

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

Filing Date: **1996-12-30** | Period of Report: **1996-10-31**
SEC Accession No. **0000892916-96-000251**

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FILER

FIRST COMMONWEALTH FUND INC

CIK: **876717** | IRS No.: **133334183** | State of Incorporation: **MD** | Fiscal Year End: **1031**
Type: **N-30D** | Act: **40** | File No.: **811-06342** | Film No.: **96687994**

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The shares of The First Commonwealth Fund, Inc. are traded on the New York Stock Exchange under the symbol "FCO". Information about the Fund's net asset value and market price is published weekly in Barron's and in the Monday edition of The Wall Street Journal.

For a weekly update of the Fund's net asset value and share price, or to receive more information on the Fund, call toll-free:

1-800-543-6217

This report, including the financial information herein, is transmitted to the shareholders of The First Commonwealth Fund, Inc. for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in the report. Past performance results should not be considered a representation of future performance.

THE FIRST
COMMONWEALTH
FUND, INC.

HIGHLIGHTS OF THIS REPORT

- NET ASSET VALUE UP BY 19.0% OVER THE PAST TWELVE MONTHS (ASSUMING REINVESTMENT OF DISTRIBUTIONS).
- CASH DISTRIBUTION RATE OF 8.5% OVER PAST TWELVE MONTHS.
- 90.1% OF SECURITIES HELD RATED AAA AND AA OR JUDGED TO BE OF EQUIVALENT QUALITY.
- COMMONWEALTH BOND MARKETS HAVE PERFORMED WELL OVER THE PAST YEAR.

LETTER TO SHAREHOLDERS

December 13, 1996

Dear Shareholder:

We are pleased to present our Annual Report to shareholders for the twelve months to October 31, 1996. The report includes a summary of developments in fixed-income and currency markets in Australia, Canada, New Zealand and the United Kingdom.

INVESTMENT MARKETS

Commonwealth fixed-income markets performed well over the twelve months ended October 31, 1996 as most economies slowed and inflation fell. In addition, rising currencies enhanced returns for US investors. In local currency terms, the Canadian bond market provided the best performance. In US dollar terms, the Australian bond market was the best performer.

The Bank of Canada continued to lower official interest rates over the past year as economic growth remained weak. In Australia a slowing economy and lower inflation led to falling official interest rates. Official interest rates have remained high in New Zealand. However, the Reserve Bank of New Zealand encouraged lower short-term money market rates during the last quarter of the year as the economy slowed. In the United Kingdom, the Bank of England surprised the market by raising official interest rates in late October.

INVESTMENT PERFORMANCE

Assuming reinvestment of dividends, the Fund's Net Asset Value rose by 19.0% over the twelve months and by 10.8% over the three months ended October 31, 1996. The Fund's share price return was 13.9% over the past year and 5.4% over the past three months.

Distributions to common shareholders over the twelve months ended October 31, 1996 totaled US\$1.015 consisting of five payments of US\$0.0875 per share plus seven payments of US\$0.0825. Based on the October 31, 1996 share price of US\$11.875 this represents a cash distribution rate of 8.5% over the year to October 31. Since all distributions are paid after the deduction of applicable Australian, Canadian, New Zealand and United Kingdom withholding taxes, the effective yield is higher for those US investors who are able to claim a tax credit.

The Fund continues to maintain a high quality portfolio, with over 90% of the Fund's assets invested in securities where either the issue or the issuer are rated at least AA or AAA by Standard & Poor's or Aa or Aaa by Moody's, or, if unrated was judged by the Investment Manager to be of equivalent quality.

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

We again invite you to consider joining the shareholders who currently

participate in the Fund's Automatic Dividend Reinvestment and Cash Purchase Plan (the "Plan"), which allows you to automatically reinvest your dividends in shares of the Fund's common stock. If the market price, plus any applicable brokerage commissions, equals or exceeds the Net Asset Value on the application valuation date, participants will receive new shares issued by the Fund at a discount of up to 5% from the market price. If the market price is less than the Net Asset Value, plus any applicable brokerage commissions, on the valuation date, participants receive shares purchased at market price so long as the market price available is less than Net Asset Value per share. Distributions pursuant to the Plan are taxable to the same extent as are cash dividends.

The Plan also enables you to make optional cash investments in Fund shares through the Plan Agent at favorable commission rates. You may invest in any amount of at least \$100 monthly. The Plan Agent will purchase shares for you on the New York Stock Exchange or otherwise on the open market on or about the fifteenth of each month.

Other advantages of participation in the Plan include:

- LOWER COSTS-You will build holdings in the Fund automatically, at reduced or no brokerage cost.
- CONVENIENCE-You will receive a detailed account statement from State Street Bank and Trust Company, your Plan Agent, showing total dividends and distributions, date of investment, shares acquired and price per share, as well as the total shares of record held by you and by the Plan Agent for you.
- SAFETY-As long as you participate in the Plan, State Street Bank and Trust Company, as your Plan Agent, will hold the shares it has acquired for you in safekeeping, in non-certificated form. This convenience provides added protection against loss, theft or inadvertent destruction of certificates.

Further information can be obtained by contacting State Street Bank and Trust Company, P.O. Box 8200, Boston, MA 02266, Tel: 1-800-426-5523.

SHARES NOT REGISTERED IN YOUR OWN NAME:

If you wish to participate and your shares are held in the name of a brokerage firm, bank or other nominee, you should instruct your nominee to participate on your behalf. If your nominee is unable to participate, you should request it to re-register your shares in your own name which will enable you to participate in the Plan.

TOLL FREE INFORMATION

Information on The First Commonwealth Fund, Inc. is available by telephoning toll-free, 1-800-543-6217 in the United States. Available information includes weekly updates of share price, NAV, and details of recent distributions.

Yours sincerely,

Brian M. Sherman
Chairman President

Laurence S. Freedman

REPORT OF THE INVESTMENT MANAGER

PERFORMANCE

DISTRIBUTIONS

The Fund continues to pay a monthly cash distribution of US\$0.0825 per share. The level of the distribution is reviewed on a regular basis with the next review scheduled for the Board of Directors' meeting to be held in March 1997. The Board's policy is to provide investors with a stable monthly distribution out of current income, and supplemented with realized capital gains if required.

