

**Commonwealth International
Series Trust**

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



ANNUAL REPORT

October 31, 2004



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

Dear Shareholder:

We are pleased to present this annual report on the Commonwealth International Series Trust for the twelve months ended October 31, 2004.

Report on the Commonwealth Australia & New Zealand Fund (CNZLX): The Australia/New Zealand Fund's net asset value ("NAV") as of October 31, 2004 is U.S. \$16.39 per share compared to U.S. \$14.44 per share on October 31, 2003, an increase of 13.5%. On December 12, 2003 the Australia/New Zealand Fund made distributions of U.S. \$0.42 per share. The twelve month total return for the Australia/New Zealand Fund is 16.7%, assuming reinvestment of gross distributions. We believe the Fund's longer-term performance has continued to be competitive relative to the asset classes invested in, which includes an allocation to fixed income.

Asset Allocation	
New Zealand — Equities	31%
Short-Term Investments	30%
New Zealand — Bonds	22%
Australia — Equities	15%
Australia — Bonds	2%

*Short-Term Investments include foreign currency valued at the current exchange rate. Percentages are based on total market value of investment securities.

For the twelve month period ending October 31, 2004 the New Zealand Exchange 50 Free Float Total Return Index¹ increased 21.9% in New Zealand Dollar terms and 36.1% in U.S. dollar terms. The 10 Year New Zealand Government Bond, as measured by the Bloomberg Fair Value New Zealand Government 10 Year Bond Index², decreased 2.4% in New Zealand Dollar terms. The New Zealand Dollar appreciated 11.5% versus the U.S. Dollar over this same period. For the twelve month period ending October 31, 2004 the Australian All Ordinaries Index³ increased 21.6% in Australian Dollar terms and 28.1% in U.S. Dollar terms. 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, with the Australian Dollar 5.6% higher versus the U.S. Dollar during this period.

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New Zealand's Real Gross Domestic Product (GDP) expanded 4.4% from a year earlier in the 3rd quarter of 2004 following a 5.7% expansion in the previous quarter. Real GDP growth will likely moderate in 2005, although higher government spending ahead of the general election in September 2005 should prevent a steeper slowdown. New Zealand's strong economic growth in recent years has resulted in strong employment gains with the economy adding almost twice as many jobs as economists expected in the third quarter of 2004, cutting the unemployment rate to 3.8%, the lowest in more than 18 years. The Organization for Economic Cooperation and Development (OECD), which uses standardized rates, said New Zealand's unemployment rate is the second lowest of the 27 economies in the OECD.

Looking forward, there is clear downside risk to the New Zealand economy should global growth weaken to any substantial degree and/or commodity prices retreat from their current high levels. While the real exchange rate in New Zealand has been at a high level all year, the difference in this cycle is that New Zealand's terms of trade are at their highest level in thirty years, while New Zealand's trading partner GDP growth has been the strongest in ten years. Meanwhile, exporters have had the protection of strong terms of trade and a strong global economy. The key to the equity market outlook in New Zealand is where the global and local environment are headed. Our forecast is for growth to retreat from an above trend rate to about-trend or to a just-below trend rate. Thus, our expectations for equity returns next year are modest.

Australia's domestic and foreign demand for goods and services has been strong for the last year which in turn has supported rising equity prices. Australia's GDP grew at 3% year over year in the third quarter of 2004 from the third quarter of 2003, while the unemployment rate dropped from 5.9% in October of 2003 to 5.3% in October 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 natural resources. Equity valuations remain reasonable which still argues the case of favoring equity over other asset classes; as reflected in the Fund's asset allocation.

Report on the Commonwealth Global Fund: The Global Fund's NAV as of October 31, 2004 is U.S. \$13.89 per share compared to U.S. \$11.99 per share on October 31, 2003, an increase of 15.9%. The MSCI World Index⁴ increased 13.8% in U.S. Dollar terms for the twelve month period ending October 31, 2004. Over the twelve month period ending October 31, 2004, the MSCI EAFE Index⁵ outperformed the MSCI World Index and the S&P 500 Index,⁶ appreciating 19.4% versus 9.4% for the S&P 500 and 13.8% for the World Index. We are pleased with the Global Fund's performance.

Country/Region Allocation*	
North America	45%
Europe	25%
Bonds, Pfd. Stock, & Short Term Investments (U.S.)	11%
Emerging Markets	10%
Developed Asia ex-Japan	5%
Japan	4%

*Percentages are based on total market value of investment securities.

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On balance we believe that the global economy will run on a slower track next year compared to the previous twelve months. Higher average interest rates and continued high oil prices are likely to take a toll on the rate of economic activity in the months ahead. However, we think that business expansion will prove sustainable, but we also sense that growth may ease should oil prices climb further. Our preference for broad diversification and income producing equities with reasonable valuations remains very much intact.

The U.S. Dollar Index, an indicator of the general international value of the U.S. Dollar based on the average exchange rates versus six major world currencies, has declined 28% through the end of October 2004 from its all time high in mid 2001. Management believes the main drivers of the U.S. Dollar weakness include the expanding trade and budget deficits along with record low interest rates. In addition, sustained foreign purchases of U.S. debt securities have helped to keep interest rates low which in turn have helped to finance U.S. consumers' spending binge. While a declining U.S. Dollar is beneficial for U.S. exporters, a falling dollar may likely result in higher import price inflation which in turn could foster higher inflation in the U.S. at a time when the domestic savings rate remains near historic lows. Management believes that in order to correct this structural imbalance, the U.S. will either need to reduce deficit spending, increase economic growth through higher productivity, and/or witness higher consumer consumption in the rest of the world in order to reduce foreigners' high net savings rate.

Report on the Commonwealth Japan Fund: The Japan Fund's NAV on October 31, 2004 is U.S. \$3.61 per share compared to U.S. \$3.98 per share on October 31, 2003, a decrease of 9.3%. The TOPIX, also known as the Tokyo Price Index,⁷ increased 5.1% in Japanese Yen terms and 9.1% in U.S. Dollar terms over the last twelve months. The Japanese Yen appreciated 3.9% versus the U.S. Dollar over the last twelve months. We are disappointed in the Fund's shorter-term performance. This underperformance may be in part explained by our strategy of investing more heavily in large-cap stocks and in industrials and infrastructure related companies, which have not performed as well as the broader market. The small size of the Fund results in a higher expense ratio because of the fixed and semi-fixed costs that have to be absorbed by a smaller asset base (see further discussion under Expense ratios and how they impacted Fund performance) and Fund share turnover higher than our other Funds experienced, relative to their size.

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Sector Allocation*	
Investment Companies	20%
Consumer Discretionary	17%
Industrials	16%
Information Technology	14%
Financials	7%
Materials	7%
Consumer Staples	6%
Health Care	5%
Utilities	5%
Telecommunications Services	2%
Short-Term Investments	1%

*Sector allocation is based on the Global Industry Classification System (GICS), which is an enhanced industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). Short-Term Investments include foreign currency valued at the current exchange rate. Percentages are based on total market value of investment securities.

After posting two consecutive quarters of above 3% annualized growth in the fourth quarter of 2003 and the first quarter of 2004, GDP growth in the second quarter of 2004 contracted 0.6% and rose only marginally in the third quarter by 0.2%. An earnings slowdown is expected for fiscal year 2005 due to the weakened momentum of the macro-economy, a downturn in semiconductor business, a strong yen, and higher oil prices.

Higher profitability by Japanese companies has made the expansion in Japan more durable. While bankruptcies have reduced the number of unviable firms, labor costs have been reduced dramatically, especially in manufacturing. Yet, despite rising profits, firms remain cautious. Japan's mild deflation is likely to continue beyond 2004. Some measures of core prices have shown a modest improvement. However, economic slack remains, while deflationary expectations remain deep-seated. The Bank of Japan has been more flexible, but has not acted in a manner that might end these expectations rapidly.

Japan remains more reliant on external demand than is common for such a large economy. External demand helped advance Japan's cyclical prospects in 2003-04. Much of the expansion in Japan's exports reflected close trade relations with rapidly growing Asian countries. Many Japanese companies are well positioned to participate in China's growth through ventures in China. Increased offshore production by Japanese companies also has given rise to increased trade. Over the long run, the efficiency gains from this specialization of the production process could help raise returns substantially above recent (depressed) norms, fostering economic resilience.

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Report on the Commonwealth Real Estate Securities Fund: The Real Estate Securities Fund's NAV as of October 31, 2004 is U.S. \$10.54 per share compared to U.S. \$10.00 per share on January 5, 2004 (the Fund's inception date), an increase of 5.4%. The Morgan Stanley REIT Index^s increased 20.4% for the period January 5, 2004 (the Fund's inception date) through October 31, 2004 versus an increase of 2.1% for the S&P 500 Index^e. The Fund's under-performance of the Morgan Stanley REIT Index was due in part to having a larger allocation of cash and cash equivalents as the Fund began to build its core portfolio during this period. As of October 31, 2004 about 87% was invested in core holdings versus short-term investments of about 13%.

Asset Allocation	
U.S. REITS	39%
International	19%
U.S. Investment Companies	15%
U.S. Other Real Estate	14%
Bonds, Pfd. Stock & Short-Term Investments	13%

*Percentages are based on total market value of investment securities.

With the exception of April, a month seeing major declines in REIT stocks, investors in REIT's have realized strong performance when compared to other investment vehicles. In fact, many investors may not be aware that the industry has realized five consecutive years of strong performance, posting a cumulative total return of 134% since the beginning of 2000.

The strong selling points for REIT's are their lucrative dividends, which typically account for two-thirds of their total return. The average annual dividend payout remains high relative to companies in the S&P 500 Index. On average, REIT dividends are 5.0% before taxes, compared to a pre-tax yield of 1.6% for companies in the S&P 500 Index. Over the last 12 years, the average annual dividend growth rate of 6.0% outpaced the average rate of inflation of approximately 2.5%.

As noted in our April 30, 2004 semi-annual report, the NAREIT Equity Index declined 14.6% in April when investors overreacted to a stronger than expected unemployment report which fueled speculation of upward interest rate movements. While higher interest rates will trigger more competition from bonds, bank CD's and other investments, we believe that the belief that there is a direct negative correlation between REIT fundamentals and interest rates has proved unfounded. In fact, over the course of the year, real estate stocks have continued to provide above average yields amidst a rising interest rate environment and have erased a majority of the losses seen in April.

Higher interest rates can produce offsetting benefits to real-estate companies. Interest rates tend to rise in an improving economy, increasing the need for office and retail space. At the same time, speculative development is cut off, limiting supply and increasing prices. Another benefit is increased occupancy rates, which produce additional income to offset higher operating costs.

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We founded the Fund to provide investors with exposure to the real estate sector, not just REIT's, 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 REIT's, 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 look at global opportunities, not just U.S. companies.

We also thought owners of our Fund would like to know just how a REIT common stock may differ from other equity securities. REIT's 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 REIT's 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 REIT's may be obtained at 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 shares of foreign companies?

We believe a portfolio containing foreign securities offers an investor better diversification 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 U.S. publicly traded equities backed by certificates that represent a foreign company's shares. 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.)

Because Depository Receipts (ADRs) trade on the 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 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. The price of the ADR may be at a premium or discount to the underlying security it represents. Also, there are not ADRs available for most foreign equities.

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Our Funds' Portfolio Turnover

Higher levels of portfolio purchase and sale activity by a Fund result in higher transaction costs and may also result in more realized capital gains or losses, the impact of which is borne by the Fund's shareholders. Each Fund generally invests in most 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.

