

**Commonwealth International
Series Trust**

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**The Commonwealth International
Series Trust
Australia/New Zealand Fund
Japan Fund**



ANNUAL REPORT

October 31, 2002



630-A Fitzwatertown Road, Willow Grove, PA 19090-1904
Commonwealth Australia/New Zealand Fund (CNZLX)
Commonwealth Japan Fund (CNJFX)

Dear Shareholder:

We are pleased to present this annual report on the Commonwealth International Series Trust's Funds for the twelve months ended October 31, 2002. The Australia/New Zealand Fund's net asset value ("NAV") as of October 31, 2002 is US \$10.39 per share compared to US \$8.53 per share on October 31, 2001, an increase of 21.8%. The Japan Fund's net asset value ("NAV") on October 31, 2002 is US \$3.37 per share compared to US \$4.12 per share on October 31, 2001, a decrease of 18.2%.

FUNDS' COMPARATIVE PERFORMANCE

Both Funds' objective is to own a diversified portfolio of stocks, that provide current income through dividends as well as the potential for long-term capital appreciation, and fixed income instruments with attractive yields. Our portfolios include securities traded in the local country and American Depository Receipts (ADRs) because they can provide an efficient currency exchange and liquidity management for a US dollar fund.

COMMONWEALTH FUNDS	October 31, 2001 – October 31, 2002 Performance (%)			
	<i>US\$ Change in Net Asset Value</i>	<i>Local Market Benchmark</i>	<i>Local Currency vs. US\$</i>	<i>US\$ vs. Local Currency</i>
Commonwealth Australia/New Zealand (CNZLX)				
New Zealand	21.8%	0.5%	18.3%	-15.5%
Australia	21.8%	-5.9%	10.3%	-9.3%
Commonwealth Japan (CNJFX)	-18.2%	-18.6%	-0.05%	0.5%

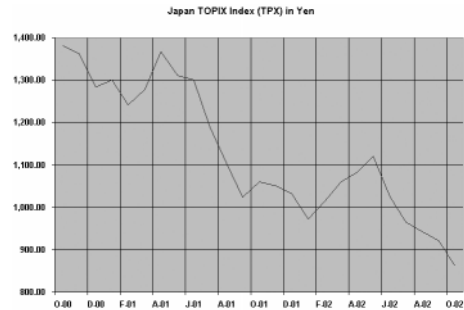
COMMONWEALTH INTERNATIONAL SERIES TRUST

The local market benchmark against which to compare the Japan Fund's performance is the TOPIX¹, also known as the Tokyo Price Index. For the Australia/New Zealand Fund, the local benchmark used in comparison of the New Zealand Market is the New Zealand Small Companies Index (NZSCI)² and for the Australian market the benchmark used is the Australian All Ordinaries Index (AS30)³. 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. It is not an investment product available for purchase.

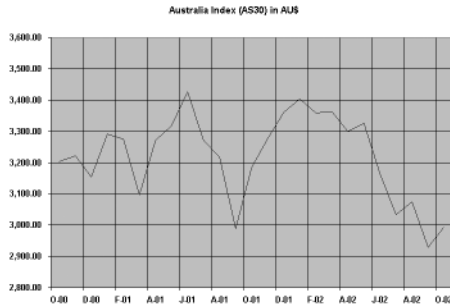
ECONOMIC & MARKET OVERVIEW

Japan: The stock market (TOPIX)¹, was down in Japanese Yen terms for the fiscal year ended October 31, 2002 by 18% driven mainly by a global economic slowdown, and a slow effort on Japan's government's part to restructure. In addition, the Yen appreciated significantly against the dollar during the first half of 2002, thus eroding corporate profits for an economy that is heavily dependent upon exports. Inflation is nonexistent and interest rates are low. If corporate Japan generates any top-line growth, stocks should appreciate. Unemployment is at the highest level in almost half a century and will likely rise as the reform in economic policy is taken. Stocks could appreciate significantly in 2003 with the start of attempts to resolve the banks'

bad debt problem. The Japanese government announced plans to accelerate the disposal of non-performing loans as part of an overall anti-deflationary measure. While the measure was initially praised by investors, strong resistance from bankers and bureaucrats resulted in a watering down of the plan. The immediate impact of forcing banks to dispose of bad loans could be a substantial increase in the number of bankruptcies. Japanese banks currently have some \$344 billion dollars in bad loans, which has greatly reduced the ability of banks to lend companies, thus further hampering economic growth. Economic growth in the near term will be heavily dependent upon the growth of the U.S. economy. Consumer prices have fallen for 46 months, and real estate prices have sunk 60% since 1997 although they appear to be stabilizing. Deflation must end before stocks and the economy can improve. The weak Yen, low interest rates, and an inventory rebuild will pick up for industrial production and GDP. Foreign investors remain very underweight in this market. Domestic investors have less than 10% of their assets in stock. As we predicted in April, the most likely scenario is that Japan's economy will shrink further but without collapsing or damaging the world financial system. While gross government debt is about 130% of GDP, net interest expense is only 3% of GDP owing to the long term maturity of debt and low interest rates. Japan's net international investment position still makes it the world's biggest net creditor. Japan can draw down assets as needed to respond to Yen weakness or internal capital. It never hurts to buy what you see other people like and buy. That's why our portfolio includes companies like Honda, Sony, Canon, and Toyota.