Based on the October 31, 1996 share price of US\$11.875 and total distributions of US\$1.015 paid over the twelve months to that date, the annual cash distribution rate was 8.5%. Since all distributions are paid after the deduction of applicable Australian, Canadian, New Zealand and United Kingdom withholding taxes, the distribution rate is higher for those US investors who are able to claim a tax credit.

For Federal income tax purposes, the Board has determined that US\$0.007697 of the US\$0.0825 per common share monthly distribution paid in October 1996 will be characterized as long-term capital gains. Shareholders are advised to rely only

on Form 1099-DIV, which will be sent January 1997, for definitive information with respect to the tax treatment of the Fund's distributions.

NET ASSET VALUE (NAV) PERFORMANCE

The NAV per share at October 31, 1996 was US\$14.32. Assuming reinvestment of distributions, the Fund achieved a 10.8% NAV return over the three months ended October 31, 1996, a 14.8% NAV return over the six month period and a 19.0% NAV return over the twelve month period. At the date of this report, the NAV was US\$14.30.

SHARE PRICE PERFORMANCE

As of October 31, 1996, the share price as quoted on the New York Stock Exchange was US\$11.875, which represents a discount of 17.1% to the NAV of US\$14.32. The total investment return, based on the Fund's share price and assuming reinvestment of dividends, was 5.4% over the three months, 12.64% over the six months and 13.9% over the year to October 31, 1996. At the date of this report, the share price was US\$12.125 representing a 15.21% discount to NAV.

AUCTION MARKET PREFERRED STOCK (AMPS)

The Fund's US\$30 million of AMPS continues to be well bid at the weekly auctions, maintaining a lower interest rate on average compared to the 30-day Commercial Paper rate. Weighted average auction results were 5.16% for the quarter ended October 31, 1996 compared with 5.43% for 30-day commercial paper over the same period.

PORTFOLIO COMPOSITION

The geographical composition of the portfolio, expressed as a percentage of the Fund's total investments, is summarized in the following table and chart.

TABLE 1: THE FIRST COMMONWEALTH FUND, INC. - GEOGRAPHIC ASSET ALLOCATION*

<TABLE>

<CAPTION>

	COMMENCEMENT OF OPERATIONS (FEBRUARY 28, 1992)	OCTOBER 31, 1995	JULY 31, 1996	OCTOBER 31, 1996
<S>	<C>	<C>	<C>	<C>
Australia	44.7%	41.4%	33.9%	30.5%
Canada	17.9%	30.7%	33.3%	34.5%
New Zealand	-	4.7%	7.6%	9.5%
United Kingdom	36.4%	22.6%	23.7%	24.1%
United States**	1.0%	0.6%	1.5%	1.4%
TOTAL FUND	100.0%	100.0%	100.0%	100.0%

</TABLE>

**It is the policy of the Manager to maintain a portion of the Fund's investments in US short-term securities to cover distribution payments and expenses.

A pie chart illustrating the following percentages:

Australia	30.5%
United States	1.4%
United Kingdom	24.1%
New Zealand	9.5%
Canada	34.5%

*Based upon the currency in which a bond is issued.

MATURITY COMPOSITION

The maturity composition of the portfolio as of October 31, 1996 is summarized in the table below. At October 31, 1996, the average maturity of the Fund's assets was 7.1 years, compared with 7.1 years at July 31, 1996 and 7.3 years at October 31, 1995. Overall, the Fund remains well positioned in medium- to long-term maturities in each market.

TABLE 2: THE FIRST COMMONWEALTH FUND, INC. - MATURITY ANALYSIS - OCTOBER 31, 1996

<TABLE>
<CAPTION>

	LESS THAN 1 YEAR	1 - 5 YEARS	5 - 10 YEARS	OVER 10 YEARS
<S>	<C>	<C>	<C>	<C>
Australia	9.3%	20.6%	56.3%	13.8%
Canada	20.3%	21.4%	31.8%	26.5%
New Zealand	29.5%	27.2%	33.8%	9.5%
United Kingdom	6.9%	8.7%	34.3%	50.1%
United States	100.0%	-	-	-
TOTAL FUND	15.7%	18.4%	39.6%	26.3%

</TABLE>

The Fund's sectoral exposure is spread among the various securities offered in the Commonwealth countries' fixed-income markets and is summarized in the table following.

TABLE 3: THE FIRST COMMONWEALTH FUND, INC. - SECTORAL COMPOSITION - OCTOBER 31, 1996

<TABLE>
<CAPTION>

	SOVEREIGN GOVT.	STATE/ PROVINCE	EUROBOND	CORPORATE	CASH OR EQUIVALENT
<S>	<C>	<C>	<C>	<C>	<C>
Australia	16.1%	1.4%	5.6%	6.0%	1.4%
Canada	12.4%	5.2%	9.8%	2.4%	4.7%
New Zealand	5.9%	-	1.3%	1.3%	1.0%
United Kingdom	9.2%	-	13.7%	-	1.2%

United States - - - - 1.4%

TOTAL FUND 43.6% 6.6% 30.4% 9.7% 9.7%

</TABLE>

QUALITY OF INVESTMENTS

At October 31, 1996, 90.1% of the Fund's assets were invested in securities where either the issue or the issuer was rated at least "Aa" by Moody's Investors Service Inc. or "AA" by Standard & Poor's Corporation or, if unrated, judged by the Investment Manager to be of equivalent quality. The remainder of the Fund was invested in securities where the issue or the issuer was rated, or judged by the Investment Manager, to be of "A" quality (see Table 4).

TABLE 4: THE FIRST COMMONWEALTH FUND, INC. - ASSET QUALITY - OCTOBER 31, 1996

<TABLE>

<CAPTION>

	AAA/AAA	AA/AA	A/A
<S>	<C>	<C>	<C>
Australia	72.7%	27.3%	-
Canada	8.9%	78.2%	12.9%
New Zealand	69.3%	30.7%	-
United Kingdom	40.3%	37.4%	22.3%
TOTAL FUND	43.1%	47.0%	9.9%

</TABLE>

A pie chart illustrating the following percentages:

AAA/Aaa 43.1%
 A/A 9.9%
 AA/Aa 47.0%

ECONOMIC, FIXED-INCOME AND CURRENCY MARKET REVIEW

AUSTRALIA

Recent Australian economic indicators have been weak. In particular, unemployment is high and retail sales have fallen. Australia's inflation rate continues to improve. In the September quarter headline inflation was 2.1% per annum, with further falls likely because of lower mortgage interest rates. Underlying inflation had fallen to 2.4% per annum as of September 30, 1996. The Reserve Bank of Australia has cut official interest rates by a total of 1.5% in recent months because of the improved inflation outlook and the slow growth in the Australian economy. While economic growth could remain subdued in the near term, stronger growth is expected over the longer term as a lower interest rate environment helps the housing sector to recover and encourages stronger business investment. In addition, a firmer international economy should add support.