Fund Share Turnover & How It May Impact Fund Performance

Share turnover represents the purchase and sale of the shares of the Commonwealth International Series Trust Funds by Fund Shareholders. Share turnover in the Australia/New Zealand Fund and the Japan Fund are relatively high compared to the size of these Funds because some investors, trading through brokerage firms, move in and out of the Funds frequently. Frequent Fund share turnover by certain shareholders may result in higher portfolio turnover and costs which are borne by all shareholders, may impact the amount of Fund assets maintained in short-term investments, the amount of Fund borrowings and may adversely impact Fund investment performance. The Commonwealth International Series Trust Board of Trustees has been advised of this and continues to closely monitor the situation. In this regard, the Funds' Advisor and InCap Service Company have been directed to monitor and report to the Board the extent to which such trading occurs. The following are some of the steps that have been taken: the Funds' use of American Depositary Receipts (ADR's) and other U.S. priced securities; the use of in-the-money equity call options; the establishment of lines of credit to lessen the need, or allow additional time, to liquidate longer term positions to cover redemptions that exceed the cash position of the Funds; limitations on the distribution of real time portfolio holdings information or other information of the type sought by short-term traders. As noted in our prospectus under Frequent Transactions: "The Funds are not designed for frequent trading and certain purchases or exchange requests may be difficult to implement in times of drastic market changes. The Funds reserve the right to refuse or limit additional purchase and exchange transactions by any investor who makes frequent purchases, redemptions or exchanges that the Adviser believes might harm the Fund. The Funds may deem that more than one transaction per month is excessive. The Fund also reserves the right to limit, impose charges upon, terminate or otherwise modify the redemption or exchange privilege by sending written notice to shareholders."

Expense ratios and how they impact 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 to the Funds (such as custodial, currency exchange, valuation and communications costs) are usually higher.

As with every mutual fund, size has an 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 fixed and semi-fixed costs necessary to operate a mutual fund. These expenses are allocated on a daily basis among all shareholders. 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 \$43.328 million and an expense ratio of 2.09% on 10/31/04. The Japan Fund, with \$7.87 million in assets, on the other hand has not been able to reach as high of an asset level and therefore it has a higher expense ratio (3.09%).

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Administrative Fee Arrangements

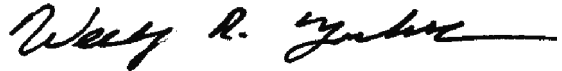
Each Fund pays FCA Corp., as the Advisor, 0.75% per annum of its total net asset value, excluding the asset value of one Fund in another Fund of the complex. InCap Service Company (“InCap”), the Administrator, supervises all aspects of the Funds’ operations other than the management of its investments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

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, Directors Fees and all other ordinary expenses not specifically borne by the Administrator. Details of Fund turnover and expenses are included with the accompanying financial statements.

In 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.



Robert W. Scharar
President and Portfolio Manager
Commonwealth International Series



Wesley Yuhnke
Assistant Portfolio Manager
Commonwealth International Series

This report is intended for the fund’s shareholders. It may not be distributed to prospective investors unless it is preceded or accompanied by the current fund prospectus which may be obtained at www.commonwealth-funds.com or from the Funds’ Distributor or your broker.

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- ⁽¹⁾ 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.
- ⁽²⁾ Bloomberg Fair Value New Zealand Government 10 Year Bond Index: Fair market value indices are derived from data points on Bloomberg's option-free Fair Market Curves. The yield at each maturity point represents the composite yield of securities around that maturity.
- ⁽³⁾ 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.
- ⁽⁴⁾ 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.
- ⁽⁵⁾ The MSCI EAFE Index is a capitalization weighted index that monitors the performance of stocks from Europe, Australasia, and the Far East.
- ⁽⁶⁾ The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941-43 base period.
- ⁽⁷⁾ 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.
- ⁽⁸⁾ The Morgan Stanley REIT Index is a total-return index comprising of the most actively traded real estate investment trusts and is designed to be a measure of real estate equity performance. The index was developed with a base value of 200 as of December 31, 1994.

COMMONWEALTH INTERNATIONAL SERIES TRUST INFORMATION ABOUT YOUR FUND'S EXPENSES

As a shareholder of the Fund, you incur ongoing costs, including management fees, distribution and service (12-B1) fees; and other Fund expenses. The example below is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The table below illustrates an example investment of \$1,000 at the beginning of the period (4/30/04) and held for the entire period of 4/30/04 – 10/31/04. Please note however that this table is unaudited. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

Actual Expenses

The first section of the table provides information about actual account values and actual expenses (relating to the example \$1,000 investment made on 4/30/04). You may use the information in this row, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first row under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second section of the table provides information about the hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher. For more information on transactional costs, please refer to the Funds' prospectus.

COMMONWEALTH INTERNATIONAL SERIES TRUST INFORMATION ABOUT YOUR FUND'S EXPENSES

Expenses and Value of a \$1,000 Investment for the six months ended October 31, 2004

Actual Fund Return (in parentheses)	Beginning Account Value <u>04/30/04</u>	Ending Account Value <u>10/31/04</u>	Expenses Paid <u>During Period*</u>
Australia/New Zealand Fund (13.90%)	\$ 1,000.00	\$ 1,138.99	\$ 12.58
Japan Fund (-9.52%)	1,000.00	904.76	14.55
Global Fund (9.80%)	1,000.00	1,098.02	12.92
Real Estate Securities Fund (16.08%)	1,000.00	1,160.79	17.53

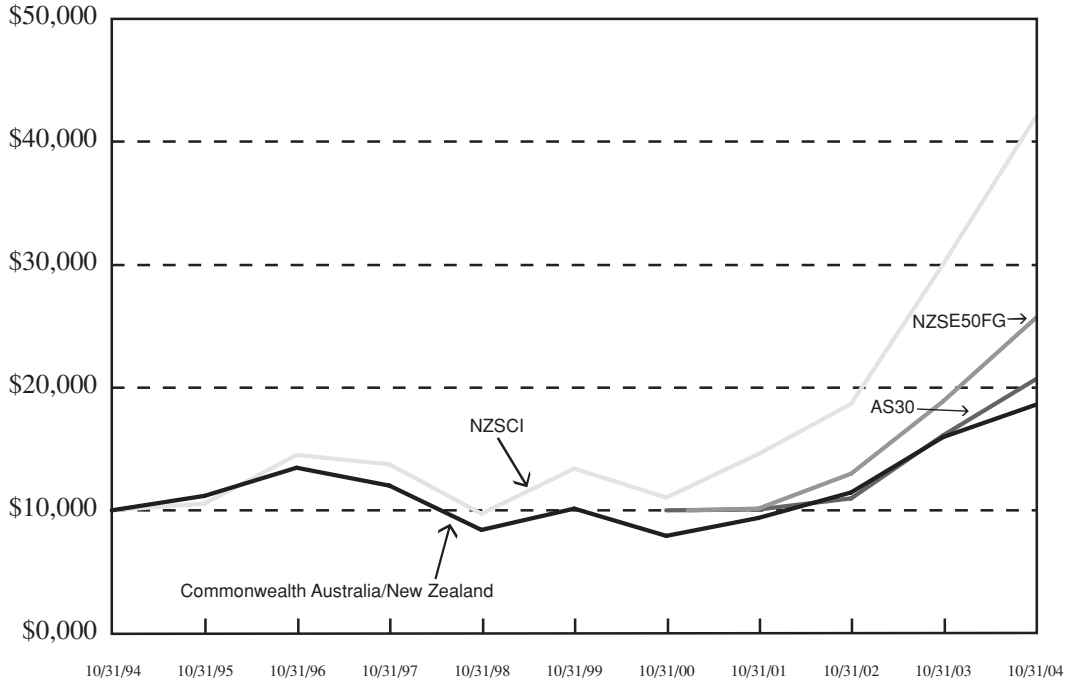
Hypothetical 5% Fund Return	Beginning Account Value <u>04/30/04</u>	Ending Account Value <u>10/31/04</u>	Expenses Paid <u>During Period*</u>
Australia/New Zealand Fund	\$ 1,000.00	\$ 1,013.38	\$ 11.84
Japan Fund	1,000.00	1,009.85	15.36
Global Fund	1,000.00	1,012.82	12.40
Real Estate Securities Fund	1,000.00	1,008.91	16.30

* Expenses are equal to the Funds' annualized expense ratios of 2.34%, 3.04%, 2.45% and 3.23% for the Australia/New Zealand Fund, the Japan Fund, the Global Fund and the Real Estate Securities Fund, respectively, multiplied by the average account value over the period, multiplied by 184/366 to reflect the one-half year period.

For more information on Fund expenses, please refer to the Funds' prospectus, which can be obtained from your investment representative or by calling 888-345-1898. Please read it carefully before you invest or send money.

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



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and the average annual total returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions and the redemption of Fund shares. Otherwise, returns would have been lower. You should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. This and other information can be found in the Funds' prospectus, which can be obtained from your investment representative or by calling 888-345-1898. Please read it carefully before you invest or send money.

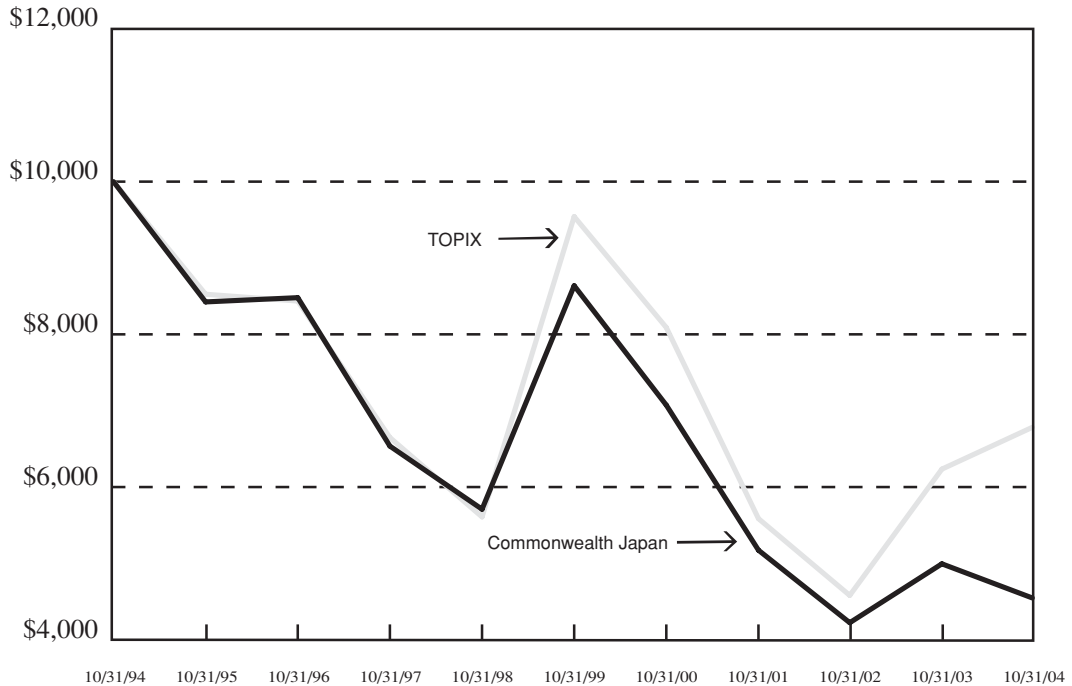
	Average Annual Total Return as of 10/31/04		
	1 Year	5 Year	10 Year
Commonwealth Australia/New Zealand Fund	16.70%	12.81%	6.41%
New Zealand Small Companies Index	39.87%	25.68%	15.43%
New Zealand Limited 50 Free Float Total Return Index	36.09%	—	—
Australian All Ordinaries Index	28.07%	—	—

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

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



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and the average annual total returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions and the redemption of Fund shares. Otherwise, returns would have been lower. You should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. This and other information can be found in the Funds' prospectus, which can be obtained from your investment representative or by calling 888-345-1898. Please read it carefully before you invest or send money.