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despite the slowdown of the world economy. While GDP remains positive, growth in GDP will likely slow, coming to its peak in the summer of 2002. With unemployment low and inflation in check, a strengthening in the world economy will have a positive effect on the Australian economy. Major capital spending programs by the government and industry should help. Obstacles facing the Australian economy include a severe drought and a slowdown in household disposable income growth. The stronger currency against the US dollar (up 10.3% from October 31, 2001 to October 31, 2002) hasn't negatively impacted exports but has increased the Australian earnings of these exporters. J.B. Were forecasts the Australian economy to grow by 3.2% in 2003. The Fund continues to increase its weighting in Australia, focusing mainly on larger capitalization stocks.

New Zealand: Like Australia, New Zealand is positioned as the springboard into the vast market opportunities of the East Asia/Western Pacific region. The New Zealand economy continues to do better than most global economies. With relatively high interest rates and strong economic performance, the New Zealand dollar should continue to appreciate against the dollar. According to the New Zealand Institute of Economic Research, annual economic growth is expected to slow in the near term to 2.9% due to a slowdown in the world economy and declines in commodity prices over the past year. The Balance of Payments has recovered from its negative position to a positive balance. Reasonable interest rates, higher net exports and a strengthening currency are all

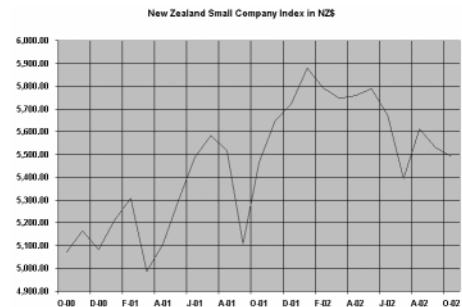
One of the most popular sidings' in the U.S. is Hardiplank (www.jameshardie.com) and for that reason we added James Hardies to our portfolio. We know it's a good product from our own personal experience in using it. When Hardies get this same concept fully implemented in the roofing material area; they will be even more successful.

Strategy: The Fund has maintained its weighting in the utilities, health care and transportation sectors. Looking ahead, the Japanese stock market still looks cheap, as earnings continue to benefit far more than expected from corporate restructuring and we plan to continue our strategy in 2003 by buying value companies and hope to be positioned to benefit from the stock market recovery.

Australia: Although its resourced based economy is closely linked to that of the world, particularly to the US economy, Australia continued to see growth in terms of GDP for much of 2002

New Zealanders and Australians Among World's Most Entrepreneurial

Evergreen Forest — This pure play plantation timber company only owns the trees. We like the company because it is a unique opportunity to own a natural resource to own a financial instrument that should equate to the returns on timberland over time and New Zealand's radiata pine is faster grown than most of its competition. www.evergreen.co.nz



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**New Zealand Tops List in Spending
(Information and Communication Technology)**

Southport Ltd. — Where else can you own, an interest in a tug, one of the Southern most ports in the world, and make money to boot. This well run Port on the South Island of New Zealand also pays a nice dividend of around 6% and at 10/31/02 was selling at 1.8 time's book value and 15 times earnings. www.southport.co.nz

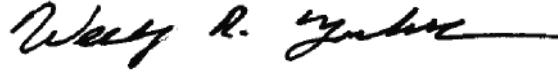
working to stimulate the economy, thus boosting confidence in the equity market. We have also benefited from some relatively high yields on our fixed income portfolio. The fundamentals remain sound and should support an appreciation of the equity market. If a country could be a stock, New Zealand would definitely be a value stock.

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 Funds



Wesley Yuhnke
Assistant Portfolio Manager

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.

¹ TOPIX is an unmanaged index including all the stocks currently listed in the Tokyo Stock Exchange First Section (over 90% of all equity securities traded on 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.

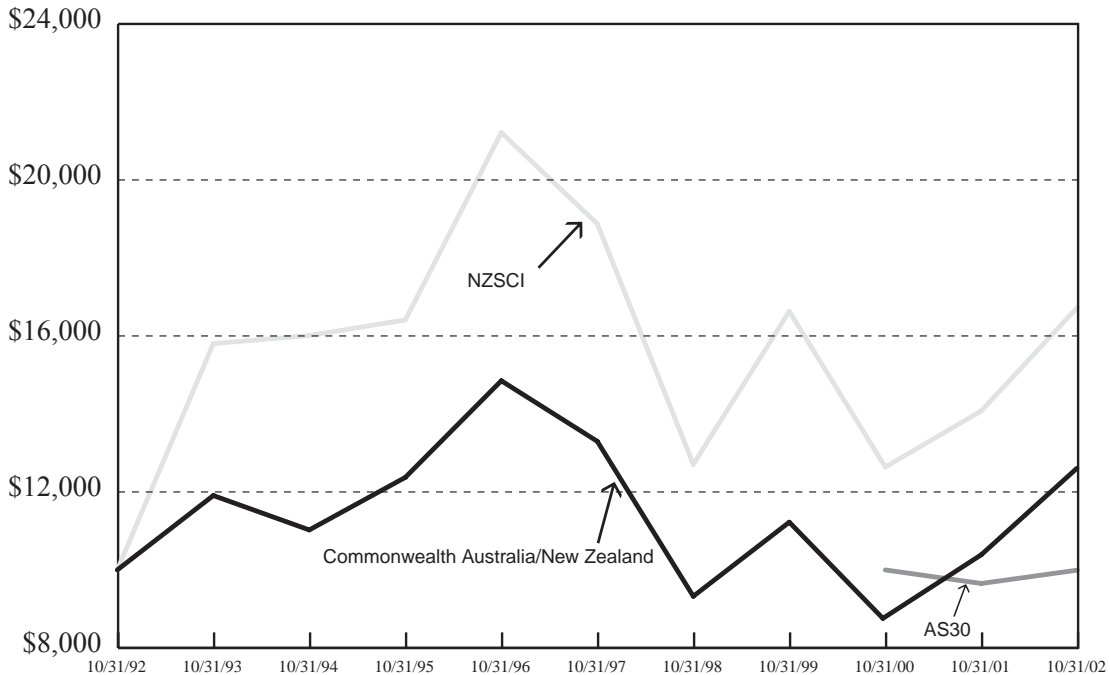
² The New Zealand Small Companies Index is a capitalization-weighted index of all domestic stocks traded on the New Zealand Stock Exchange excluding those on the New Zealand Stock Exchange 40 Index.