The combination of a positive international backdrop and improving domestic

fundamentals generated a strong Australian bond rally over the quarter ended October 31, 1996. Australian ten-year Government bond yields fell by 0.96% over the quarter and by 1.43% over the year to 7.35% on October 31, 1996. Continued evidence of only moderate economic growth, a well-received August budget and further declines in inflation and wage data drove the market rally. In addition, the market expected another cut in official interest rates. (This expectation was realized with the Reserve Bank of Australia reducing interest rates by 0.5% on November 6 and 0.5% on December 11.) The differential between Australian and US ten-year Government bonds was 1.01% on October 31, 1996.

Over the twelve months to the end of October, the Australian dollar appreciated by 4.1% against the US dollar and in the quarter ended October 31, 1996 the Australian dollar appreciated by 2.5% against the US dollar. The Australian dollar has been supported by higher commodity prices, attractive interest rate differentials and an improving current account deficit. At the end of October, the currency was trading at US\$0.7920. At the date of this report, the Australian dollar was trading at US\$0.7920.

CANADA

The Canadian economy remains soft despite low interest rates and a growing US economy (the destination for approximately three quarters of Canada's exports). Retail sales growth is low and the unemployment rate was 10% at the end of October 1996. However, there are signs that activity could be on a firming trend. The housing market is staging a tentative recovery and leading economic indicators have picked up. Inflation has been moderate. Annual inflation has responded to slowing growth, with core inflation in the lower half of the Bank of Canada's 1% to 3% target range.

Canadian bond yields fell sharply during the quarter ended October 31, with yields trading below US Treasuries. Domestic factors were generally positive, with continued low inflation, moderate growth, a gradually improving fiscal position and lower official interest rates boosting the bond market. The US market also provided a supportive backdrop because of reduced concerns about higher US interest rates.

Over the twelve months to the end of October, the Canadian dollar appreciated by 0.3% against the US dollar. In the quarter ended October 31, 1996 the Canadian dollar appreciated by 2.5% against the US dollar. The Canadian dollar strengthened despite further interest rate cuts by the Bank of Canada. Positive sentiment reflected attractive real interest differentials (although these declined sharply over the quarter), continued low inflation and an improving fiscal outlook. At the end of October, the currency was trading at US\$0.7462. At the date of this report, the Canadian dollar was trading at US\$0.7357.

NEW ZEALAND

The New Zealand economy grew by 2.1% per annum in the year to June 30, 1996 and the economy is expected to slow in coming quarters. Inflation remains outside the Reserve Bank of New Zealand's 0%-2% target range but is expected to decline in 1997. Following the October 12 national election, the New Zealand First and National Parties have formed a Coalition Government. No major policy changes are envisaged, although the pace of economic reform could slow.

Positive international and domestic factors resulted in the New Zealand bond market performing strongly over the past quarter. New Zealand ten-year Government bond yields fell by 1.07% over the quarter ended July 31, 1996 but rose by 0.06% over the year to 7.29% on October 31, 1996.

Over the twelve months to the end of October 1996, the New Zealand dollar appreciated by 7.0% against the US dollar. In the quarter ended October 31, 1996 the New Zealand dollar appreciated 2.4% against the US dollar. At the end of October, the currency was trading at US\$0.7054. At the date of this report, the New Zealand dollar was trading at US\$0.7018.

UNITED KINGDOM

United Kingdom economic activity continues to be one of the strongest in Europe, with 2.3% annual GDP growth in the September quarter. Consumer spending has improved and business surveys point to a stronger outlook, with higher output and orders. Core inflation was approximately 2.5% at the end of September 1996. However, rising underlying earnings and continued strong demand have raised some inflation concerns. After some prompting from the Bank of England, the Chancellor agreed to raise official interest rates by .25% to 6% on October 30, 1996.

Despite the official interest rate increase, the Gilt market benefited from the contraction in European yield spreads and a positive US market. Ten-year bond

yields fell by 0.28% over the quarter and by 0.30% over the year to be 7.62% on October 31, 1996.

Over the twelve months to the end of October, the Pound appreciated by 3.1% against the US dollar. In the quarter ended October 31, 1996 the Pound appreciated 4.4% against the US dollar. At the end of October, the currency was trading at US\$1.6248. At the date of this report, the Pound was trading at US\$1.6604.

The table below compares Commonwealth countries' interest rates for various periods since the Fund commenced operations.

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>
	FEBRUARY 28, 1992 (COMMENCEMENT OF OPERATIONS)	OCTOBER 31, 1995	JULY 31, 1996	OCTOBER 31, 1996

AUSTRALIA:				
90-day Bank Bills	7.49%	7.48%	6.93%	6.53%
10-yr Government Bonds	10.14%	8.78%	8.31%	7.35%
CANADA:				
90-day Bank Bills	7.15%	5.92%	4.46%	3.11%
10-yr Government Bonds	8.33%	7.58%	7.90%	6.42%
NEW ZEALAND:				
90-day Bank Bills	7.48%	8.10%	9.72%	8.84%
10-yr Government Bonds	9.23%	7.23%	8.36%	7.29%
UNITED KINGDOM:				
90-day Bank Bills	10.85%	6.57%	5.61%	5.87%
10-yr Government Bonds	9.26%	7.92%	7.90%	7.62%

</TABLE>

Yield comparisons are direct and do not take into account fluctuations in currency exchange rates.