Average Annual Total Return as of 10/31/04

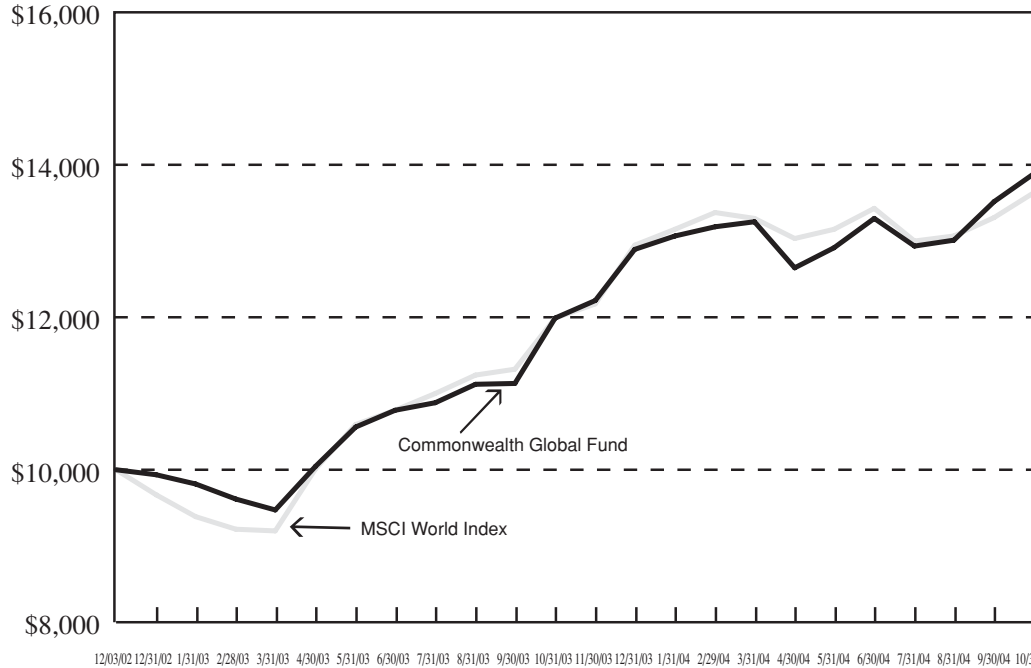
	<u>1 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Commonwealth Japan Fund**	(9.30)%	(12.09)%	(7.61)%
TOPIX	9.06%	(6.56)%	(3.78)%

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

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

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



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and the average annual total returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions and the redemption of Fund shares. Otherwise, returns would have been lower. You should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. This and other information can be found in the Funds' prospectus, which can be obtained from your investment representative or by calling 888-345-1898. Please read it carefully before you invest or send money.

	Average Annual Total Return as of October 31, 2004	
	1 Year	Inception*
Commonwealth Global Fund**	15.85%	18.75%
MSCI World Index***	13.79%	17.64%

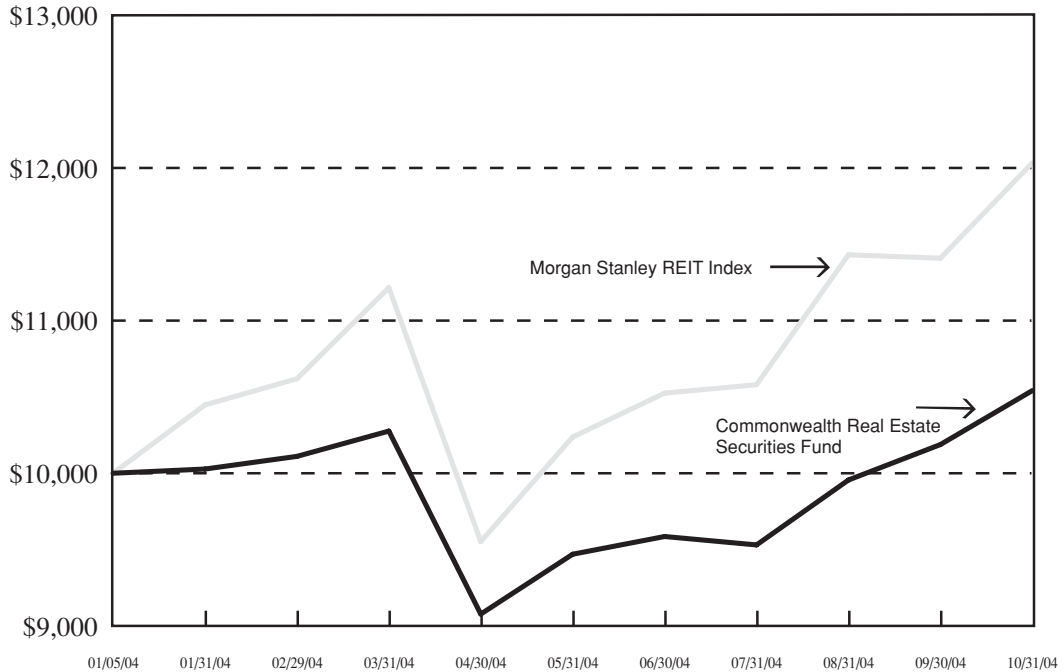
* The Commonwealth Global Fund commenced operations on December 3, 2002.

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

*** The MSCI World Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance and is not an investment product available for purchase. As of October 31, 2004 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.

COMMONWEALTH INTERNATIONAL SERIES TRUST

Comparison of Change in Value of a \$10,000 Investment in Commonwealth Real Estate Securities Fund* ** and the Morgan Stanley REIT Index***.



PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The graph and the average annual total returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions and the redemption of Fund shares. Otherwise, returns would have been lower. You should carefully consider the investment objectives, risks, charges and expenses of the Funds before investing. This and other information can be found in the Funds' prospectus, which can be obtained from your investment representative or by calling 888-345-1898. Please read it carefully before you invest or send money.

Average Annual Total Return from commencement
of operations to October 31, 2004*

Commonwealth Real Estate Securities Fund* **	5.40%
Morgan Stanley REIT Index***	20.35%

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

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

*** The Morgan Stanley REIT Index is a total return index comprising of the most actively traded real estate investment trusts and is designed to be a measure of real estate equity performance.

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<u>AUSTRALIA (15.55%)</u>		
COMMON STOCK (13.20%)		
<i>ADVERTISING (0.56%)</i>		
STW Communications Group, Ltd.	100,000	\$ <u>239,020</u>
<i>AIRLINES (0.86%)</i>		
Qantas Airways, Ltd.	150,000	<u>371,975</u>
<i>BANKS (0.89%)</i>		
Australia & New Zealand Banking Group, Ltd. - ADR	5,000	<u>383,550</u>
<i>BEVERAGES (1.02%)</i>		
Coco-Cola Amatil, Ltd.	80,000	<u>439,797</u>
<i>BUILDING (2.25%)</i>		
James Hardie Industries NV	96,200	548,703
Rinker Group, Ltd.	65,000	<u>421,422</u>
		<u>970,125</u>
<i>DIVERSIFIED HOLDINGS (1.25%)</i>		
Patrick Corp., Ltd.	130,000	<u>539,886</u>
<i>ENGINEERING & CONSTRUCTION (0.32%)</i>		
Bradken, Ltd. *	60,000	<u>138,034</u>
<i>FINANCIAL SERVICES (0.97%)</i>		
Perpetual Trustees Australia, Ltd.	10,000	<u>416,044</u>
<i>FOOD (0.83%)</i>		
Burns Philp & Co., Ltd. *	600,000	<u>358,530</u>
<i>INSURANCE (1.03%)</i>		
Promina Group, Ltd.	40,000	135,644
QBE Insurance Group, Ltd.	30,000	<u>307,664</u>
		<u>443,308</u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>MINING AND BUILDING MATERIALS (1.11%)</i>		
Alumina, Ltd.	64,000	\$ 262,922
Oxiana, Ltd. *	300,000	<u>217,359</u>
		<u>480,281</u>
<i>MISCELLANEOUS MANUFACTURING (0.36%)</i>		
Wesfarmers, Ltd.	6,000	<u>\$155,737</u>
<i>OIL & GAS (1.17%)</i>		
Origin Energy, Ltd.	100,000	<u>504,183</u>
<i>PACKAGING & CONTAINERS (0.53%)</i>		
Amtcor, Ltd. - ADR	10,000	<u>227,100</u>
<i>TELECOMMUNICATIONS (0.05%)</i>		
Telstra Corp., Ltd. - ADR	1,200	<u>20,952</u>
TOTAL COMMON STOCK (Cost \$4,399,245)		<u><u>5,688,522</u></u>
BONDS (1.72%)		
	<u>Principal</u>	
Nestle Australia, Ltd., 4.75%, due 11/21/05 † (cost \$740,538)	1,000,000	<u>743,158</u>
CALL OPTIONS (0.63%)		
<u>Underlying Common Stock</u>	<u>Expiration Date - Exercise Price</u>	<u>Contracts</u>
BHP Billiton Plc .....	.02/19/05 - 15	200
News Corp., Ltd. ....	.01/22/05 - 25	70
News Corp., Ltd. ....	.04/16/05 - 25	30
Rio Tinto Plc .....	.01/22/05 - 85	40
TOTAL CALL OPTIONS (Cost \$237,460)		<u><u>\$271,800</u></u>
TOTAL AUSTRALIA (Cost \$5,377,243)		<u><u>6,703,480</u></u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<u>NEW ZEALAND (57.47%)</u>		
COMMON STOCK (30.11%)		
<i>AGRICULTURE (3.51%)</i>		
Allied Farmers, Ltd.	1	\$ 1
Pyne Gould Guinness, Ltd.	539,789	705,293
Williams & Kettle, Ltd.	375,000	808,079
		<u>1,513,373</u>
<i>AIRPORT DEVELOPMENT (1.17%)</i>		
Auckland International Airport, Ltd.	102,400	<u>502,963</u>
<i>APPLIANCES (1.50%)</i>		
Fisher & Paykel Appliances Holdings, Ltd.	150,000	410,453
Scott Technology, Ltd.	101,246	235,487
		<u>645,940</u>
<i>BUILDING MATERIALS (0.43%)</i>		
Fletcher Building, Ltd.	50,000	<u>186,414</u>
<i>CHEMICALS (0.91%)</i>		
Nuplex Industries, Ltd.	111,355	<u>390,786</u>
<i>COMMERCIAL SERVICES (0.20%)</i>		
Taylors Group, Ltd.	54,050	<u>87,261</u>
<i>COMPUTER SERVICES (0.46%)</i>		
Renaissance Corp., Ltd.	451,434	<u>200,733</u>
<i>ELECTRICAL SERVICES (0.84%)</i>		
Contact Energy, Ltd.	88,700	<u>362,251</u>
<i>FOREST AND PAPER PRODUCTS (0.58%)</i>		
Evergreen Forests, Ltd. *	448,500	107,385
Nuhaka Forestry Fund	50,000	141,948
		<u>249,333</u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>HEALTHCARE (3.93%)</i>		
Fisher & Paykel Healthcare Corp.	403,195	\$ 799,881
Ryman Healthcare, Ltd.	250,000	572,924
Wakefield Hospital, Ltd.	150,682	319,547
		<u>1,692,352</u>
<i>MANUFACTURING (0.57%)</i>		
Skellmax Industries	300,000	<u>246,272</u>
<i>MEDIA (1.57%)</i>		
Independent Newspapers, Ltd.	195,000	<u>674,990</u>
<i>PORTS (5.03%)</i>		
Port of Tauranga, Ltd.	175,000	676,392
Ports of Auckland, Ltd.	133,392	611,388
South Port New Zealand, Ltd.	1,027,930	878,993
		<u>2,166,773</u>
<i>REAL ESTATE (2.48%)</i>		
Calan Healthcare Properties Trust	901,814	561,397
Capital Properties New Zealand, Ltd.	100,000	68,409
Kiwi Income Property Trust	293,511	218,858
URBUS Properties, Ltd.	300,000	219,592
		<u>1,068,256</u>
<i>RENTAL EQUIPMENT (0.73%)</i>		
Hirequip New Zealand, Ltd.	407,500	<u>315,005</u>
<i>RETAIL (0.71%)</i>		
Hallenstein Glasson Holdings, Ltd.	100,000	246,956
Restaurant Brands New Zealand, Ltd.	63,270	59,730
		<u>306,686</u>
<i>STEEL (1.02%)</i>		
Steel and Tube Holding, Ltd.	140,000	<u>441,510</u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
TEXTILES (0.87%)		
Feltex Carpets, Ltd.	350,000	\$ <u>373,512</u>
TRANSPORT SERVICES (0.30%)		
Toll NZ, Ltd. *	70,000	<u>130,250</u>
UTILITIES (1.41%)		
Infratil, Ltd. *	333,274	<u>607,212</u>
WASTE MANAGEMENT (1.89%)		
Waste Management NZ, Ltd.	222,154	<u>816,095</u>
TOTAL COMMON STOCK (Cost \$8,579,950)		<u><u>12,977,967</u></u>
BONDS (22.90%)		
	<u>Principal</u>	
Bank of New Zealand, 7.50%, due 09/15/05 #	500,000	343,990
Coca-Cola Amatil, Ltd., 8.00%, due 06/15/05 #	500,000	355,247
Evergreen Forests, Ltd., zero coupon, due 03/19/09 #	103,051	92,350
Fletcher Building Finance, Ltd., 8.60%, due 03/15/08 #	775,000	553,549
Fonterra Cooperative Group, Ltd. Perpetual Notes, 7.73%, due 11/10/50 #	1,000,000	740,525
Global Corporate Credit, Ltd., Credit Linked Notes, 7.20%, due 12/30/08 #	800,000	544,534
Global Market, Ltd., GEM Linked Notes, zero coupon, due 01/18/08	3,200,000	2,320,427
GPG Finance Plc, 8.70%, due 12/15/08 #	1,500,000	1,069,025
H.J. Heinz Co., Ltd., 6.85%, due 02/15/05 #	1,500,000	1,041,935
National Bank Of New Zealand, 6.87%, due 04/18/11 #	500,000	341,976
New Zealand Government Bond, 6.50%, due 02/15/05 #	1,000,000	684,261
TCNZ Finance, Ltd., 7.50%, due 09/15/06 #	500,000	349,979
Transpower Finance, Ltd., 8.00%, due 06/15/05 #	500,000	355,760
URBUS Properties, Ltd. Convertible Notes, 9.25%, due 03/10/07 # ...	563,325	396,925
Westpac Banking Corp., 6.25%, 10/24/05 #	1,000,000	<u>680,606</u>
TOTAL BONDS (Cost \$8,409,840)		<u><u>9,871,089</u></u>
SHORT TERM INVESTMENTS (2.07%)		
Forsyth Barr Money Market # (Cost \$860,171)	1,304,225	<u>892,205</u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
INVESTMENT COMPANIES (2.39%)		
New Zealand Investment Trust Plc (Cost \$850,225)	220,169	\$ 1,030,206
TOTAL NEW ZEALAND (Cost \$18,700,186)		<u>24,771,467</u>
 <u>UNITED STATES (29.75%)</u>		
	<u>Principal/Shares</u>	
INVESTMENT COMPANIES (1.70%)		
Aberdeen Asia-Pacific Income Fund, Inc.	17,700	112,218
iShares MSCI Australia Index Fund	40,000	<u>618,800</u>
TOTAL INVESTMENT COMPANIES (Cost \$661,681) ...		<u>731,018</u>
 SHORT TERM INVESTMENTS (28.05%)		
Fifth Third Bank Repurchase Agreement, 1.19%, dated 10/29/04, due 11/01/04, repurchase price \$8,032,218 (collateralized by FGLMC Pool # C78998, due 05/01/33, market value \$8,192,311)		
	8,031,422	8,031,422
Fifth Third Institutional Government Money Market Fund, 1.35% ** ..	2,030,168	2,030,168
Fifth Third U.S. Treasury Money Market Fund, 1.23% **	2,030,167	<u>2,030,167</u>
TOTAL SHORT TERM INVESTMENTS (Cost \$12,091,757)		<u>12,091,757</u>
TOTAL UNITED STATES (Cost \$12,753,438)		<u>12,822,775</u>
TOTAL INVESTMENTS (Cost \$36,830,867) (102.77%) ..		44,297,722
LIABILITIES IN EXCESS OF OTHER		
ASSETS, NET (-2.77%)		<u>(1,194,690)</u>
NET ASSETS (100.00%)		<u><u>\$43,103,032</u></u>