³ The Australian All Ordinaries Index is a capitalization-weighted index comprised of the largest 500 companies as measured by market capitalization that are listed on the Australian Stock Exchange and is not an investment vehicle available for purchase.

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



Past performance is not predictive of future performance.

Average Annual Total Return as of 10/31/02

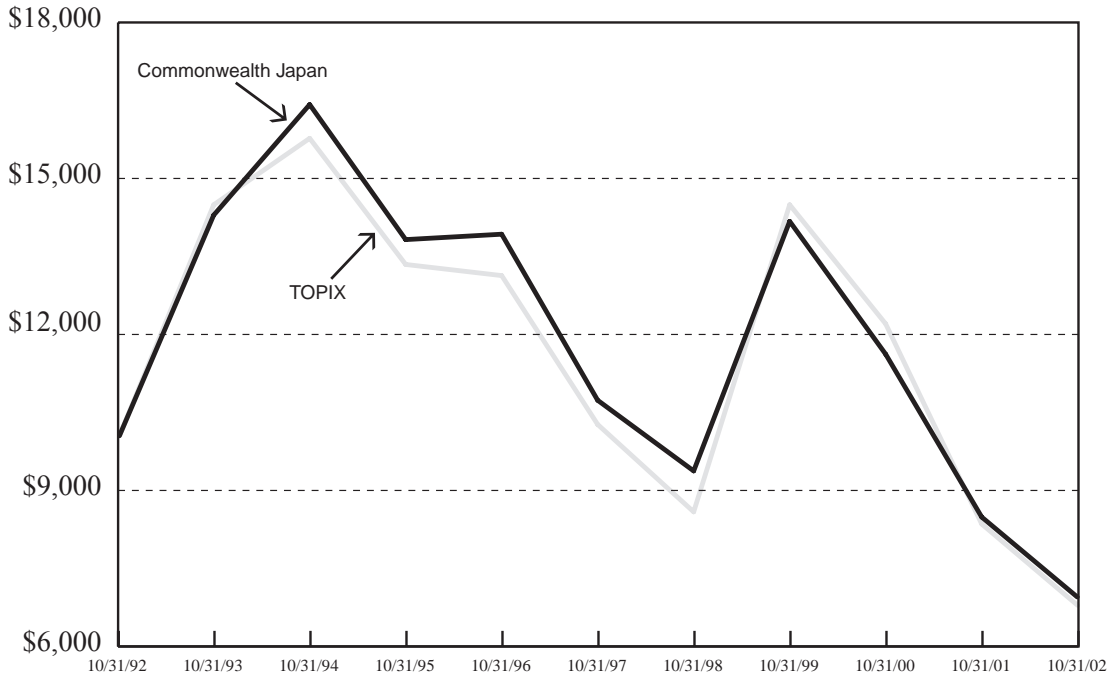
	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Commonwealth Australia/New Zealand Fund	21.81%	(0.99)%	2.38%
New Zealand Small Companies Index	18.84%	(2.38)%	5.28%
Australian All Ordinaries Index	3.54%	—	—

* New Zealand Small Companies Index is a capitalization-weighted index of all New Zealand equities excluding those on the New Zealand Stock Exchange 40 Index and is not an investment product available for purchase.

** The Australian All Ordinaries Index is a capitalization-weighted index comprised of the largest 500 companies as measured by market capitalization that are listed on the Australian Stock Exchange and is not an investment product available for purchase. This index is made part of the comparative analysis due to a change in investment objective by the Fund.

COMMONWEALTH INTERNATIONAL SERIES TRUST

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



Past performance is not predictive of future performance.

Average Annual Total Return as of 10/31/02

	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Commonwealth Japan Fund**	(18.20)%	(8.34)%	(3.58)%
TOPIX	(18.73)%	(7.93)%	(3.79)%

**The Fund's performance assumes the reinvestment of all income dividends and capital gains distributions.

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

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

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
COMMON STOCK (70.84%)		
<i>AGRICULTURE (8.85%)</i>		
Allied Farmers, Ltd. NPV	100,000	\$ 104,536
Williams & Kettle, Ltd.	250,000	<u>503,234</u>
		<u>607,770</u>
<i>AIRPORT DEVELOPMENT (1.94%)</i>		
Auckland International Airport, Ltd.	50,400	<u>132,819</u>
<i>APPLIANCES (4.27%)</i>		
Fisher & Pakel Appliances Holdings, Ltd.	37,399	199,478
Scott Technology, Ltd.	79,997	<u>93,350</u>
		<u>292,828</u>
<i>AUTOMOBILE MANUFACTURERS (3.82%)</i>		
Colonial Motor Co., Ltd.	180,000	<u>262,557</u>
<i>BANKS (1.65%)</i>		
Australia and New Zealand Banking Group, Ltd.	1,500	79,725
Commonwealth Bank of Australia	2,000	<u>33,746</u>
		<u>113,471</u>
<i>BEVERAGES (1.71%)</i>		
Coca-Cola Amatil, Ltd.	40,000	<u>117,223</u>
<i>BUILDING (2.46%)</i>		
James Hardie Industries NV	40,000	137,648
Leighton Holdings, Ltd.	6,000	<u>31,304</u>
		<u>168,952</u>
<i>CHEMICALS (0.65%)</i>		
Nuplex Industries, Ltd.	28,832	<u>44,579</u>