EQUITILINK INTERNATIONAL MANAGEMENT LIMITED

THE FIRST COMMONWEALTH FUND, INC.
PORTFOLIO OF INVESTMENTS
OCTOBER 31, 1996

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT LOCAL CURRENCY (000)	DESCRIPTION	VALUE (US\$)

<S>

<C>

<C>

LONG-TERM INVESTMENTS - 91.0%
 AUSTRALIA - 29.4%
 GOVERNMENT AND SEMI-GOVERNMENT
 BONDS - 17.7%
 COMMONWEALTH OF AUSTRALIA - 16.3%

		Commonwealth of Australia,	
A\$	3,000	12.50%, 3/15/97.	2,426,299
	1,000	7.00%, 8/15/98	798,468
	2,000	12.00%, 7/15/99.	1,789,586
	5,000	13.00%, 7/15/00.	4,746,176
	5,000	10.00%, 10/15/02.	4,506,721
	1,000	9.00%, 9/15/04.	871,753
	2,000	7.50%, 7/15/05.	1,602,549
	6,000	10.00%, 2/15/06.	5,583,321
	2,000	6.75%, 11/15/06	1,513,721
	3,000	8.75%, 8/15/08.	2,616,528

 26,455,122

VICTORIA - 0.6%

		Treasury Corporation of Victoria,	
	1,000	10.25%, 11/15/06.	939,249

WESTERN AUSTRALIA - 0.8%

		Western Australia Treasury Corporation,	
	1,500	10.00%, 7/15/05.	1,371,547

		Total Australian government and semi-government bonds (cost US\$27,016,865).	
			28,765,918

CORPORATE BONDS - 6.1%

SERVICES - 6.1%

Australian and Overseas Telecommunications Corporation,

	5,000	11.50%, 10/15/02.	4,707,410
	2,000	12.00%, 5/15/06.	2,037,673

First Australian National Mortgage Acceptance Corporation, Series 22,

A\$	3,563	11.40%, 12/15/01.	3,077,757
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		Total Australian corporate bonds (cost US\$8,743,061).	
			9,822,840

EUROBONDS - 5.6%

FINANCIAL SERVICES - 2.0%

Commonwealth Bank of Australia,

	975	12.75%, 1/07/98.	822,393
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Export Finance & Insurance Corporation,

	1,750	11.00%, 12/29/04.	1,657,795
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	1,000	State Bank of New South Wales, 10.50%, 4/30/99.	853,380
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3,333,568

SEMI-GOVERNMENT - 1.4%

South Australia Finance Authority,

	500	12.50%, 5/08/01.	472,745
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Treasury Corporation of Victoria,

	1,000	10.50%, 12/12/01.	895,990
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1,000 9.00%, 6/27/05 860,310

2,229,045

SERVICES - 1.1%
 State Electricity Commission of
 Victoria,
 972 9.25%, 7/27/99. 812,164
 500 11.00%, 4/09/02 458,370
 535 10.50%, 5/27/03. 487,804

1,758,338

SUPRANATIONAL - 1.1%
 Eurofima,
 2,000 9.875%, 1/17/07. 1,825,164

Total Australian eurobonds
 (cost US\$8,172,953). 9,146,115

Total Australian long-term
 investments
 (cost US\$43,932,879). 47,734,873

</TABLE>

<TABLE>
<CAPTION>

PRINCIPAL AMOUNT LOCAL CURRENCY (000)	DESCRIPTION	VALUE (US\$)
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<S>

<C>

<C>

CANADA - 30.0%
 GOVERNMENT, PROVINCIAL AND MUNICIPAL
 BONDS - 17.7%
 CANADA - 12.5%

C\$	Canadian Government, 5,000 9.75%, 12/01/01.	4,407,924
	5,000 8.50%, 4/01/02.	4,217,654
	5,000 7.25%, 6/01/03	3,984,480
	5,000 10.25%, 3/15/14.	4,986,196
	3,000 9.00%, 6/01/25	2,760,909

20,357,163

	ALBERTA - 1.6% City of Edmonton, 1,000 9.625%, 2/13/12.	904,343
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	Province of Alberta, 2,000 10.25%, 8/22/01.	1,782,570
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2,686,913

BRITISH COLUMBIA - 1.6%

	Province of British Columbia,	
1,000	8.50%, 2/26/97.	757,872
1,000	10.15%, 8/29/01	887,181
1,000	9.50%, 1/09/12.	914,789

2,559,842

	ONTARIO - 2.0%	
	Municipality of Halton,	
1,000	10.125%, 12/21/99.	856,962

	Province of Ontario,	
1,000	8.75%, 4/22/03.	849,839
2,000	7.50%, 2/07/24	1,519,176

3,225,977

	Total Canadian government, provincial and municipal bonds (cost US\$28,249,655).	28,829,895
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	CORPORATE BONDS - 2.4%	
	DIVERSIFIED INDUSTRIALS - 1.3%	
	Bell Telephone Company of Canada,	
500	10.50%, 7/15/09.	448,441

	Imperial Oil Ltd.,	
1,000	9.875%, 12/15/99.	846,889

	Scotts Hospitality Incorporated,	
1,000	10.95%, 4/16/01.	887,927

2,183,257

	FINANCIAL SERVICES - 1.1%	
	Bank of Nova Scotia,	
1,000	10.35%, 7/19/01.	882,704

C\$		
	National Bank of Canada,	
500	10.875%, 6/01/98.	409,640

	Toronto Dominion Centre,	
500	10.70%, 5/12/98.	407,402

1,699,746

	Total Canadian corporate bonds (cost US\$3,995,799).	3,883,003
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	EUROBONDS - 9.9%	
	DIVERSIFIED INDUSTRIALS - 0.3%	
	Procter & Gamble Company,	
500	10.875%, 8/15/01.	446,314

	FINANCIAL SERVICES - 4.0%	
	Credit Local de France,	
2,500	6.75%, 3/21/06.	1,865,393

	Ford Credit Canada Ltd.,		
2,500	9.625%, 11/20/96.	1,869,751	
	General Electric Capital Corporation,		
1,000	10.125%, 4/29/98.	805,850	
	Guinness Finance B.V.,		
500	9.625%, 10/29/98.	405,723	
	International Bank for Reconstruction and Development,		
1,000	10.125%, 7/20/99.	845,620	
	Prudential Funding Corporation,		
1,000	9.125%, 5/12/97.	766,609	

		6,558,946	

NATURAL RESOURCES - 2.1%

	Mobil Oil Canada Limited,		
300	8.125%, 1/20/98.	233,450	
	Ontario Hydro,		
1,000	9.00%, 6/24/02.	855,320	
500	8.50%, 5/26/25	423,631	
	Quebec Hydro,		
1,500	7.00%, 6/01/04.	1,153,373	
	Tokyo Electric Power Company,		
500	10.625%, 12/20/96.	375,980	
500	10.50%, 6/14/01	440,233	