* Non-income producing investment

** Rate shown represents the rate at October 31, 2004, is subject to change and resets daily.

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 - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
COMMON STOCK (79.88%)		
<i>AIRLINES (0.87%)</i>		
All Nippon Airways Co., Ltd.	22,000	\$ 68,575
<i>AUTOMOBILE MANUFACTURERS (3.78%)</i>		
Fuji Heavy Industries, Ltd.	15,000	72,747
Nissan Motor Co., Ltd. - ADR	10,000	224,500
		<u>297,247</u>
<i>AUTOMOBILE PARTS AND EQUIPMENT (5.05%)</i>		
Bridgestone Corp. - ADR	4,000	144,646
Calsonic Kansei Corp.	7,000	50,560
NGK Spark Plug Co., Ltd.	12,000	117,751
Sumitomo Rubber Industries, Inc.	10,000	85,036
		<u>397,993</u>
<i>CHEMICALS (0.87%)</i>		
Kansai Paint Co., Ltd.	12,000	68,820
<i>COMMERICAL SERVICES (1.23%)</i>		
Tosho Printing Co., Ltd.	30,000	96,619
<i>COMPUTERS (2.29%)</i>		
TDK Corp. - ADR	2,600	180,284
<i>COSMETICS (1.60%)</i>		
Uni-Charm Corp.	2,500	126,189
<i>DISTRIBUTION / WHOLESALE (3.18%)</i>		
Marubeni Corp.	45,000	117,808
Mitsubishi Corp.	12,000	132,329
		<u>250,137</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>DIVERSIFIED FINANCIAL SERVICES (1.31%)</i>		
Nomura Holdings, Inc. - ADR	8,500	\$ 103,445
<i>ELECTRIC AND POWER (3.51%)</i>		
Hokkaido Electric Power Co., Inc.	6,000	111,028
Tohoku Electric Power Co., Inc.	9,700	165,244
		<u>276,272</u>
<i>ELECTRICAL COMPONENTS AND EQUIPMENT (2.19%)</i>		
FANUC, LTD.	2,000	120,539
Ushio, Inc.	3,000	51,869
		<u>172,408</u>
<i>ELECTRONICS (3.69%)</i>		
Advantest Corp. - ADR	5,000	87,200
Keyence Corp.	500	112,440
Yokogawa Electric Corp.	7,000	91,101
		<u>290,741</u>
<i>FOOD (2.53%)</i>		
Ajinomoto Co., Inc. - ADR	1,800	199,002
<i>GAS DISTRIBUTION (1.41%)</i>		
Toho Gas Co., Ltd.	35,000	111,075
<i>HAND / MACHINE TOOLS (3.36%)</i>		
Meidensha Corp.	38,000	74,075
Nidec Corp. - ADR	7,000	190,400
		<u>264,475</u>
<i>HEALTHCARE PRODUCTS. (2.46%)</i>		
Hoya Corp.	600	61,475
Nakanishi, Inc.	2,000	132,216
		<u>193,691</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>HOME FURNISHINGS (3.51%)</i>		
Alpine Electronics Inc.	8,000	\$ 103,437
Matsushita Electric Industrial Co., Ltd. - ADR	6,800	98,668
Pioneer Corp. - ADR	4,000	74,000
.....		<u>276,105</u>
<i>INSURANCE (3.06%)</i>		
Millea Holdings, Inc. - ADR	2,310	152,760
T&D Holdings, Inc.	2,000	88,144
.....		<u>240,904</u>
<i>IRON/STEEL PRODUCERS (4.25%)</i>		
JFE Holdings, Inc.	7,000	187,541
Nippon Steel Corp.	63,000	147,133
.....		<u>334,674</u>
<i>LEISURE AND RECREATION (1.52%)</i>		
Sankyo Co., Ltd.	3,000	<u>119,785</u>
<i>MACHINERY (3.61%)</i>		
Kubota Corp. - ADR	8,000	182,000
Toyota Industries Corp.	4,500	101,916
.....		<u>283,916</u>
<i>MEDIA (0.86%)</i>		
Fuji Television Network, Inc.	30	<u>67,521</u>
<i>OFFICE EQUIPMENT & SUPPLIES (2.79%)</i>		
Canon, Inc. - ADR	3,500	173,250
Ricoh Co., Ltd. - ADR	500	46,125
.....		<u>219,375</u>
<i>PHARMACEUTICALS (4.05%)</i>		
Chugai Pharmaceutical Co., Ltd.	8,500	132,875
Sawai Pharmaceutical Co., Ltd.	3,000	89,274
Takeda Pharmaceutical Co., Ltd.	2,000	96,431
.....		<u>318,580</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>PHOTO EQUIPMENT (0.73%)</i>		
Fuji Photo Film Co., Ltd. - ADR	1,700	\$ 57,834
<i>REAL ESTATE (2.73%)</i>		
Sumitomo Realty & Development Co., Ltd.	12,000	131,651
Tokyo Tatemono Co., Ltd.	15,000	83,341
		<u>214,992</u>
<i>RETAIL (2.45%)</i>		
Seven-Eleven Japan Co., Ltd.	3,000	86,731
Yamada Denki Co., Ltd.	3,000	106,225
		<u>192,956</u>
<i>TELECOMMUNICATIONS (1.71%)</i>		
Nippon Telegraph & Telephone Corp. - ADR	3,000	63,750
NTT DoCoMo, Inc. - ADR	4,000	70,600
		<u>134,350</u>
<i>TEXTILES (1.79%)</i>		
Ichikawa Co., Ltd.	35,000	141,068
<i>TRANSPORTATION (7.49%)</i>		
East Japan Railway Co.	23	120,642
Hankyu Corp.	22,000	79,348
Keihin Electric Express Railway Co., Ltd.	13,000	74,922
Keio Electric Railway Co., Ltd.	18,000	95,094
Nippon Yusen Kabushiki Kaisha	15,000	75,290
Tobu Railway Co., Ltd.	18,000	63,904
Yamato Transport Co., Ltd.	6,000	80,742
		<u>589,942</u>
TOTAL COMMON STOCK (Cost \$5,587,808)		\$ 6,288,975

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH JAPAN FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
INVESTMENT COMPANIES (21.11%)		
iShares MSCI Japan Index Fund	40,000	\$ 397,200
iShares S&P/TOPIX 150 Index Fund	5,000	427,550
Japan Equity Fund, Inc. *	48,500	294,880
Japan Smaller Capitalization Fund, Inc. *	22,000	254,980
Morgan Stanley Asia Pacific Fund, Inc.	25,000	287,250
TOTAL INVESTMENT COMPANIES (Cost \$1,573,449) .		1,661,860
CALL OPTIONS (3.34%)		
<u>Underlying Common Stock</u>	<u>Expiration Date - Exercise Price</u>	<u>Contracts</u>
AFLAC, Inc. ....	.11/20/04 - 35	40
Honda Motor Co., Ltd. ....	.01/22/05 - 17.5	80
Honda Motor Co., Ltd. ....	.04/16/05 - 22.5	40
Mitsubishi Tokyo Financial Group, Inc. ....	.02/19/05 - 5	100
NIPPON TELEGRAPH AND TELEPHONE CORP. ...	.01/18/05 - 20	100
Sony Corp. ....	.01/22/05 - 25	30
Sony Corp. ....	.04/16/05 - 25	50
Toyota Motor Corp. ....	.01/22/05 - 65	50
TOTAL CALL OPTIONS (Cost \$324,975)		263,000
TOTAL INVESTMENTS (Cost \$7,486,232)(104.33%)		\$ 8,213,835
LIABILITIES IN EXCESS OF OTHER ASSETS,		
NET (-4.33%)		(340,876)
NET ASSETS (100%)		\$ 7,872,959

* Non-Income producing investment.