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

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
<i>CONTAINERS (0.67%)</i>		
Amcors, Ltd.	10,184	\$ 45,954
<i>DIVERSIFIED HOLDINGS (2.28%)</i>		
Hellaby Holdings, Ltd.	116,640	156,526
<i>FINANCIAL SERVICES (4.83%)</i>		
AMP, Ltd.	4,000	28,196
AMP, Ltd. - New Zealand	5,114	35,855
Hallenstein Glasson Holdings, Ltd.	100,000	138,085
Peppetual Trustees Australia, Ltd.	2,100	40,364
Tower, Ltd.	51,473	88,846
		<u>331,346</u>
<i>FOREST AND PAPER PRODUCTS (1.65%)</i>		
Carter Holt Harvey, Ltd.	120,000	96,271
Fletcher Challenge Forests, Ltd.*	160,000	17,115
		<u>113,386</u>
<i>HEALTHCARE (2.43%)</i>		
Fisher & Paykel Healthcare Corp.	30,639	166,848
<i>INSURANCE (0.43%)</i>		
AXA Asia Pacific Holdings, Ltd.	25,000	29,781
<i>INVESTMENT COMPANIES (3.57%)</i>		
Infratil, Ltd.	277,729	236,313
Infratil, Ltd. Warrants *	35,972	8,745
		<u>245,058</u>
<i>MANUFACTURING (0.39%)</i>		
Brickworks, Ltd.	8,000	26,908

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

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
<i>METALS (0.05%)</i>		
BHP Steel, Ltd. *	2,000	\$ 3,308
<i>MINING AND BUILDING MATERIALS (0.77%)</i>		
BHP Billiton, Ltd.	5,000	52,900
<i>MULTIMEDIA (0.71%)</i>		
Publishing & Broadcasting, Ltd.	10,700	48,461
<i>OFFICE EQUIPMENT (0.65%)</i>		
Corporate Express Australia, Ltd.	16,400	44,420
<i>OIL & GAS (2.37%)</i>		
New Zealand Refining Co., Ltd.	13,647	116,119
Origin Energy, Ltd.	22,500	46,831
		<u>162,950</u>
<i>PORTS (12.81%)</i>		
Lyttleton Port Co., Ltd.	200,000	144,892
Northland Port Corp. NZ, Ltd.	302,300	396,854
Ports of Auckland, Ltd.	16,000	48,621
South Port New Zealand, Ltd.	368,675	288,601
		<u>878,968</u>
<i>PUBLISHING (1.30%)</i>		
Independent Newspapers, Ltd.	60,000	89,561
<i>RETAIL STORES (1.97%)</i>		
Arthur Barnett, Ltd.	210,300	134,972
<i>STEEL (0.44%)</i>		
Steel and Tube Holding, Ltd.	20,000	30,145
<i>TELECOMMUNICATIONS (1.49%)</i>		
Telecom Corp. of New Zealand, Ltd.	41,449	101,975

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

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
<i>TRANSPORT SERVICES (3.74%)</i>		
Mainfreight, Ltd.	265,375	\$ 139,352
Owens Group, Ltd.	75,000	30,267
Toll Holdings, Ltd.	6,000	86,918
		256,537
 <i>UTILITIES (0.41%)</i>		
Australian Gas & Light Co., Ltd.	5,000	28,306
 <i>WASTE MANAGEMENT (2.53%)</i>		
Waste Management NZ, Ltd.	122,154	173,428
 TOTAL COMMON STOCK (Cost \$4,555,557)		 4,861,937
	 <u>Principal</u>	
 BONDS (16.38%)		
ANZ Banking Corp., Ltd., 7.04%, due 07/23/12	300,000	150,248
Evergreen Forests, Ltd., zero coupon, due 03/19/09	55,000	34,765
Fonterra Cooperative Group, Ltd. Perpetual Notes, 7.00%,	400,000	202,655
Infratil, Ltd., 6.90%, due 03/31/04	55,972	37,848
Kiwi Income Property Trust, 9.00%, due 09/30/03	240,000	141,197
Meridian Centre, 10.50%, due 10/15/05	150,000	74,230
New Zealand Government, 5.50%, due 04/15/03	500,000	243,030
Westpac Banking Corp. NZ, Ltd., 5.50%, due 12/06/04	500,000	240,385
 TOTAL BONDS (Cost \$1,137,811)		 1,124,358
 MISCELLANEOUS INVESTMENTS (3.00%)		
Aberdeen Asia Pacific Equity Fund	20,000	85,000
Aberdeen Australia Equity Fund	16,000	91,680
Forsythe Barr Money Market	60,754	29,539
 TOTAL MISCELLANEOUS INVESTMENTS		
(Cost \$224,186)		206,219