		3,481,987	

PROVINCIAL AND MUNICIPAL - 0.9%

	City of Montreal,		
1,000	6.375%, 2/15/01.	756,454	

</TABLE>

<TABLE>

<CAPTION>

PRINCIPAL AMOUNT		VALUE
LOCAL CURRENCY	DESCRIPTION	(US\$)
(000)		

<S>	<C>	<C>
	Metropolitan Municipality of Toronto,	
C\$	750 9.625%, 5/14/02.	650,556

		1,407,010

SUPRANATIONAL - 2.6%

	Bayerische Vereinsbank AG,	
500	7.125%, 7/29/99.	393,210
	Canada (Cayman),	
750	7.25%, 6/01/08.	570,139
	Kingdom of Sweden,	
3,250	7.00%, 12/01/08.	2,439,319
	Republic of Finland,	
1,000	9.00%, 12/31/98.	808,260

4,210,928

Total Canadian eurobonds
(cost US\$15,425,814). 16,105,185

Total Canadian long-term
investments
(cost US\$47,671,268). 48,818,083

NEW ZEALAND - 8.5%

GOVERNMENT BONDS - 5.9%

	Government of New Zealand,	
4,000	10.00%, 7/15/97.	2,856,333
3,000	10.00%, 3/15/02	2,365,575
4,000	8.00%, 4/15/04.	2,932,884
2,000	8.00%, 11/15/06	1,479,841

Total New Zealand government bonds
(cost US\$9,106,334). 9,634,633

CORPORATE BONDS - 1.3%

DIVERSIFIED INDUSTRIALS - 1.3%

	Electricity Corporation of New Zealand Ltd.,	
2,750	10.00%, 10/15/01.	2,105,304

Total New Zealand corporate bonds
(cost US\$1,818,266). 2,105,304

EUROBONDS - 1.3%

FINANCIAL SERVICES - 1.3%

	Primary Industry Bank of Australia Limited,	
1,000	8.25%, 3/27/00.	717,744

NZ\$	Societe Generale New Zealand Euro,	
2,000	9.00%, 5/29/98.	1,435,489

Total New Zealand eurobonds
(cost US\$1,999,911). 2,153,233

Total New Zealand long-term
investments
(cost US\$12,924,511) 13,893,170

UNITED KINGDOM - 23.1%
GOVERNMENT BONDS - 9.3%
United Kingdom Treasury,
(pound sterling) 2,000 8.00%, 6/10/03. 3,354,197
2,000 6.75%, 11/26/04 3,099,306
2,000 7.50%, 12/07/06. 3,221,166
3,000 8.50%, 7/16/07 5,159,248
200 8.00%, 12/07/15. 328,717

Total United Kingdom
government bonds
(cost US\$14,416,405) 15,162,634

EUROBONDS - 13.8%
DIVERSIFIED INDUSTRIALS - 3.6%
Allied Domecq PLC,
1,000 10.625%, 2/25/99. 1,738,536

British Airways PLC,
500 10.00%, 3/02/98. 841,890

British Gas PLC,
1,400 8.875%, 7/08/08. 2,351,606

Rolls-Royce PLC,
500 11.625%, 7/30/98. 870,324

FINANCIAL SERVICES - 6.7%
Abbey National Treasury
Services PLC,
1,250 8.00%, 4/02/03. 2,061,465

Barclays Bank PLC,
1,000 9.875%, 5/29/49. 1,758,846

Bayerische Hypotheken--und
Wechsel--Bank AG,
500 10.25%, 2/06/97. 819,549

Halifax Building Society,
1,500 11.00%, 1/17/14. 2,903,436

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PRINCIPAL AMOUNT LOCAL CURRENCY (000)	DESCRIPTION	VALUE (US\$)
---	-------------	-----------------

<S>	<C>	<C>
(pound sterling)1,000	Lloyds Bank PLC, 7.375%, 3/11/04.	1,559,808
1,000	Prudential Finance B.V., 9.375%, 6/04/07.	1,760,958

		10,864,062

	NATURAL RESOURCES - 1.1%	
	Thames Water Utilities Finance PLC, 10.50%, 11/21/01.	1,815,714

	SUPRANATIONAL - 2.4%	
1,000	Republic of Finland, 8.00%, 4/07/03.	1,657,296
1,250	10.125%, 6/22/08	2,335,650

		3,992,946

	Total United Kingdom eurobonds (cost US\$21,281,142).	22,475,078

	Total United Kingdom long-term investments (cost US\$35,697,547).	37,637,712

	Total long-term investments (cost US\$140,226,205).	148,083,838

	SHORT-TERM INVESTMENTS - 9.8%	
	AUSTRALIA - 1.4%	
A\$2,816	Banque National de Paris Fixed Deposit, 6.60%, 11/01/96 (cost US\$2,230,306).	2,230,306

	CANADA - 4.7%	
C\$	State Street Bank Time Deposit, 5,148 3.00%, 11/01/96.	3,841,158
5,149	3.10%, 11/08/96	3,842,119

	(cost US\$7,672,417).	7,683,277

	NEW ZEALAND - 1.1%	
NZ\$2,510	Bankers Trust New Zealand Limited Call Account, 9.80%, 11/01/96 (cost US\$1,781,233).	1,770,783

	UNITED KINGDOM - 1.2%	
(pound	State Street Bank Fixed Deposit,	

sterling)	585	5.6875%, 11/01/96.	950,591
	585	6.00%, 11/08/96	951,183
		(cost US\$1,885,977).	1,901,774

US\$	2,261	UNITED STATES- 1.4% Repurchase Agreement, State Street Bank and Trust Company, 5.50% dated 10/31/96, due 11/01/96 in the amount of \$2,261,345 (cost \$2,261,000; collateralized by \$2,245,000 U.S. Treasury Note, 6.25% due 6/30/98; value \$2,310,107).	2,261,000

		Total short-term investments (cost US\$15,830,933).	15,847,140

		Total Investments - 100.8% (cost US\$156,057,138).	163,930,978
		Liabilities in excess of other Assets -- (0.8%).	(1,270,786)

		TOTAL NET ASSETS - 100.0%. . .	\$162,660,192

</TABLE>

THE FIRST COMMONWEALTH FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES
OCTOBER 31, 1996

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ASSETS

Investments, at value (cost \$156,057,138).	\$163,930,978
Foreign currency, at value (cost \$723).	720
Cash.	138
Receivable for investments sold.	6,484
Interest receivable.	4,547,215
Prepaid expenses.	41,631
Deferred organization expenses.	8,980