ADR American Depository Receipt

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

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
COMMON STOCK (75.77%)		
<i>BRAZIL (1.19%)</i>		
Cia Vale do Rio Doce - ADR	8,400	\$ 177,744
<i>CANADA (2.63%)</i>		
ATI Technologies, Inc. *	10,000	180,500
Vitran Corp., Inc. *	13,000	213,200
		<u>393,700</u>
<i>FRANCE (3.01%)</i>		
BNP Paribas - ADR	5,000	169,660
Lafarge SA - ADR	5,000	114,650
Total SA - ADR	1,600	166,848
		<u>451,158</u>
<i>GERMANY (2.25%)</i>		
Bayer AG - ADR	3,600	102,132
SAP AG - ADR	2,000	85,300
Siemens AG - ADR	2,000	149,480
		<u>336,912</u>
<i>GREAT BRITAIN (9.61%)</i>		
Anglo American Plc - ADR	6,500	144,560
British Airways Plc - ADR	3,800	151,962
GlaxoSmithKline Plc - ADR	3,000	127,200
Intercontinental Hotels Group Plc - ADR	12,979	160,680
Lloyds TSB Group Plc - ADR	4,900	156,457
Mitchells & Butlers Plc - ADR	19,175	102,203
National Grid Transco Plc - ADR	3,500	154,350
Rio Tinto Plc - ADR	1,000	106,300
Tate & Lyle Plc - ADR	4,000	124,377
United Utilities Plc - ADR	5,000	107,200
Vodafone Group Plc - ADR	4,000	103,160
		<u>1,438,449</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>HONG KONG (0.58%)</i>		
Cathay Pacific Airways, Ltd. ADR	10,000	\$ 86,723
<i>INDIA (4.76%)</i>		
ICICI Bank, Ltd. - ADR	20,000	315,200
Infosys Technologies, Ltd. - ADR	4,400	292,600
Satyam Computer Services, Ltd. - ADR	4,000	105,080
		<u>712,880</u>
<i>ITALY (1.06%)</i>		
Natuzzi SpA - ADR	10,000	102,900
Telecom Italia SpA - ADR	1,650	55,110
		<u>158,010</u>
<i>MEXICO (1.44%)</i>		
America Movil SA de CV - ADR	2,400	105,600
Grupo Televisa SA - ADR	2,000	110,000
		<u>215,600</u>
<i>NETHERLANDS (3.51%)</i>		
ING Groep NV - ADR	7,842	208,832
Koninklijke Philips Electronics NV	3,000	71,460
Royal Dutch Petroleum Co.	1,300	70,512
Unilever NV	3,000	174,870
		<u>525,674</u>
<i>PORTUGAL (0.45%)</i>		
Portugal Telecom SGPS SA - ADR	6,000	67,920
<i>SOUTH AFRICA (0.82%)</i>		
AngloGold Ashanti, Ltd. - ADR	3,300	122,364
<i>SOUTH KOREA (0.67%)</i>		
Kookmin Bank - ADR	3,000	100,890

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>SPAIN (2.68%)</i>		
Banco Santander Central Hispano SA - ADR	17,000	\$ 190,060
Endesa SA - ADR	5,000	102,100
Repsol YPF SA - ADR	5,000	108,350
		<u>400,510</u>
<i>SWITZERLAND (1.51%)</i>		
Nestle SA - ADR	2,000	117,878
UBS AG	1,500	108,735
		<u>226,613</u>
<i>UNITED STATES (39.60%)</i>		
Activision, Inc. *	13,762	199,274
AGCO Corp. *	7,500	145,650
American National Insurance	1,000	105,130
Andrx Corp. *	4,000	86,560
Applied Industrial Technologies, Inc.	2,500	93,000
BJ's Wholesale Club, Inc. *	5,075	147,327
Bradley Pharmaceuticals, Inc. *	7,000	115,920
Bunge Ltd.	4,000	190,920
Casella Waste Systems, Inc. *	10,000	124,200
Compass Bancshares, Inc.	3,650	174,361
Conmed Corp. *	5,720	160,560
Continental Airlines, Inc. *	10,000	92,800
Cooper Cos., Inc.	2,600	182,910
Dentsply International , Inc.	3,350	174,234
DST Systems, Inc. *	3,885	174,242
Headwaters, Inc. *	7,000	220,500
Imation Corp.	5,000	156,350
Independence Community Bank Corp.	3,000	112,890
International Rectifier Corp. *	2,500	99,375
Lubrizol Corp.	5,055	175,560
Magnum Hunter Resources, Inc. *	10,000	121,000
Manpower, Inc.	3,050	138,013
Metris Cos., Inc. *	13,000	124,800

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
Michaels Stores, Inc.	3,100	\$ 90,210
Microchip Technology, Inc.	3,455	104,514
Nautilus Group, Inc.	7,500	147,375
NCO Group, Inc. *	4,350	116,363
New York Community Bancorp, Inc.	6,017	110,472
Norfolk Southern Corp.	5,000	169,750
Pacer International, Inc. *	5,000	88,750
Pec Solutions, Inc. *	7,700	107,877
Pentair, Inc.	7,760	290,069
PMI Group, Inc.	3,200	124,224
Quanex Corp.	3,550	179,985
Sandisk Corp. # *	5,000	104,350
SCANA Corp.	3,075	114,082
Scotts Co. *	1,000	64,220
Smith International, Inc. *	2,245	130,390
Sonic Automotive, Inc.	5,000	101,150
Sovereign Bancorp, Inc.	5,425	117,451
Tecumseh Products Co. *	3,300	142,824
Varco International, Inc. *	4,345	120,270
Vishay Intertechnology, Inc. *	8,000	103,440
Westar Energy, Inc.	4,000	83,800
		<u>5,927,142</u>
TOTAL COMMON STOCK (Cost \$9,063,964)		<u>11,342,289</u>
 INVESTMENT COMPANIES (17.08%)		
Commonwealth Australia/New Zealand Fund (a)	31,455	515,544
Commonwealth Japan Fund (a)	36,589	132,086
Europe Fund, Inc.	15,300	160,650
iShares Cohen & Steers Realty Majors Index Fund	900	113,535
iShares MSCI EMU Index Fund	1,600	105,360
iShares MSCI Japan Index Fund	16,000	158,880
iShares MSCI United Kingdom Index Fund	6,800	114,240
iShares Russell 2000 Index Fund	1,400	162,666
iShares Russell Midcap Growth Index Fund	2,600	199,550
iShares S&P Latin America 40 Index Fund	1,500	103,200

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
iShares S&P Small Cap 600/BARRA Growth Index Fund	1,500	\$ 145,425
iShares S&P Small Cap 600/BARRA Value Index Fund	1,000	110,410
iShares S&P/TOPIX 150 Index Fund	2,000	171,020
Latin America Discovery Fund, Inc.	9,000	138,510
Midcap SPDR Trust Series 1	1,000	110,200
Morgan Stanley Asia Pacific Fund, Inc.	10,000	114,900
TOTAL INVESTMENT COMPANIES (Cost \$2,319,170) .		<u>2,556,176</u>
	<u>Principal</u>	
BONDS (0.51%)		
Union Carbide Corp., 6.79%, 06/01/25 (Cost \$77,672)	75,000	76,875
	<u>Shares</u>	
PREFERRED STOCK (0.71%)		
Corporate Office Properties Trust SBI MD	1,000	27,495
Equity Office Properties Trust	1,000	51,125
Lasalle Hotel Properties	1,000	27,910
TOTAL PREFERRED STOCK (Cost \$100,490)		<u>106,530</u>
	<u>Principal</u>	
SHORT TERM INVESTMENTS (10.27%)		
Fifth Third Bank Repurchase Agreement, 1.19%, dated 10/29/04, due 11/01/04, repurchase price \$116,947 (collateralized by FGLMC Pool # C78998, due 05/01/33, market value \$119,773)	116,935	116,935
Fifth Third Institutional Government Money Market Fund, 1.35% ** ..	710,129	710,129
Fifth Third U.S. Treasury Money Market Fund, 1.23% **	710,128	710,128
TOTAL SHORT TERM INVESTMENTS		
(Cost \$1,537,192)		<u>1,537,192</u>
TOTAL INVESTMENTS (Cost \$13,098,488) (104.34%)		
.....		\$15,619,062
CALL OPTIONS WRITTEN (Proceeds \$18,345)(-0.00%) .		(250)
LIABILITIES IN EXCESS OF OTHER ASSETS,		
NET (-4.34%)		<u>(649,818)</u>
NET ASSETS (100%)		<u>\$14,968,994</u>

**COMMONWEALTH INTERNATIONAL SERIES TRUST
COMMONWEALTH GLOBAL FUND**

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

CALL OPTIONS WRITTEN (-0.00%)

<u>Underlying Common Stock</u>	<u>Expiration Date - Exercise Price</u>	<u>Contracts</u>	<u>Value</u>
Sandisk Corp. (Proceeds \$18,345) . . . . .	.01/22/05 - 32.5	50	\$(250)

Call options have been written by the Fund against these positions. See note 7.

* Non-income producing investment

** Rate shown represents the rate at October 31, 2004, is subject to change and resets daily.

ADR American Depository Receipt

^(a) Affiliated by having the same Investment Adviser. See note 5.

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

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
COMMON STOCK (74.11%)		
<i>BUILDING MATERIALS (14.51%)</i>		
Cemex SA de CV ADR	5,400	\$ 156,492
CRH Plc ADR	9,200	219,954
James Hardie Industries NV ADR	5,200	120,484
Lafarge SA ADR	5,000	114,650
Rinker Group Ltd. ADR	2,000	129,560
Universal Forest Products, Inc.	1,800	66,015
USG Corp. *	7,000	156,730
		<u>963,885</u>
<i>DISTRIBUTION / WHOLESALE (2.13%)</i>		
Wolseley Plc ADR	4,000	141,400
<i>FINANCIAL SERVICES (2.77%)</i>		
Delta Financial Corp.	8,000	70,640
Friedman Billings Ramsey Group, Inc.	6,600	113,124
		<u>183,764</u>
<i>INSURANCE (1.72%)</i>		
Stewart Information Services Corp.	2,700	114,534
<i>REAL ESTATE (6.54%)</i>		
Alto Palermo SA ADR	17,000	107,083
Desarrolladora Homex SA de CV ADR *	7,500	139,875
IRSA Inversiones y Representaciones SA ADR *	10,000	95,100
WP Carey & Co. LLC	3,000	92,700
		<u>434,758</u>
<i>REAL ESTATE INVESTMENT TRUSTS-APARTMENTS (2.66%)</i>		
Camden Property Trust	3,900	177,060

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>REAL ESTATE INVESTMENT TRUSTS -DIVERSIFIED (6.25%)</i>		
American Financial Realty Trust	8,000	\$ 117,600
PS Business Parks, Inc.	2,500	109,800
US Restaurant Properties, Inc.	3,500	62,020
Washington Real Estate Investment Trust	4,000	125,800
		<u>415,220</u>
<i>REAL ESTATE INVESTMENT TRUSTS-HEALTH CARE (0.96%)</i>		
Senior Housing Properties Trust	3,400	<u>63,784</u>
<i>REAL ESTATE INVESTMENT TRUSTS-HOTELS (7.38%)</i>		
Equity Inns, Inc.	11,000	104,500
Highland Hospitality Corp.	9,800	111,720
Host Marriott Corp.	9,800	142,590
Winston Hotels, Inc.	11,900	131,495
		<u>490,305</u>
<i>REAL ESTATE INVESTMENT TRUSTS-MANUFACTURED HOMES (1.67%)</i>		
American Land Lease, Inc.	5,600	<u>111,216</u>
<i>REAL ESTATE INVESTMENT TRUSTS-MORTGAGES (1.80%)</i>		
American Mortgage Acceptance Co.	4,000	64,640
New Century Financial Corp.	1,000	55,150
		<u>119,790</u>
<i>REAL ESTATE INVESTMENT TRUSTS-OFFICE PROPERTY (6.33)%</i>		
CarrAmerica Realty Corp.	3,000	96,690
Equity Office Properties Trust	4,100	115,292
HRPT Properties Trust	10,100	113,019
Kilroy Realty Corp.	2,400	95,400
		<u>420,401</u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Shares</u>	<u>Value</u>
<i>REAL ESTATE INVESTMENT TRUSTS-REGIONAL MALLS (1.74%)</i>		
General Growth Properties, Inc.	3,500	\$ <u>115,465</u>
<i>REAL ESTATE INVESTMENT TRUSTS-SHOPPING CENTERS (8.88%)</i>		
Acadia Realty Trust	4,800	73,920
Agree Realty Corp.	4,400	126,456
Kite Realty Group Trust	10,000	132,000
Saul Centers, Inc.	4,100	133,250
Weingarten Realty Investors	3,450	<u>124,752</u>
		<u>590,378</u>
<i>REAL ESTATE INVESTMENT TRUSTS-STORAGE (1.97%)</i>		
Public Storage, Inc.	2,500	130,625
<i>RETAIL (5.44%)</i>		
Home Depot, Inc.	3,300	135,564
Kingfisher Plc ADR	8,700	96,364
Lowe's Cos., Inc.	2,300	<u>129,444</u>
		<u>361,372</u>
<i>SAVINGS AND LOANS (1.36%)</i>		
Independence Community Bank Corp.	2,400	<u>90,312</u>
TOTAL COMMON STOCK (Cost \$4,532,797)		<u>4,924,269</u>
<i>INVESTMENT COMPANIES (15.44%)</i>		
AEW Real Estate Income Fund	8,000	141,600
AIM Select Real Estate Income Fund	8,300	140,519
iShares Cohen & Steers Realty Majors Index Fund	1,800	227,070
iShares Dow Jones U.S. Real Estate Index Fund	1,600	181,616
Real Estate Income Fund, Inc.	8,300	144,918
Scudder RREEF Real Estate Fund, Inc.	3,700	77,293
streetTRACKS Wilshire REIT Index Fund	650	<u>113,067</u>
TOTAL INVESTMENT COMPANIES (Cost \$912,644)		<u>1,026,083</u>