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

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
REPURCHASE AGREEMENT (7.23%)		
Fifth Third Bank, 1.22%, dated 10/31/02, due 11/01/02, repurchase price \$496,069 (collateralized by 5yr ARM, due 02/25/25, market value \$510,934)		
(Cost \$496,052)	496,052	\$ <u>496,052</u>
TOTAL INVESTMENTS (Cost \$6,413,606) (97.45%)		\$6,688,566
OTHER ASSETS & LIABILITIES, NET (2.55%)		<u>175,329</u>
NET ASSETS -- (100%)		<u><u>\$6,863,895</u></u>

*Non-income producing investment

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

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
COMMON STOCK (75.95%)		
<i>AIRLINES (0.78%)</i>		
All Nippon Airways Co., Ltd.*	10,000	\$ 20,407
Japan Airlines Co., Ltd.*	1,600	<u>7,600</u>
		<u>28,007</u>
<i>AUTOMOBILE MANUFACTURERS (3.84%)</i>		
Honda Motor Co., Ltd.#	2,000	36,160
Nissan Motor Co., Ltd.	3,200	48,960
Toyota Motor Corp.	1,100	<u>53,460</u>
		<u>138,580</u>
<i>BUILDING (1.33%)</i>		
Sanyo Industries, Ltd.	16,000	<u>48,063</u>
<i>BUILDING PRODUCTS (0.80%)</i>		
Nishimatsu Construction Co., Ltd.	10,000	<u>28,815</u>
<i>CHEMICALS (1.06%)</i>		
Showa Denko KK *	32,000	<u>38,398</u>
<i>ELECTRONICS & ELECTRICAL EQUIPMENT (7.70%)</i>		
Canon, Inc.	2,000	73,520
Meidensha Corp.*	38,000	38,463
Sony Corp.	2,000	86,480
Yokogawa Electric Corp.	15,000	<u>79,466</u>
		<u>277,929</u>
<i>FINANCIAL SERVICES (4.62%)</i>		
JFE Holdings, Inc.*	9,000	109,905
Millea Holdings, Inc.	600	22,217
Nomura Holdings, Inc.	3,000	<u>34,529</u>
		<u>166,651</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
<i>FOOD & BEVERAGE (5.22%)</i>		
Ajinomoto Co., Inc.	1,200	\$ 123,129
QP Corp.	8,000	65,368
		<u>188,497</u>
<i>INDUSTRIAL (0.71%)</i>		
Ishikawajima-Harima Heavy Industries Co., Ltd.	25,000	<u>25,713</u>
<i>INSURANCE (2.64%)</i>		
AFLAC, Inc. #	2,700	82,188
Yasuda Fire & Marine	2,520	13,165
		<u>95,353</u>
<i>INTERNET SERVICES & SOFTWARE (0.25%)</i>		
Softbank Corp.	1,200	<u>9,129</u>
<i>MEDICAL-DRUGS (8.25%)</i>		
Banyu Pharmaceutical Co., Ltd.	3,000	54,854
Eisai Co., Ltd.	7,400	159,772
Takeda Chemical Industries, Ltd.	2,000	83,098
		<u>297,724</u>
<i>PHARMACEUTICALS (3.20%)</i>		
Hokuriku Seiyaku	6,000	<u>115,586</u>
<i>REAL ESTATE (3.15%)</i>		
Sumitomo Realty & Development Co., Ltd.	23,000	<u>113,774</u>
<i>STEEL (1.99%)</i>		
Nippon Steel Corp.	63,000	<u>71,996</u>
<i>TELECOMMUNICATIONS (1.28%)</i>		
NTT Docomo, Inc.	25	<u>46,120</u>

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

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
<i>TEXTILE PRODUCTS (2.66%)</i>		
Ichikawa Co., Ltd.	25,000	\$ 56,324
Nippon Felt Co., Ltd.	16,000	39,704
		<u>96,028</u>
<i>TIRE AND RUBBER (3.05%)</i>		
Bridgestone Corp.	2,750	68,556
Sumitomo Rubber Industries	10,000	41,467
		<u>110,023</u>
<i>TRANSPORT SERVICES (1.97%)</i>		
Yamato Transport Co., Ltd.	5,000	71,221
		<u>71,221</u>
<i>TRANSPORTATION (7.29%)</i>		
Hankyu Corp.	22,000	63,752
Keihin Electric Express Railway Co., Ltd.	13,000	58,789
Keio Electric Railway Co., Ltd.	18,000	96,240
Tobu Railway Co., Ltd.	18,000	44,520
		<u>263,301</u>
<i>UTILITIES (14.16%)</i>		
Chugoku Electric Power Co., Inc.	5,000	69,507
Hokkaido Electric Power	6,000	76,649
Shikoku Electric Power Co., Inc.	1,900	26,692
Toho Gas Co., Ltd.	70,000	172,563
Tohoku Electric Power	9,700	129,063
Tokyo Electric Power Co., Ltd.	2,000	36,978
		<u>511,452</u>
TOTAL COMMON STOCK (Cost \$3,184,996)		<u>2,742,360</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - October 31, 2002

	<u>Shares</u>	<u>Value</u>
MISCELLANEOUS ASSETS (11.40%)		
iShares MSCI Japan Index Fund	37,000	\$ 255,670
Japan OTC Equity Fund, Inc.*	25,000	151,250
Japan Equity Fund	1,100	<u>4,565</u>
TOTAL MISCELLANEOUS INVESTMENTS		
(Cost \$512,973)		<u>411,485</u>
REPURCHASE AGREEMENT (12.08%)		
Fifth Third Bank, 1.22%, dated 10/31/02, due 11/01/02, repurchase price \$436,119 (collateralized by FGLMC Pool #110147, 7.00%, due 07/01/23, market value \$449,188)		
(Cost \$436,105)		<u>436,105</u>
TOTAL INVESTMENTS (Cost \$4,134,074) (99.43%)		
OTHER ASSETS & LIABILITIES, NET (0.57%)		<u>20,662</u>
NET ASSETS (100%)		<u><u>\$3,610,612</u></u>

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

*Non-income producing investment.