Total assets.	168,536,146

LIABILITIES

Payable for investments purchased.	4,793,302
Dividends payable - common stock.	764,462
Investment management fee payable.	97,671
Administration fee payable.	30,053
Accrued expenses and other liabilities.	190,466

Total liabilities.	5,875,954

TOTAL NET ASSETS.	\$162,660,192

Total net assets were composed of:	
Common stock:	
Par value (\$.001 per share, applicable to 9,266,209 shares issued).	\$ 9,266
Paid-in capital in excess of par	127,398,255
Preferred stock (\$.001 par value per share and \$50,000 liquidation value per share applicable to 600 shares; Note 4)	30,000,000

	157,407,521
Undistributed net investment income.	1,245,897
Accumulated net realized gains on investment transactions.	101,935
Net unrealized appreciation on investments.	4,262,852
Accumulated net realized foreign exchange losses.	(4,078,054)
Net unrealized foreign exchange gains.	3,720,041

TOTAL NET ASSETS.	\$162,660,192

Net assets applicable to common shareholders.	\$132,660,192

Net asset value per common share (\$132,660,192/9,266,209 shares of common stock issued and outstanding).	\$ 14.32

</TABLE>

 THE FIRST COMMONWEALTH FUND, INC.
 STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED OCTOBER 31, 1996

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NET INVESTMENT INCOME

Income	
Interest and discount earned (net of foreign withholding taxes of \$462,626)	\$12,820,943

Expenses	
Investment management fee.	1,000,434
Administration fee.	307,826
Reports to shareholders.	141,614
Independent accountant's fees and expenses.	134,700
Custodian's fees and expenses.	125,189
Directors' fees and expenses.	97,688
Auction agent's fees and expenses.	94,732
Insurance expense.	49,070
Amortization of deferred organization expenses.	27,831
Transfer agent's fees and expenses.	22,487
Legal fees and expenses.	19,834
Registration fees.	16,170
Excise tax.	10,680
Miscellaneous.	41,875

Total operating expenses.	2,090,130
-----------------------------------	-----------

Net investment income.	10,730,813
--------------------------------	------------

REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCIES

Net realized gain on investment transactions.	11,273
Net change in unrealized appreciation/depreciation of investments.	6,534,459

Net gain on investments.	6,545,732
----------------------------------	-----------

Net increase in total net assets resulting from operations before net foreign exchange gains	17,276,545
Net realized foreign exchange gains.	2,342,176
Net change in unrealized foreign exchange gains.	2,299,515

NET INCREASE IN TOTAL NET ASSETS RESULTING FROM OPERATIONS.	\$21,918,236
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 THE FIRST COMMONWEALTH FUND, INC.
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED OCTOBER 31, 1996

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INCREASE (DECREASE) IN CASH
(INCLUDING FOREIGN CURRENCY)

Cash flows provided by operating activities	
Interest received.	\$ 12,814,260
Operating expenses paid.	- (2,111,790)
Purchases of short-term portfolio investments, net.	(4,011,368)
Purchases of long-term portfolio investments.	(42,777,335)
Proceeds from sales of long-term portfolio investments.	46,893,709
Other.	18,997

Net cash provided by operating activities.	10,826,473

Cash flows used for financing activities	
Dividends paid to common shareholders.	(9,333,300)
Dividends paid to preferred shareholders.	(1,521,962)
Distributions paid to common shareholders.	(71,323)
Distributions paid to preferred shareholders.	(32,188)

Net cash used for financing activities.	(10,958,773)

Effect of exchange rate on cash.	114,125

Net decrease in cash.	(18,175)
Cash at beginning of year.	19,033

Cash at end of year.	\$ 858

RECONCILIATION OF NET INCREASE IN TOTAL NET ASSETS FROM OPERATIONS TO NET
CASH (INCLUDING FOREIGN CURRENCY) PROVIDED BY OPERATING ACTIVITIES

Net increase in total net assets resulting from operations.	\$ 21,918,236

Increase in investments.	(4,788,942)
Net realized gain on investment transactions.	(11,273)
Net realized foreign exchange gains.	(2,342,176)
Net change in unrealized appreciation/depreciation on investments	(6,534,459)
Net change in unrealized foreign exchange gains.	(2,299,515)
Decrease in interest receivable.	105,597
Increase in receivable for investments sold.	(6,499)
Net decrease in other assets.	18,997
Increase in payable for investments purchased.	4,788,167
Decrease in accrued expenses and other liabilities.	(21,660)

Total adjustments.	(11,091,763)

Net cash provided by operating activities.	\$ 10,826,473

</TABLE>

See Notes to Financial Statements.

THE FIRST COMMONWEALTH FUND, INC.
 STATEMENTS OF CHANGES IN NET ASSETS
 <TABLE>
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FOR THE YEAR
 ENDED
 OCTOBER 31, 1996

INCREASE (DECREASE) IN TOTAL NET ASSETS

Operations	
Net investment income	\$ 10,730,813
Net realized gain on investment transactions	11,273
Net change in unrealized appreciation/depreciation of investments	6,534,459

Net increase in total net assets resulting from operations before net foreign exchange gains	17,276,545
Net realized foreign exchange gains	2,342,176
Net change in unrealized foreign exchange gains	2,299,515

Net increase in total net assets resulting from operations	21,918,236

Dividends and distributions to shareholders	
Dividends to common shareholders from net investment income	(9,286,969)
Dividends to preferred shareholders from net investment income	(1,521,962)
Distributions to common shareholders from net realized gains on investment transactions . .	(71,323)
Distributions to preferred shareholders from net realized gains on investment transactions	(32,188)

Net decrease in total net assets resulting from dividends and distributions to shareholders	(10,912,442)

Total increase	11,005,794

TOTAL NET ASSETS	
Beginning of year	151,654,398

End of year (including undistributed net investment income of \$1,245,897 and \$606,190, respectively)	\$ 162,660,192

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FOR THE YEAR
 ENDED
 OCTOBER 31, 1995

INCREASE (DECREASE) IN TOTAL NET ASSETS

Operations	
Net investment income	\$ 11,025,537
Net realized gain on investment transactions	217,129
Net change in unrealized appreciation/depreciation of investments	8,676,748

Net increase in total net assets resulting from operations before net foreign exchange gains.	19,919,414
Net realized foreign exchange gains	465,362
Net change in unrealized foreign exchange gains.	892,942

Net increase in total net assets resulting from operations.	21,277,718

Dividends and distributions to shareholders	
Dividends to common shareholders from net investment income.	(9,555,205)
Dividends to preferred shareholders from net investment income	(1,673,395)
Distributions to common shareholders from net realized gains on investment transactions. .	(289,661)
Distributions to preferred shareholders from net realized gains on investment transactions	(29,939)

Net decrease in total net assets resulting from dividends and distributions to shareholders	(11,548,200)

Total increase.	9,729,518
TOTAL NET ASSETS	
Beginning of year.	141,924,880

End of year (including undistributed net investment income of \$1,245,897 and \$606,190, respectively).	\$ 151,654,398

</TABLE>

See Notes to Financial Statements.