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

SCHEDULE OF INVESTMENTS - OCTOBER 31, 2004

	<u>Principal</u>	<u>Value</u>
SHORT TERM INVESTMENTS (12.99%)		
Fifth Third Bank Repurchase Agreement, 1.19%, dated 10/29/04, due 11/01/04, repurchase price \$214,961 (collateralized by FGLMC Pool# C78998, due 05/01/33, market value \$219,975)	214,940	\$ 214,940
Fifth Third Institutional Government Money Market Fund, 1.35% ** . .	324,047	324,047
Fifth Third U.S. Treasury Money Market Fund, 1.23% **	324,046	324,046
TOTAL SHORT TERM INVESTMENTS (Cost \$863,033)		863,033
TOTAL INVESTMENTS (Cost \$6,308,474) (102.54%) . . .		\$ 6,813,385
LIABILITIES IN EXCESS OF OTHER ASSETS,		
NET (-2.54%)		(168,786)
NET ASSETS (100%)		\$ 6,644,599

* Non-income producing investment

** Rate shown represents the rate at October 31, 2004, is subject to change and resets daily.

ADR American Depository Receipt

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF ASSETS AND LIABILITIES - October 31, 2004

	<u>Commonwealth Australia/ New Zealand Fund</u>	<u>Commonwealth Japan Fund</u>	<u>Commonwealth Global Fund</u>	<u>Commonwealth Real Estate Securities Fund</u>
ASSETS:				
Investments, at market (identified cost \$36,830,867, \$7,486,232, \$12,560,661 and \$6,308,474 respectively)	44,297,722	\$8,213,835	\$14,971,432	\$6,813,385
Investments, in affiliated mutual funds (identified cost \$0, \$0, \$537,827 and \$0, respectively)	—	—	647,630	—
Total Investments (identified cost \$36,830,867, \$7,486,232, \$13,098,488, and \$6,308,474, respectively)	<u>44,297,722</u>	<u>8,213,835</u>	<u>15,619,062</u>	<u>6,813,385</u>
Foreign currency, at value (identified cost \$474,414, \$91,780, \$0 and \$0, respectively)	483,043	95,236	—	—
Receivables:				
Dividends and interest	172,626	2,503	12,500	11,491
Fund shares sold	114,260	50	10,020	—
Prepaid expenses	53,138	22,297	33,445	11,741
Total assets	<u>45,120,789</u>	<u>8,333,921</u>	<u>15,675,027</u>	<u>6,836,617</u>
LIABILITIES:				
Payables:				
Accrued 12b-1 fees	4,086	16,943	2,175	2,941
Due to advisor	22,129	6,141	8,278	4,049
Due to custodian	1,694	553	254	127
Line of credit borrowing	—	11,856	—	—
Fund shares redeemed	334,393	414,380	—	—
Investments purchased	1,617,798	—	680,880	181,093
Accrued expenses	37,657	11,089	14,196	3,808
Covered call options written, at value (premiums received \$0, \$0, \$18,345 and \$0, respectively)	—	—	250	—
Total liabilities	<u>2,017,757</u>	<u>460,962</u>	<u>706,033</u>	<u>192,018</u>
NET ASSETS	<u>\$43,103,032</u>	<u>\$7,872,959</u>	<u>\$14,968,994</u>	<u>\$6,644,599</u>
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE:				
(2,629,142, 2,182,651, 1,077,497 and 630,497 shares of beneficial interest outstanding, respectively, par value .01, unlimited shares authorized)	<u>\$ 16.39</u>	<u>\$ 3.61</u>	<u>\$ 13.89</u>	<u>\$ 10.54</u>
SOURCE OF NET ASSETS:				
Paid-in capital	31,046,104	7,471,475	11,909,989	6,124,623
Undistributed net investment income	1,080,704	—	—	12,586
Accumulated net realized gain (loss) on investments and foreign currency	3,498,797	(329,600)	520,337	2,479
Net unrealized appreciation on investments and foreign currency	<u>7,477,427</u>	<u>731,084</u>	<u>2,538,668</u>	<u>504,911</u>
	<u>\$43,103,032</u>	<u>\$7,872,959</u>	<u>\$14,968,994</u>	<u>\$6,644,599</u>

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF OPERATIONS For the Year Ended October 31, 2004

	Commonwealth Australia/ New Zealand Fund	Commonwealth Japan Fund	Commonwealth Global Fund	Commonwealth Real Estate Securities Fund
	For the Year Ended October 31, 2004	For the Year Ended October 31, 2004	For the Year Ended October 31, 2004	For the Period Ended October 31, 2004*
INVESTMENT INCOME:				
Interest (net of foreign taxes withheld of \$40,489, \$0, \$0 and \$0, respectively)	\$ 539,698	\$ 12,264	\$ 12,299	\$ 5,122
Dividends (net of foreign taxes withheld of \$217,067, \$2,720, \$0 and \$0, respectively)	1,017,946	47,553	176,179	119,097
Dividends from affiliated mutual funds	—	—	12,789	—
Total investment income	<u>1,557,644</u>	<u>59,817</u>	<u>201,267</u>	<u>124,219</u>
EXPENSES:				
Management fees	257,326	63,340	83,950	24,477
Administration fees	71,004	71,000	70,092	49,000
Custodian fees	82,559	11,442	8,661	3,030
Distribution fees	85,775	21,113	27,940	8,159
Insurance	40,648	11,923	14,080	9,447
Trustee fees and expenses	11,283	11,283	11,280	4,011
Audit fees	26,022	5,608	10,789	2,257
Legal fees	64,012	13,706	21,960	5,391
Registration fees	23,598	17,820	23,753	538
Pricing fees	11,716	10,334	6,244	1,742
Reports to shareholders	5,453	1,839	1,943	605
Interest expense	17,269	14,517	747	—
Miscellaneous expense	23,372	9,278	10,167	4,779
Total expenses	<u>720,037</u>	<u>263,203</u>	<u>291,606</u>	<u>113,436</u>
Less: fees paid indirectly	<u>(3,362)</u>	<u>(3,830)</u>	<u>(5,402)</u>	<u>(1,803)</u>
Net expenses	<u>716,675</u>	<u>259,373</u>	<u>286,204</u>	<u>111,633</u>
Net investment income (loss)	<u>840,969</u>	<u>(199,556)</u>	<u>(84,937)</u>	<u>12,586</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY TRANSACTIONS:				
Net realized gain (loss) on:				
Investments, unaffiliated issuers	3,927,788	627,521	596,715	2,479
Investments, affiliated mutual funds	—	—	44,636	—
Option contracts written	—	14,603	31,201	—
Foreign currency transactions	(59,100)	13,906	—	—
Net change in unrealized appreciation (depreciation) on:				
Investments, unaffiliated issuers	1,979,425	(188,644)	1,183,904	504,911
Investments, affiliated mutual funds	—	—	17,224	—
Foreign currency transactions	(6,978)	5,148	—	—
Net gain on investments and foreign currency	<u>5,841,135</u>	<u>472,534</u>	<u>1,873,680</u>	<u>507,390</u>
Net increase in net assets resulting from operations	<u>\$6,682,104</u>	<u>\$ 272,978</u>	<u>\$1,788,743</u>	<u>\$ 519,976</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

	Commonwealth Australia/New Zealand Fund	
	For the Year Ended October 31, 2004	For the Year Ended October 31, 2003
OPERATIONS:		
Net investment income	\$ 840,969	\$ 379,265
Net realized gain (loss) on:		
Investments	3,927,788	1,068,339
Foreign currency transactions	(59,100)	161,853
Net change in unrealized appreciation (depreciation) on investments and foreign currency	1,972,447	5,228,839
Net increase in net assets resulting from operations	6,682,104	6,838,296
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Net investment income	(654,367)	—
Net realized gain	(674,789)	—
Total Distributions	(1,329,156)	—
CAPITAL SHARE TRANSACTIONS:		
Increase in net assets from Fund share transactions	4,714,332	19,333,561
Increase in net assets	10,067,280	26,171,857
NET ASSETS:		
Beginning of year	33,035,752	6,863,895
End of year	\$43,103,032	\$33,035,752
Undistributed net investment income	\$ 1,080,704	\$ 379,265
	Commonwealth Japan Fund	
	For the Year Ended October 31, 2004	For the Year Ended October 31, 2003
OPERATIONS:		
Net investment loss	\$ (199,556)	\$ (198,972)
Net realized gain (loss) on:		
Investments	642,124	(41,272)
Foreign currency transactions	13,906	3,196
Net change in unrealized appreciation (depreciation) on investments and foreign currency	(183,496)	1,452,925
Net increase in net assets resulting from operations	272,978	1,215,877
CAPITAL SHARE TRANSACTIONS:		
Increase in net assets from Fund share transactions	521,164	2,252,328
Increase in net assets	794,142	3,468,205
NET ASSETS:		
Beginning of year	7,078,817	3,610,612
End of year	\$ 7,872,959	\$ 7,078,817

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

STATEMENTS OF CHANGES IN NET ASSETS

	Commonwealth Global Fund	
	For the Year Ended October 31, 2004	For the Year Ended October 31, 2003*
OPERATIONS:		
Net investment loss	\$ (84,937)	\$ (111,613)
Net realized gain (loss) on:		
Investments	672,552	(67,278)
Net change in unrealized appreciation (depreciation) on investments	1,201,128	1,337,540
Net increase in net assets resulting from operations	1,788,743	1,158,649
CAPITAL SHARE TRANSACTIONS:		
Increase in net assets from Fund share transactions	3,762,390	8,259,212
Increase in net assets	5,551,133	9,417,861
NET ASSETS:		
Beginning of year	9,417,861	—
End of year	\$14,968,994	\$9,417,861
Commonwealth Real Estate Securities Fund		
	For the Period Ended October 31, 2004**	
OPERATIONS:		
Net investment income	\$ 12,586	
Net realized gain on:		
Investments	2,479	
Net change in unrealized appreciation (depreciation) on investments	504,911	
Net increase in net assets resulting from operations	519,976	
CAPITAL SHARE TRANSACTIONS:		
Increase in net assets from Fund share transactions	6,124,623	
Increase in net assets	6,644,599	
NET ASSETS:		
Beginning of year	—	
End of year	\$6,644,599	
Undistributed net investment income	\$ 12,586	