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF ASSETS AND LIABILITIES - October 31, 2002

	Commonwealth Australia/New Zealand Fund	Commonwealth Japan Fund
ASSETS:		
Investments, at market (identified cost \$6,413,606 and \$4,134,074, respectively)	\$6,688,566	\$3,589,950
Foreign currency, at value (identified cost \$89,240 and \$21,314, respectively)	90,115	21,330
Receivables:		
Dividends and interest	34,335	8,151
Fund shares sold	57,000	553
Investments sold	—	1,310
Prepaid expenses	25,919	19,671
Total assets	6,895,935	3,640,965
LIABILITIES:		
Payables:		
Accrued 12b-1 fees	3,291	2,946
Due to advisor	4,164	2,686
Accrued expenses	24,585	23,766
Covered call options written, at value (premiums received \$0 and \$6,681, respectively)	—	955
Total liabilities	32,040	30,353
NET ASSETS	\$6,863,895	\$3,610,612
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE:		
(660,683 and 1,070,208 shares of beneficial interest outstanding, respectively)	\$ 10.39	\$ 3.37
SOURCE OF NET ASSETS:		
Paid-in capital	6,998,211	5,079,409
Accumulated net realized loss on investments	(410,457)	(930,452)
Net unrealized appreciation (depreciation) on investments and foreign currency	276,141	(538,345)
	\$6,863,895	\$3,610,612

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF OPERATIONS For the Year Ended October 31, 2002

	Commonwealth Australia/New Zealand Fund	Commonwealth Japan Fund
INVESTMENT INCOME:		
Interest (net of foreign taxes withheld of \$2,544 and \$0, respectively)	\$ 61,168	\$ 4,259
Dividends (net of foreign taxes withheld of \$38,610 and \$4,015, respectively)	<u>212,049</u>	<u>27,909</u>
Total investment income	<u>273,217</u>	<u>32,168</u>
EXPENSES:		
Management fees	40,399	26,674
Administration fees	68,235	70,827
Custodian fees	31,608	14,501
Distribution fees	13,466	8,891
Insurance	15,531	14,226
Trustee expense	16,084	17,680
Audit fees	11,575	11,001
Legal fees	35,520	35,916
Registration fees	25,489	20,522
Reports to shareholders	8,718	3,203
Miscellaneous expense	<u>36,977</u>	<u>23,380</u>
Total expenses	<u>303,602</u>	<u>246,821</u>
Net investment loss	<u>(30,385)</u>	<u>(214,653)</u>
REALIZED AND UNREALIZED GAIN (LOSS)		
ON INVESTMENTS:		
Net realized gain (loss) on:		
Investments	(68,916)	4,061
Option contracts written	—	7,042
Foreign currency transactions	(22,894)	338
Net unrealized appreciation (depreciation) during the year on investments and foreign currency	<u>1,079,892</u>	<u>(437,943)</u>
	<u>988,082</u>	<u>(426,502)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 957,697</u>	<u>\$(641,155)</u>

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF CHANGES IN NET ASSETS

	Commonwealth Australia/New Zealand Fund	
	For the Year Ended	For the Year Ended
	October 31, 2002	October 31, 2001
OPERATIONS:		
Net investment loss	\$ (30,385)	\$ (6,465)
Net realized gain (loss) on:		
Investments	(68,916)	34,097
Foreign currency transactions	(22,894)	(351,093)
Net unrealized appreciation during the year on investments and foreign currency	<u>1,079,892</u>	<u>863,304</u>
Net increase in net assets resulting from operations	<u>957,697</u>	<u>539,843</u>
CAPITAL SHARE TRANSACTIONS:		
Increase in net assets from Fund share transactions	<u>1,372,538</u>	<u>508,663</u>
Increase in net assets	2,330,235	1,048,506
NET ASSETS:		
Beginning of year	<u>4,533,660</u>	<u>3,485,154</u>
End of year	<u>\$6,863,895</u>	<u>\$ 4,533,660</u>
	Commonwealth Japan Fund	
	For the Year Ended	For the Year Ended
	October 31, 2002	October 31, 2001
OPERATIONS:		
Net investment loss	\$ (214,653)	\$ (148,809)
Net realized gain (loss) on:		
Investments	11,103	(186,716)
Foreign currency transactions	338	(57,808)
Net unrealized depreciation during the year on investments and foreign currency	<u>(437,943)</u>	<u>(670,375)</u>
Net decrease in net assets resulting from operations	<u>(641,155)</u>	<u>(1,063,708)</u>
CAPITAL SHARE TRANSACTIONS:		
Increase (decrease) in net assets from Fund share transactions ...	<u>844,097</u>	<u>(1,811,011)</u>
Increase (decrease) in net assets	202,942	(2,874,719)
NET ASSETS:		
Beginning of year	<u>3,407,670</u>	<u>6,282,389</u>
End of year	<u>\$3,610,612</u>	<u>\$ 3,407,670</u>

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 indicated.