THE FIRST COMMONWEALTH FUND, INC.
FINANCIAL HIGHLIGHTS

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<S>	<C>	<C>	<C>	<C>	<C>
	FOR THE YEAR ENDED OCTOBER 31, 1996	FOR THE YEAR ENDED OCTOBER 31, 1995	FOR THE YEAR ENDED OCTOBER 31, 1994	FOR THE YEAR ENDED OCTOBER 31, 1993	FOR THE PERIOD FEBRUARY 28, 1992* THROUGH OCTOBER 31, 1992
PER SHARE OPERATING PERFORMANCE:	-----	-----	-----	-----	-----
Net asset value per common share, beginning of period.	\$ 13.13	\$ 12.08	\$ 13.42	\$ 13.00	\$ 13.89 +
	-----	-----	-----	-----	-----
Net investment income.	1.16	1.19	1.16	1.19	0.83

Net realized and unrealized gain (loss) on investments and foreign currencies	1.21	1.10	(1.33)	0.55	(0.76)
Total from investment operations.	2.37	2.29	(0.17)	1.74	0.07
Dividends from net investment income to common shareholders.	(1.00)	(1.03)	(0.98)	(0.96)	(0.80)
Dividends from net investment income to preferred shareholders.	(0.16)	(0.18)	(0.11)	(0.08)	(0.03)
Distributions in excess of net investment income.	--	--	--	--	(0.04)
Distributions from net realized gains on investment transactions to common shareholders.	(0.01)	(0.03)	(0.07)	(0.26)	--
Distributions from net realized gains on investment transactions to preferred shareholders	(0.01)	--	(0.01)	(0.02)	--
Total dividends and distributions.	(1.18)	(1.24)	(1.17)	(1.32)	(0.87)
Capital charge in respect to issuance of preferred shares.	--	--	--	--	(0.09)
Net asset value per common share, end of period.	\$ 14.32	\$ 13.13	\$ 12.08	\$ 13.42	\$ 13.00
Market value, end of period.	\$ 11.88	\$ 11.38	\$ 10.38	\$ 12.63	\$ 13.50
Number of shares of common stock outstanding (000 omitted).	9,266	9,266	9,266	9,249	9,176
TOTAL INVESTMENT RETURN BASED ON: (1)					
Market value.	13.89%	20.72%	(10.19%)	2.65%	(4.50%) (2)
Net asset value.	18.99%	19.67%	(1.63%)	13.31%	(0.69%) (2)
RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS (3)/SUPPLEMENTARY DATA:					
Net assets of common shareholders, end of period (000 omitted).	\$ 132,660	\$ 121,654	\$ 111,925	124,146	\$ 119,302
Average net assets of common shareholders (000 omitted).	122,887	115,277	118,336	121,323	125,794
Operating expenses.	1.70%	1.71%	1.75%	1.73%	1.59% (4)
Net investment income before preferred stock dividends.	8.73%	9.56%	9.06%	9.03%	8.72% (4)

Net investment income available to common shareholders.	7.47%	8.09%	8.12%	8.25%	8.43% (4)
Preferred stock dividends and distributions.	1.26%	1.48%	0.94%	0.78%	0.29% (4)
Portfolio turnover.	30%	23%	34%	41%	18%
Senior securities (preferred stock) outstanding (000 omitted).	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Asset coverage on preferred stock at period end.	542%	505%	473%	514%	498%

</TABLE>

- (1) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions. Generally, total investment return based on net asset value will be higher than total investment return based on market value in periods where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such periods. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such periods.
- (2) Total investment returns for periods of less than one full year are not annualized.
- (3) Ratios are calculated on the basis of income, expenses and preferred share dividends applicable to both the common and preferred shares relative to the average net assets of common shareholders.
- (4) Annualized.

*Commencement of investment operations.
+Net of offering costs of \$0.16 charged to paid-in capital in respect to issuance of common shares.

See Notes to Financial Statements.

THE FIRST COMMONWEALTH FUND, INC.

NOTES TO FINANCIAL STATEMENTS

The First Commonwealth Fund, Inc. (the "Fund") was incorporated in Maryland on June 28, 1991, as a closed-end, nondiversified investment company. The Fund had no operations prior to February 28, 1992 other than the sale to EquitiLink International Management Limited (the "Investment Manager") of 7,120 shares of common stock for \$100,036 on February 18, 1992.

The Fund's investment objective is to provide high current income by investing in high-grade fixed-income securities denominated in the currencies of Australia, Canada, New Zealand and the United Kingdom (the "Commonwealth Currencies"). The Fund may also seek capital appreciation only as a secondary investment objective. It is expected that normally all of the Fund's assets will be invested in a portfolio of securities issued or guaranteed by the governments, territories, provinces and states of Australia, Canada, New Zealand and the United Kingdom as well as securities issued by corporations domiciled in those countries. The Fund will, under normal circumstances, invest in debt securities in at least three of these currencies and will not hold more than 50% of its assets in securities denominated in any one Commonwealth Currency. At least 75% of the Fund's investments will be rated, at the time of investment, not less than Aa by Moody's or AA by S&P, or comparably rated by another appropriate nationally or internationally recognized rating agency, or, if unrated, judged by the Investment Manager to be of equivalent quality. The remainder of the Fund's investments will be rated no less than A2 or A by those rating agencies or, if unrated, judged by the Investment Manager to be of equivalent quality. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic developments in a specific industry, country or region.

NOTE 1. ACCOUNTING POLICIES

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

Basis of Presentation: The financial statements of the Fund are prepared in accordance with United States generally accepted accounting principles using the United States dollar as both the functional and reporting currency. However, the Commonwealth Currencies (excluding New Zealand) are the functional currencies for Federal tax purposes (see Taxes below).