*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

	Commonwealth Australia/New Zealand Fund	Commonwealth Japan Fund
	For the Year Ended October 31, 2004	For the Year Ended October 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in net assets resulting from operations	\$ 6,682,104	\$ 272,978
Adjustments to reconcile net increases in net assets from operations to net cash used in operating activities:		
Purchase of investment securities	(15,660,433)	(6,873,319)
Purchase of foreign currency	(25,615,334)	(2,519,373)
Proceeds from sales of investment securities	19,011,986	5,776,161
Proceeds from sales of foreign currency	25,889,665	2,431,503
Purchase of short-term investments, net	(9,009,013)	(17,033)
Proceeds from return of capital dividends	13,894	—
Accretion of premium on debt securities, net	50,858	—
Net change in unrealized appreciation (depreciation) during the period on investments and foreign currency	(1,972,447)	183,496
Net realized gain during the period on investments and foreign currency	(3,868,688)	(656,030)
Net realized gain (loss) on foreign currency translations	(53,218)	9,996
(Increase) decrease in:		
Dividends and interest receivable	(62,125)	12,286
Prepaid expenses	(15,637)	(6,551)
Receivable for investments sold	280,402	110,157
Increase (decrease) in:		
Accrued 12b-1 fees	(9,168)	11,270
Due to advisor	3,595	1,314
Due to custodian	1,694	553
Payable for investments purchased	366,071	—
Accrued expenses	(15,157)	(5,818)
Net cash used in operating activities	<u>(3,980,951)</u>	<u>(1,268,410)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in loan payable	—	11,856
Proceeds from fund shares sold	471,100,339	307,068,944
Payment for fund shares redeemed	(466,892,010)	(305,812,390)
Cash distributions paid	(227,378)	—
Net cash provided by financing activities	<u>3,980,951</u>	<u>1,268,410</u>
Net increase (decrease) in cash	<u>—</u>	<u>—</u>
CASH:		
Beginning balance	<u>—</u>	<u>—</u>
Ending balance	<u>\$ —</u>	<u>\$ —</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 17,269</u>	<u>\$ 14,517</u>

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				
	Years Ended October 31,				
	2004	2003	2002	2001	2000
Net Asset Value, Beginning of Period	\$ 14.44	\$ 10.39	\$ 8.53	\$ 7.19	\$ 9.27
Investment Operations:					
Net investment income (loss)	0.26	0.17	(0.05)	—	0.03
Net realized and unrealized gain (loss) on investments and foreign currency transactions	2.11	3.88	1.91	1.34	(2.05)
Total from investment operations	2.37	4.05	1.86	1.34	(2.02)
Distributions from:					
Net investment income	(0.21)	—	—	—	(0.06)
Net realized capital gains	(0.21)	—	—	—	—
Total Distributions	(0.42)	—	—	—	(0.06)
Net Asset Value, End of Period	\$ 16.39	\$ 14.44	\$10.39	\$ 8.53	\$ 7.19
Total Return	16.70%	38.98%	21.81%	18.64%	(21.98)%
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$43,103	\$33,036	\$6,864	\$4,534	\$3,485
Ratio of expenses to average net assets	2.10% ¹	2.53%	5.63%	5.74%	4.75%
Ratio of net investment income (loss)	2.44% ¹	1.87%	(0.56)%	(0.18)%	0.39%
Portfolio turnover rate	55%	78%	28%	28%	15%

¹In accordance with a requirement of the Securities and Exchange Commission, the ratios reflect total expenses prior to the reduction of "fees paid indirectly". The ratios of expenses to average daily net assets and net investment income to average daily net assets net of fees paid indirectly would have been 2.09% and 2.45%, respectively for the year ended October 31, 2004.

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				
	Years Ended October 31,				
	2004	2003	2002	2001	2000
Net Asset Value, Beginning of Period	\$ 3.98	\$ 3.37	\$ 4.12	\$ 5.64	\$ 6.88
Investment Operations:					
Net investment loss	(0.09)	(0.11)	(0.20)	—	(0.14)
Net realized and unrealized gain (loss) on investments and foreign currency transactions	(0.28) ²	0.72	(0.55)	(1.52)	(1.10)
Total from investment operations	(0.37)	0.61	(0.75)	(1.52)	(1.24)
Net Asset Value, End of Period	<u>\$ 3.61</u>	<u>\$ 3.98</u>	<u>\$ 3.37</u>	<u>\$ 4.12</u>	<u>\$ 5.64</u>
Total Return	(9.30)%	18.10%	(18.20)%	(26.95)%	(18.02)%
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$7,873	\$7,079	\$3,611	\$3,408	\$6,282
Ratio of expenses to average net assets	3.13% ¹	4.78%	6.94%	5.57%	3.84%
Ratio of net investment loss	(2.42)% ¹	(3.89)%	(6.03)%	(3.97)%	(3.08)%
Portfolio turnover rate	77%	28%	5%	51%	14%

¹In accordance with a requirement of the Securities and Exchange Commission, the ratios reflect total expenses prior to the reduction of "fees paid indirectly". The ratios of expenses to average daily net assets and net investment loss to average daily net assets net of fees paid indirectly would have been 3.09% and (2.38)%, respectively for the year ended October 31, 2004.

²As required by SEC standard per share data calculation methodology, this represents a balancing figure derived from the other amounts in the financial highlights table that captures all other changes affecting net asset value per share. This per share loss amount does not correlate to the aggregate of the net realized and unrealized gain and loss items in the statement of operations, which net to a gain, primarily because of the timing of sales and repurchases of the Fund's shares in relation to fluctuating market values for the Fund's portfolio.

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 the periods indicated.

	Commonwealth Global Fund	
	For the Period Ended October 31, 2004	For the Period Ended October 31, 2003*
Net Asset Value, Beginning of Period	<u>\$ 11.99</u>	<u>\$10.00</u>
Investment Operations:		
Net investment loss	(0.08)	(0.14)
Net realized and unrealized gain on investments	<u>1.98</u>	<u>2.13</u>
Total from investment operations	<u>1.90</u>	<u>1.99</u>
Net Asset Value, End of Period	<u>\$ 13.89</u>	<u>\$11.99</u>
Total Return	15.85%	19.90% ²
Ratios/Supplemental Data		
Net assets, end of period (in 000's)	\$14,969	\$9,418
Ratio of expenses to average net assets	2.45% ³	4.62% ¹
Ratio of net investment loss	(0.76)% ³	(2.96)% ¹
Portfolio turnover rate	44%	11%

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

¹ Annualized

² Aggregate total return, not annualized

³ In accordance with a requirement of the Securities and Exchange Commission, the ratios reflect total expenses prior to the reduction of "fees paid indirectly". The ratios of expenses to average daily net assets and net investment loss to average daily net assets net of fees paid indirectly would have been 2.40% and (0.71)%, respectively for the year ended October 31, 2004.

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 the period indicated.

	<u>Commonwealth Real Estate Securities Fund</u>
	For the Period Ended October 31, 2004**
Net Asset Value, Beginning of Period	<u>\$10.00</u>
Investment Operations:	
Net investment income	0.02
Net realized and unrealized gain on investments	<u>0.52</u>
Total from investment operations	<u>0.54</u>
Net Asset Value, End of Period	<u>\$10.54</u>
Total Return	5.40% ²
Ratios/Supplemental Data	
Net assets, end of period (in 000's)	\$6,645
Ratio of expenses to average net assets	3.45% ^{1,3}
Ratio of net investment income	0.33% ^{1,3}
Portfolio turnover rate	3%

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

¹ Annualized

² Aggregate total return, not annualized

³ In accordance with a requirement of the Securities and Exchange Commission, the ratios reflect total expenses prior to the reduction of "fees paid indirectly". The ratios of expenses to average daily net assets and net investment income to average daily net assets net of fees paid indirectly would have been 3.40% and 0.38%, respectively for the period ended October 31, 2004.

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004

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, including option 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 October 31, 2004, there was one instance where securities in the Japan Fund were valued at fair value as determined by the Board of Trustees. The one occurrence of using fair value pricing

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

ing was a result of the Japanese Stock Exchange having been closed during four consecutive U.S. trading days combined with material events occurring subsequent to the close of the last trading day in the Japanese market.

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 each Fund 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 a Fund sells an option, the premium received is recorded as a liability. Each day the option contract liability is valued in accordance with the procedures for security valuation discussed above. When an offsetting option is purchased (a closing transaction) or the option contract expires, the Fund realizes a gain or loss and the liability related to such option contract is eliminated. When a call option is exercised, the Fund realizes a gain or loss from the sale of the underlying security and the proceeds of the sale are increased by the premiums originally received.

When a Fund purchases an option, the premium paid is recorded as an asset. Each day the option contract is valued in accordance with the procedures for security valuation discussed above. When an offsetting option is written (a closing transaction) or the option contract expires, the Fund realizes a gain or loss and the asset representing such option contract is eliminated. When a call option is exercised, the Fund purchases the underlying security and the cost basis of such purchase is increased by the premium originally paid.

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

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. The Funds entered into no forward currency contracts during the year ended October 31, 2004.

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 year or period ended October 31, 2004, FCA received fees of \$257,326, \$63,340, \$83,950 and \$24,477 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, the Japan Fund and the Global Fund and \$5,000 per month for the Real Estate Securities Fund. ISC is currently earning the minimum fees. During the year or period ended October 31, 2004, ISC received fees of \$71,004, \$71,000, \$70,092, and \$49,000 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

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

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 year ended October 31, 2004, the Distributor received fees of \$20,000. 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 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 or period ended October 31, 2004, the Australia/New Zealand Fund, the Japan Fund, the Global Fund and the Real Estate Securities Fund incurred \$85,775, \$21,113, \$27,940, and \$8,159, respectively in 12b-1 fees. 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 year ended October 31, 2004, trustees of the Funds who are not “interested persons” received trustees’ fees of \$44,400.

The Trust has entered into a Commission Recapture Agreement (the “Agreement”) with Fifth Third Bank (the Funds’ custodian) and Fifth Third Securities, Inc. (an affiliated broker/dealer of the custodian). Under the Agreement, the Trust may recapture a portion of the commissions each Fund pays to Fifth Third Securities, Inc. for the purpose of paying eligible expenses incurred by the Funds. Recaptured amounts are based upon a rebate calculation detailed in the Agreement. During the year or period ended October 31, 2004, the Funds recaptured expenses of \$3,362, \$3,830, \$5,402 and \$1,803 for the Australia/New Zealand Fund, the Japan Fund, the Global Fund and Real Estate Securities Fund, respectively. The recaptured amounts were applied to the amounts due under a separate Custody Service Agreement with the custodian. The custodian fees caption on the statement of operations and the expense ratios in the financial highlights include the amounts that would have been incurred by the Funds for such services had they paid for the services directly in arms-length transactions. Such amounts are also shown as a corresponding reduction in total expenses, captioned as “fees paid indirectly”.

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

Note 5 - Investments in Affiliates

The Global Fund invests in both the Australia/New Zealand Fund and the Japan Fund. The Funds are considered to be affiliated under the Investment Company Act of 1940 because they have the same Investment Adviser. Details of the Global Fund's holdings in the Australia/New Zealand and Japan Funds and related transactions during the year ended October 31, 2004 appear below.

	<u>Beginning shares</u>	<u>Purchases</u>	<u>Sales</u>	<u>Ending Shares</u>	<u>Dividend Income*</u>	<u>Market Value</u>
Australia/New Zealand Fund	16,874	14,581	—	31,455	\$12,789	\$515,544
Japan Fund	104,366	—	67,777	36,589	—	132,086
Totals					<u>\$12,789</u>	<u>\$647,630</u>

*Dividends received were reinvested into the Australia/New Zealand Fund. The Global Fund received 854 shares from the reinvested dividends.