	Commonwealth Australia/New Zealand Fund				
	Years Ended October 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	<u>\$ 8.53</u>	<u>\$ 7.19</u>	<u>\$ 9.27</u>	<u>\$ 7.73</u>	<u>\$11.25</u>
Investment Operations:					
Net investment income (loss)	(0.05)	—	0.03	0.13	0.14
Net realized and unrealized gain (loss)					
on investments	<u>1.91</u>	<u>1.34</u>	<u>(2.05)</u>	<u>1.44</u>	<u>(3.46)</u>
Total from investment operations	<u>1.86</u>	<u>1.34</u>	<u>(2.02)</u>	<u>1.57</u>	<u>(3.32)</u>
Distributions from:					
Net investment income	—	—	<u>(0.06)</u>	<u>(0.03)</u>	<u>(0.20)</u>
Net Asset Value, End of Period	<u>\$10.39</u>	<u>\$ 8.53</u>	<u>\$ 7.19</u>	<u>\$ 9.27</u>	<u>\$ 7.73</u>
Total Return	21.81%	18.64%	(21.98)%	20.38%	(29.88)%
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$6,864	\$4,534	\$3,485	\$4,349	\$4,494
Ratio of expenses to average net assets					
before reimbursements and waivers					
of expenses	5.63%	5.74%	4.75%	4.14%	4.37%
after reimbursements and waivers					
of expenses	5.63%	5.74%	4.75%	4.14%	4.37%
Ratio of net investment income					
before reimbursements and waivers					
of expenses	(0.56)%	(0.18)%	0.39%	1.42%	1.51%
after reimbursements and waivers					
of expenses	(0.56)%	(0.18)%	0.39%	1.42%	1.51%
Portfolio turnover rate	28%	28%	15%	8%	25%

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 indicated.

	Commonwealth Japan Fund				
	Years Ended October 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$ <u>4.12</u>	\$ <u>5.64</u>	\$ <u>6.88</u>	\$ <u>4.55</u>	\$ <u>5.21</u>
Investment Operations:					
Net investment loss	(0.20)	—	(0.14)	(0.21)	(0.07)
Net realized and unrealized gain (loss)					
on investments	<u>(0.55)</u>	<u>(1.52)</u>	<u>(1.10)</u>	<u>2.54</u>	<u>(0.59)</u>
Total from investment operations	<u>(0.75)</u>	<u>(1.52)</u>	<u>(1.24)</u>	<u>2.33</u>	<u>(0.66)</u>
Distributions from:					
Net investment income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Asset Value, End of Period	\$ <u>3.37</u>	\$ <u>4.12</u>	\$ <u>5.64</u>	\$ <u>6.88</u>	\$ <u>4.55</u>
Total Return	(18.20)%	(26.95)%	(18.02)%	51.21%	(12.67)%
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$3,611	\$3,408	\$6,282	\$5,305	\$2,604
Ratio of expenses to average net assets					
before reimbursements and waivers					
of expenses	6.94%	5.57%	3.84%	4.61%	6.32%
after reimbursements and waivers					
of expenses	6.94%	5.57%	3.84%	4.61%	2.50%
Ratio of net investment loss					
before reimbursements and waivers					
of expenses	(6.03)%	(3.97)%	(3.08)%	(3.94)%	(5.67)%
after reimbursements and waivers					
of expenses	(6.03)%	(3.97)%	(3.08)%	(3.94)%	(1.87)%
Portfolio turnover rate	5%	51%	14%	17%	35%

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2002

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 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 Australia and New Zealand issuers.

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

Note 3 - Significant Accounting Policies

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

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

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

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2002 (continued)

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, 2002, the Australia/New Zealand Fund had capital loss carryovers of \$410,457 of which \$73,404 expires in 2006, \$268,137 expires in 2009, and \$68,916 expires in 2010. 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, 2002, the Japan Fund had capital loss carryovers of \$927,766 of which \$420,940 expires in 2005, \$244,983 expires in 2006 and \$261,843 expires in 2009. The Fund elected to defer net capital losses of \$2,686. Under the United States-Japan tax treaty, Japan imposes a withholding tax of 15% on the dividends received by the Fund. There is currently no Japanese tax on capital gains.

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

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

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2002 (continued)

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

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

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

During the year ended October 31, 2002 InCap Service Company received fees of \$68,235 and \$70,827 from the Australia/ New Zealand Fund and the Japan Fund, respectively.

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

The Funds have adopted a Service and Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act whereby Fund assets are used to reimburse the Distributor for costs and expenses incurred with the distribution and marketing of shares of the Funds and servicing of Fund shareholders. Distribution and marketing expenses include, among other things, printing of prospectuses, advertising literature, and costs of personnel involved with the promotion and distribution of the Fund's shares. Under the Plan, the Fund pays the Distributor an amount computed at an annual rate of up to 0.25% of the Fund's average net assets (including reinvested dividends paid with respect to those assets). Of this amount, the Distributor may reallocate to securities dealers (which may include the Distributor itself) and other financial institutions and organizations (collectively, "Service Organizations") amounts based on the Fund's average net assets owned by stockholders for whom the Service Organizations have a servicing relationship. For the year ended October 31, 2002, the Australia/ New Zealand Fund and the Japan Fund incurred \$13,466, and \$8,891 in 12b-1 fees, respectively.

