | | | | | |
| before reimbursements and waivers of expenses | 4.22% | 3.84% | 4.61% | 6.32% | 5.46% | 3.90% |
| after reimbursements and waivers of expenses | 4.22% | 3.84% | 4.61% | 2.50% | 4.55% | 3.30% |
| Ratio of net investment income | | | | | | |
| before reimbursements and waivers of expenses | (2.20)% | (3.08)% | (3.94)% | (5.67)% | (4.78)% | (3.19)% |
| after reimbursements and waivers of expenses | (2.20)% | (3.08)% | (3.94)% | (1.87)% | (3.87)% | (2.59)% |
| Portfolio turnover rate | 27% | 14% | 17% | 35% | 73% | 47% |

See notes to financial statements.

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - April 30, 2001 (Unaudited)

Note 1 - Organization

Commonwealth International Series Trust (the "Trust"), which changed its name from Capstone International Series Trust effective October 10, 2000, is registered under the Investment Company Act of 1940 (the "Act"), as a diversified open-end management investment company. The Trust currently consists of two diversified series: the Australia/New Zealand Fund, and the Japan Fund (each a "Fund" and collectively the "Funds").

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 New Zealand issuers.

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

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.

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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.

At October 31, 2000, the Australia/New Zealand Fund had a capital loss carryforward of \$73,404 which expires in 2006. 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.

At October 31, 2000, the Japan Fund had capital loss carryovers of \$2,174,358 of which \$1,494,646 expires in 2001, \$434,729 expires in 2005 and \$244,983 expires in 2006. 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 generally accepted accounting principles. 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 transaction 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

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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.

H) Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense 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 net assets at the annual rate of .75%.

First Commonwealth Holding Corp. serves as Administrator to the Funds. Under the Administration Agreement, the Administrator is paid a fee based on the average daily net assets at the annual rate of .25% for the Australia/New Zealand Fund and .20% for the Japan Fund.

The Trust on behalf of its series has contracted with Declaration Services Company, Inc. to perform specified administrative services for the Funds.

Declaration Service Company serves as the transfer agent of the Funds and received fees of \$10,000 during the period ended April 30, 2001.

Declaration Distributors, Inc. an affiliate of the Transfer Agent serves as Distributor of the Fund’s shares.

The Fund has 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 six months ended April 30, 2001, the Australia/New Zealand Fund and the Japan Fund paid \$4,272, and \$4,957 in 12b-1 fees, respectively.

Certain officers and directors of the Fund who are also officers and directors of the Adviser, the Administrator, or Distributor, received no compensation from the Fund. During the period ended April 30, 2001, directors of the Funds who are not “interested persons” received directors’ fees of \$6,000.

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Note 5 - Capital Stock

At April 30, 2001 there were 411,348 and 828,770 shares outstanding, respectively. Transactions in capital stock were as follows:

| <u>Commonwealth Australia/New Zealand Fund</u> | | | | |
|---|-----------------|---------------------|---------------|--------------------|
| For Six Months | | | | |
| Ended | | | | |
| 04/30/01 | | | | |
| (Unaudited) | | | | |
| Year Ended | | | | |
| 10/31/00 | | | | |
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares sold | 855,132 | \$ 6,918,116 | 1,478,298 | \$ 12,366,414 |
| Shares issued to shareholders in reinvestment of distributions | — | — | 2,026 | 20,460 |
| | 855,132 | 6,918,116 | 1,480,324 | 12,386,874 |
| Shares redeemed | (928,355) | (7,444,321) | (1,464,735) | (12,434,386) |
| Net increase (decrease) | <u>(73,223)</u> | <u>\$ (526,205)</u> | <u>15,589</u> | <u>\$ (47,512)</u> |

| <u>Commonwealth Japan Fund</u> | | | | |
|-----------------------------------|------------------|-----------------------|----------------|--------------------|
| For Six Months | | | | |
| Ended | | | | |
| 04/30/01 | | | | |
| (Unaudited) | | | | |
| Year Ended | | | | |
| 10/31/00 | | | | |
| | <u>Shares</u> | <u>Dollars</u> | <u>Shares</u> | <u>Dollars</u> |
| Shares sold | 3,662,717 | \$ 18,241,856 | 2,645,177 | \$ 16,708,846 |
| Shares redeemed | (3,947,349) | (20,009,273) | (2,303,022) | (14,834,229) |
| Net increase (decrease) | <u>(284,632)</u> | <u>\$ (1,767,417)</u> | <u>342,155</u> | <u>\$ 1,874,61</u> |

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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, 2000 to April 30, 2001 were as follows:

| | <u>Sales</u> | <u>Purchases</u> |
|---------------------------------------|--------------|------------------|
| Australia/ New Zealand Fund | \$ 831,573 | \$ 468,744 |
| Japan Fund | 1,026,448 | 1,371,983 |

Note 7 - Options Written by the Japan Fund

A call option gives the holder the right to buy the underlying stock from the writer (the Fund) at a specified price within a fixed period of time. Therefore, the securities held by the Fund 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 Fund as of April 30, 2001.

| <u>Call Options On</u> | <u>Premium Received</u> | <u>Market Value</u> | <u>Unrealized Depreciation</u> |
|--|-------------------------|---------------------|--------------------------------|
| 600 shs Honda Motor Ltd. ADR@ 85 exp October 20, 2001 | <u>\$4,135</u> | <u>\$4,320</u> | <u>\$185</u> |

The aggregate market value at April 30, 2001 of securities subject to call options is \$49,386 or approximately 1% of net assets. Written option activity for the period ended April 30, 2001 was as follows:

| | <u>Number of Options</u> | <u>Amount of Premium</u> |
|---|--------------------------|--------------------------|
| Options outstanding at October 31, 2000 | 6 | \$3,085 |
| Options written | 6 | 4,135 |
| Options expired | — | — |
| Options covered | <u>(6)</u> | <u>(3,085)</u> |
| Options outstanding at April 30, 2001 | <u>6</u> | <u>\$4,135</u> |