Note 6 - Capital Stock

At October 31, 2004 there were shares outstanding of 2,629,142, 2,182,651, 1,077,497, and 630,497 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:

	<u>Commonwealth Australia/New Zealand Fund</u>			
	<u>Year Ended October 31, 2004</u>		<u>Year Ended October 31, 2003</u>	
	<u>SHARES</u>	<u>DOLLARS</u>	<u>SHARES</u>	<u>DOLLARS</u>
Shares sold	31,487,072	\$470,812,285	21,722,143	\$273,840,292
Shares reinvested	74,344	1,101,778	—	—
Shares redeemed	<u>(31,220,737)</u>	<u>(467,199,731)</u>	<u>(20,094,363)</u>	<u>(254,506,731)</u>
Net increase	<u>340,679</u>	<u>\$ 4,714,332</u>	<u>1,627,780</u>	<u>\$ 19,333,561</u>

	<u>Commonwealth Japan Fund</u>			
	<u>Years Ended October 31, 2004</u>		<u>Year Ended October 31, 2003</u>	
	<u>SHARES</u>	<u>DOLLARS</u>	<u>SHARES</u>	<u>DOLLARS</u>
Shares sold	79,015,421	\$306,633,994	40,234,402	\$141,049,183
Shares redeemed	<u>(78,612,553)</u>	<u>(306,112,830)</u>	<u>(39,524,827)</u>	<u>(138,796,855)</u>
Net increase	<u>402,868</u>	<u>\$ 521,164</u>	<u>709,575</u>	<u>\$ 2,252,328</u>

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

	Commonwealth Global Fund			
	Year Ended October 31, 2004		Period Ended October 31, 2003	
	SHARES	DOLLARS	SHARES	DOLLARS
Shares sold	3,021,196	\$39,343,626	936,629	\$9,898,108
Shares redeemed	(2,729,312)	(35,581,236)	(151,016)	(1,638,896)
Net increase	291,884	\$3,762,390	785,613	\$8,259,212

	Commonwealth Real Estate Securities Fund	
	Period Ended October 31, 2004	
	SHARES	DOLLARS
Shares sold	640,410	\$6,224,940
Shares redeemed	(9,913)	(100,317)
Net increase	630,497	\$6,124,623

Note 7 - Purchases and Sales of Securities

Purchases and sales of investment securities (excluding short-term securities) by the Funds for the year from November 1, 2003 to October 31, 2004 for the Australia/New Zealand Fund, the Japan Fund, and the Global Fund, and for the period from January 5, 2004 to October 31, 2004 for the Real Estate Securities Fund were as follows:

	Purchases	Sales
Australia/New Zealand Fund	\$15,660,433	\$19,011,986
Japan Fund	6,873,319	5,776,161
Global Fund	7,828,714	5,012,154
Real Estate Securities Fund	5,551,182	108,221

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

Note 8 - 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.

Written option activity for the year ended October 31, 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 October 31, 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	(186)	(39,099)
Options covered	<u>(47)</u>	<u>(7,659)</u>
Options outstanding at October 31, 2004	<u>50</u>	<u>\$18,345</u>

The aggregate market value at October 31, 2004 of securities subject to call options is \$104,350 or approximately 0.70% of net assets for the Global Fund.

Note 9 - Tax Matters

As of October 31, 2004, 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</u>	<u>Capital Loss Carryforwards</u>	<u>Unrealized Appreciation</u>	<u>Distributable Earnings</u>
Australia/New Zealand Fund	\$2,203,689	\$2,375,812	\$ —	\$7,477,427	\$12,056,928
Japan Fund	—	—	(328,303)	729,787	401,484
Global Fund	276,742	247,748	—	2,534,515	3,059,005
Real Estate Securities Fund	16,585	—	—	503,391	519,976

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

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 is attributable primarily to differing book/tax treatment of short term capital gains.

As of October 31, 2004, the Funds had capital loss carryforwards and loss deferrals available for federal income tax purposes and utilized capital loss carryforwards and losses previously deferred during the year or period ended October 31, 2004 as follows:

	<u>2006</u>	<u>Capital Loss Carryforwards</u> <u>Expiring October 31,</u>		<u>Total</u>	<u>Carryforward and</u>	<u>Deferred</u>
		<u>2009</u>	<u>2011</u>		<u>Utilized</u>	<u>for Tax</u> <u>Purposes</u>
Australia/New Zealand Fund	\$ —	\$ —	\$ —	\$ —	\$ 16,907	\$ —
Japan Fund	22,502	261,843	43,958	328,303	643,421	1,297
Global Fund	—	—	—	—	67,278	4,153
Real Estate Securities Fund	—	—	—	—	—	1,520

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

For U.S. federal income tax purposes, the cost of securities owned, gross appreciation, gross depreciation and net unrealized appreciation/(depreciation) of investments at October 31, 2004 for each fund:

	<u>Cost</u>	<u>Gross</u> <u>Appreciation</u>	<u>Gross</u> <u>Depreciation</u>	<u>Net</u> <u>Appreciation</u>
Australia/New Zealand Fund	\$36,830,867	\$7,547,324	\$ (80,469)	\$7,466,855
Japan Fund	7,487,529	981,024	(254,718)	726,306
Global Fund	13,084,296	2,707,764	(173,249)	2,534,515
Real Estate Securities Fund	6,309,994	536,266	(32,875)	503,391

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

	<u>October 31, 2004</u>		
	<u>Ordinary Income</u>	<u>Long-Term</u> <u>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 year or period ended October 31, 2004.

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

Note 10 - 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 \$10,000,000 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 \$10,000,000. Any principal balance outstanding shall bear interest at the Federal Funds Rate of the Bank in effect at that time. As of October 31, 2004, the Japan Fund had \$11,856 of outstanding loans with an interest rate of 3.35% and a due date of November 1, 2004. There were no loans outstanding for the Australia/New Zealand Fund, Global Fund and the Real Estate Securities Fund as of October 31, 2004. The average amount of borrowings and the average interest rate on those borrowings by the Trust during the year ended October 31, 2004 were as follows:

	<u>Average Principal</u>	<u>Average Interest Rate</u>
Australia/New Zealand Fund	\$1,272,939	1.37%
Japan Fund	847,286	1.73%
Global Fund	19,821	2.68%

There were no loans made to the Real Estate Securities Fund during the period ended October 31, 2004.

Note 11 - Reclass of Capital Accounts

In accordance with accounting pronouncements, the Australia/New Zealand, Japan and Global Funds have recorded reclassifications in the capital accounts. These reclassifications have no impact on the net asset value of the Funds and are designed generally to present undistributed net investment income and accumulated net realized gain (loss) on a tax basis which is considered to be more informative to the shareholder. As of October 31, 2004, the Funds recorded the following reclassifications to increase (decrease) the capital accounts listed below:

	<u>Undistributed Net Investment Income</u>	<u>Net Realized Gain (Accumulated Losses)</u>	<u>Paid-in Capital</u>
Australia/New Zealand Fund	\$514,837	\$(514,837)	\$ —
Japan Fund	199,556	(13,906)	(185,650)
Global Fund	84,937	(84,937)	—

COMMONWEALTH INTERNATIONAL SERIES TRUST

NOTES TO FINANCIAL STATEMENTS - October 31, 2004 (continued)

Note 12 - Subsequent Event

The Funds declared the following dividends and realized gain distributions per share on December 28, 2004, payable on December 29, 2004 to shareholders of record as of December 28, 2004.

	<u>Dividends from Net Investment Income</u>	<u>Distributions from Realized Gains</u>
Australia/New Zealand Fund	\$ 0.481	\$ 1.244
Global Fund	—	0.447
Real Estate Securities Fund	0.065	0.006

Note 13 - Contingencies and Commitments

In the normal course of business, the Funds enter into contracts that contain various representations and warranties and provide general indemnifications. The Funds' maximum exposure under these arrangements is dependent on future claims against the Funds and is presently unknown. However, based on experience, the Funds consider the risk of loss from such potential claims to be remote.

COMMONWEALTH INTERNATIONAL SERIES TRUST

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Shareholders and Board of Trustees of
Commonwealth International Series Trust
Houston, Texas**

We have audited the statements of assets and liabilities of Commonwealth Australia/New Zealand Fund, Commonwealth Japan Fund, Commonwealth Global Fund and Commonwealth Real Estate Securities Fund, each a series of shares of beneficial interest of Commonwealth International Series Trust, including the schedules of investments, as of October 31, 2004, and the related statements of operations for each series for the year or period then ended, the statements of changes in net assets for each series for each of the years or periods in the two year period then ended, the statements of cash flows for the Commonwealth Australia/New Zealand Fund and Commonwealth Japan Fund for the year then ended and the financial highlights for each series for the periods indicated therein. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes 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, 2004 by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Commonwealth Australia/New Zealand Fund, Commonwealth Japan Fund, Commonwealth Global Fund and Commonwealth Real Estate Securities Fund as of October 31, 2004, the results of the operations of each series for the year or period then ended, the changes in the net assets of each series for each of the years or periods in the two year period then ended, the results of the cash flows of the Commonwealth Australia/New Zealand Fund and Commonwealth Japan Fund for the year then ended and the financial highlights of each series for the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

BRIGGS, BUNTING & DOUGHERTY, LLP

**Philadelphia, Pennsylvania
December 28, 2004**

COMMONWEALTH INTERNATIONAL SERIES TRUST

TRUSTEES AND OFFICERS (Unaudited)

Name, Age and Address	Position(s) With Fund	Term of Office and Length of Time Served	Principal Occupation(s) for the Last Five Years	Number of Portfolios in Complex Overseen by Trustee/Officer	Other Directorships Held By Trustee/Officer
INTERESTED TRUSTEES:					
Robert Scharar ⁽¹⁾ , 56 5847 San Felipe Suite 850 Houston, TX 77057	President, Interested Trustee	Indefinite until successor elected and qualified; 4 years.	Investment manager/Attorney/CPA; President, FCA Corp.	4	United Dominion Realty Trust
INDEPENDENT TRUSTEES:					
John Akard, Jr., 38 5847 San Felipe Suite 850 Houston, TX 77057	Independent Trustee	Indefinite until successor elected and qualified; 4 years.	Attorney/CPA	4	None
Kathleen Kelly, 52 5847 San Felipe Suite 850 Houston, TX 77057	Independent Trustee	Indefinite until successor elected and qualified; 4 years.	Consultant	4	None
Jack Ewing, 64 5847 San Felipe Suite 850 Houston, TX 77057	Independent Trustee	Indefinite until successor elected and qualified; 4 years.	Professor	4	None

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

COMMONWEALTH INTERNATIONAL SERIES TRUST

TRUSTEES AND OFFICERS (Unaudited) (continued)

Name, Age and Address	Position(s) With Fund	Term of Office and Length of Time Served	Principal Occupation(s) for the Last Five Years	Number of Portfolios in Complex Overseen by Trustee/Officer	Other Directorships Held By Trustee/Officer
OFFICERS:					
Larry E. Beaver, Jr., 35 630-A Fitzwatertown Rd. Willow Grove, PA 19090	Treasurer	2003- current	Manager Fund Accounting, InCap Service Co., May 2003 to present; Supervisor Fund Accounting, InCap Service Co., October 2001 to April 2003; Accountant, PFPC, Inc., March 1998 to September 2001.	4	None
Charles R. Ropka, 41 1010 Kings Hwy. S. Building 2, Suite B Cherry Hill, NJ 08034	Secretary	2003- current	Attorney, Rabil & Ropka, LLC	4	None
David F. Ganley, 56 630-A Fitzwatertown Rd. Willow Grove, PA 19090	Assistant Secretary	2003- current	Managing Director, InCap Group, Inc.; Chief Admin. Officer, InCap Service Co.; President & Treasurer, InCap Securities, Inc.	4	Officer, Capstone Funds
Bonnie Bingham, 55 5847 San Felipe Suite 850 Houston, TX 77057	Assistant Secretary	2003- current	Administrator & Private Coordinator, FCA Corp.	4	None

The Funds file its complete schedule of portfolio holdings with the Securities and Exchange Commission (the "Commission") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the Commission's website at <http://www.sec.gov>. The Funds' Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Information on the operation of the Commission's Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 888-345-1898; and on the Commission's website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended December 31, 2004 is available without charge, upon request, by calling 888-345-1898; and on the Commission's website at <http://www.sec.gov>.