Certain officers and directors of the Funds who are also officers and directors of the Adviser, the Administrator, or Distributor, received no compensation from the Funds. For the year ended October 31, 2002, directors of the Funds who are not "interested persons" received directors' fees of \$33,000.

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2002 (continued)

Note 5 - Capital Stock

At October 31, 2002 there were shares outstanding of 660,683 and 1,070,208, for the Australia/New Zealand Fund and the Japan Fund, respectively. Transactions in capital stock were as follows:

	Commonwealth Australia/New Zealand Fund			
	Year Ended October 31, 2002		Year Ended October 31, 2001	
	SHARES	DOLLARS	SHARES	DOLLARS
Shares sold	1,529,390	\$15,266,300	1,355,594	\$ 11,109,247
Shares redeemed	(1,400,188)	(13,893,762)	(1,308,684)	(10,600,584)
Net Increase (decrease)	129,202	\$1,372,538	46,910	\$ 508,663

	Commonwealth Japan Fund			
	Year Ended October 31, 2002		Year Ended October 31, 2001	
	SHARES	DOLLARS	SHARES	DOLLARS
Shares sold	7,626,964	\$27,831,507	4,869,720	\$ 23,418,590
Shares redeemed	(7,383,299)	(26,987,410)	(5,156,579)	(25,229,601)
Net increase (decrease)	243,665	\$ 844,097	(286,859)	\$ (1,811,011)

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, 2001 to October 31, 2002 were as follows:

	Purchases	Sales
Australia/New Zealand Fund	\$ 2,342,649	\$1,438,373
Japan Fund	309,216	159,297

For U.S. federal income tax purposes, the cost of securities owned, gross appreciation, gross depreciation and net unrealized appreciation/(depreciation) of investments at October 31, 2002 for each fund:

	Cost	Gross Appreciation	Gross Depreciation	Net Appreciation/ (Depreciation)
Australia/New Zealand Fund	\$6,413,606	\$ 882,229	\$ (607,269)	\$ 274,960
Japan Fund	4,136,760	152,335	(699,145)	(546,810)

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2002 (continued)

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 October 31, 2002.

<u>Call Options On</u>	<u>Premium Received</u>	<u>Market Value</u>	<u>Unrealized Depreciation</u>
2,700 shs AFLAC, Inc. ADR@ 35 exp November, 2002	\$3,316	\$405	\$2,911
1,000 shs Honda Motor Ltd. ADR@ 22.5 exp January 18, 2003	\$2,055	\$150	\$1,905
1,000 shs Honda Motor Ltd. ADR@ 22.5 exp April 3, 2003	<u>\$1,310</u>	<u>\$400</u>	<u>\$ 910</u>
	<u>\$6,681</u>	<u>\$955</u>	<u>\$5,726</u>

The aggregate market value at October 31, 2002 of securities subject to call options is \$118,348 or approximately 3.28% of net assets. Written option activity for the period ended October 31, 2002 was as follows:

	<u>Number of Options</u>	<u>Amount of Premium</u>
Options outstanding at October 31, 2001	25	\$ 5,082
Options written	75	8,641
Options expired	(53)	(7,042)
Options covered	<u>0</u>	<u>(0)</u>
Options outstanding at October 31, 2001	<u>47</u>	<u>\$ 6,681</u>

COMMONWEALTH INTERNATIONAL SERIES TRUST

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying statement of assets and liabilities of Commonwealth International Series Trust (comprising the Commonwealth Japan Fund and the Commonwealth Australia/ New Zealand Fund), including the schedules of investment, as of October 31, 2002, the related statements of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2002, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Commonwealth International Series Trust as of October 31, 2002, the results of their operations, for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States.

BRIGGS, BUNTING & DOUGHERTY, LLP

**Philadelphia, Pennsylvania
November 20, 2002**

COMMONWEALTH INTERNATIONAL SERIES TRUST

TRUSTEES AND OFFICERS

Name, Age and Address	Position(s) With Fund	Term of Office and Length of Time Served	Principal Occupation(s) for the Last Five Years	Number of Portfolios in Complex Overseen by Director	Other Directorships Held By Trustee
INTERESTED TRUSTEES:					
Robert Scharar ⁽¹⁾ , 53 5847 San Felipe Suite 850 Houston, TX 77057	President, Interested Trustee	Indefinite until successor elected and qualified; 2 years.	Investment manager/Attorney/CPA	3	United Dominion Realty Trust
INDEPENDENT TRUSTEES:					
John Akard, Jr., 36 5847 San Felipe Suite 850 Houston, TX 77057	Independent Trustee	Indefinite until successor elected and qualified; 2 years.	Attorney/CPA	3	None
Kathleen Kelly, 50 5847 San Felipe Suite 850 Houston, TX 77057	Independent Trustee	Indefinite until successor elected and qualified; 2 years.	Consultant	3	None
Jack Ewing, 62 5847 San Felipe Suite 850 Houston, TX 77057	Independent Trustee	Indefinite until successor elected and qualified; 2 years.	Professor	3	None
OFFICERS:					
Terence P. Smith, 56 630-A Fitzwatertown Rd. Willow Grove, PA 19090	Secretary/ Treasurer		Managing Director, InCap Group, Inc., Conshohocken, Pennsylvania, a mutual fund servicing and distribution firm, since 2001, Chief Executive Officer, Declaration Holdings, Inc., Conshohocken, Pennsylvania, a mutual fund servicing and distribution firm, from 1987 to 2001; Trustee and President of Declaration Fund, a 1940 Act Registered Mutual Fund from 1998 to 2000.		

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