Foreign Currency Translation: Australian dollar ("A\$"), Canadian dollar ("C\$"), New Zealand dollar ("NZ\$") and United Kingdom pound ("(pound sterling)") amounts are translated into United States dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities - at the closing rates of exchange as reported by a major bank;
- (ii) purchases and sales of investment securities, income and expenses - at the rates of exchange prevailing on the respective dates of such transactions.

The Fund isolates that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held at fiscal period end. Similarly, the Fund isolates the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of portfolio securities sold during the fiscal period.

Net realized foreign exchange gains of \$2,342,176 for the year ended October 31, 1996 includes realized foreign exchange gains and losses from sales and maturities of portfolio securities, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the amounts of interest, discount and foreign withholding taxes recorded on the Fund's books and the US dollar equivalent amounts actually received or paid. Net unrealized foreign exchange gains of \$2,299,515 for the year ended October 31, 1996 includes changes in the value of portfolio securities and other assets and liabilities arising as a result of changes in the exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the US dollar.

The exchange rates of the Commonwealth Currencies utilized by the Fund at October 31, 1996 were US\$0.7920 to A\$1.00, US\$0.7462 to C\$1.00, US\$0.7054 to NZ\$1.00, and US\$1.6248 to (pound sterling)1.00.

Security Valuation: Investments are stated at value. Investments for which market quotations are readily available are valued at the last trade price on or within one local business day of the date of determination as obtained from a pricing source. If no such trade price is available, such investments are valued at the quoted bid price or the mean between the quoted bid and asked price on the date of determination as obtained from a pricing source. Securities for which market quotations are not readily available are valued at fair value in good faith using methods determined by or under the direction of the Fund's Board of Directors.

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost, if their term to maturity from date of purchase was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if their original term to maturity exceeded 60 days.

In connection with transactions in repurchase agreements with US financial institutions, it is the Fund's policy that its custodian/counterparty segregates the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the collateral is valued on a daily basis to determine its adequacy. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Securities Transactions and Investment Income: Securities transactions are recorded on the trade date. Realized and unrealized gains and losses from security and currency transactions are calculated on the identified cost basis. Interest income is recorded on an accrual basis. Discounts on securities purchased are accreted on an effective yield basis over the estimated lives of the respective securities.

Dividends: Dividends and distributions are recorded on the ex-dividend date and are determined based upon tax basis net investment income and capital and currency gains of the Fund. Dividends and distributions to preferred shareholders are accrued on a daily basis and are determined as described in Note 4.

Reclassification of Capital Accounts: The Fund accounts and reports for distributions to shareholders in accordance with AICPA Statement of Position 93-2 Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. For the year ended October 31, 1996, the Fund increased undistributed net investment income by \$717,825, increased accumulated net realized gains on investments by \$194,173 and increased accumulated net realized foreign exchange losses by \$701,585, resulting in a decrease to paid-in capital in excess of par by \$210,413. Net investment income, net realized and unrealized losses on investments and net assets were not affected by this change. Accumulated realized and unrealized foreign exchange losses shown in the composition of net assets at October 31, 1996, represent foreign exchange losses for book purposes that have not yet been recognized for tax purposes.

Taxes: For Federal income and excise tax purposes, substantially all of the Fund's transactions are accounted for using the functional currencies. Accordingly, only realized currency gains and losses resulting from the repatriation of any of the Commonwealth Currencies into US dollars or another Commonwealth Currency and realized currency gains and losses on non-Commonwealth currency transactions into Commonwealth currencies are recognized for tax purposes.

No provision has been made for United States Federal income taxes because it is the Fund's policy to meet the requirements of the United States Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to shareholders. Under the applicable foreign tax law, a withholding tax may be imposed on interest and discounts earned at various rates.

Deferred Organization Expenses: A total of \$138,857 was incurred in connection with the organization of the Fund. These costs were deferred and are being amortized ratably over a period of sixty months from the date the Fund commenced investment operations.

Cash Flow Information: The Fund invests in securities and distributes dividends from net investment income and net realized gains from investment and currency transactions which are paid in cash or are reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments is presented in the Statement of Cash Flows. Cash includes domestic and foreign currency.

Use of Estimates: The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2. AGREEMENTS

The Fund has agreements with EquitiLink International Management Limited (the "Investment Manager"), EquitiLink Australia Limited (the "Investment Adviser"), and Princeton Administrators, L.P. (the "Administrator"). The Investment Manager and the Investment Adviser are affiliated companies. The Investment Manager has entered into an agreement with Wood Gundy, Inc. (the "Consultant").

The Investment Manager makes investment decisions on behalf of the Fund on the basis of recommendations and information furnished to it by the Investment Adviser and the Consultant, including the selection of and placement of orders with brokers and dealers to execute portfolio transactions on behalf of the Fund.

The management agreement provides the Investment Manager with a fee, computed weekly and payable monthly, at the following annual rates: 0.65% of the Fund's average weekly net assets up to \$200 million, 0.60% of such assets between \$200 million and \$500 million and 0.55% of such assets in excess of \$500 million. The administration agreement provides the Administrator with a fee computed and payable monthly at the annual rate of 0.20% of the Fund's average weekly net assets, subject to a minimum annual payment of \$150,000. The Investment Manager pays fees to the Investment Adviser and the Consultant for their services rendered.

The Investment Manager informed the Fund that it paid \$382,217 to the Investment Adviser and \$14,525 to the Consultant during the year ended October 31, 1996.

NOTE 3. PORTFOLIO SECURITIES

Purchases and sales of investment securities, other than short-term investments,

for the year ended October 31, 1996 aggregated \$42,777,335 and \$46,893,709, respectively.

The United States federal income tax basis of the Fund's investments at October 31, 1996 was \$159,722,827 and accordingly, net unrealized appreciation for United States federal income tax purposes was \$4,208,151 (gross unrealized appreciation - \$6,694,222; gross unrealized depreciation - \$2,486,071).

NOTE 4. CAPITAL

There are 300 million shares of \$.001 par value common stock authorized. Of the 9,266,209 shares outstanding at October 31, 1996, the Investment Manager owned 9,587 shares.

There are 100 million shares of \$.001 par value of preferred stock authorized. The preferred shares have rights as determined by the Board of Directors. The 600 shares of Auction Market Preferred Stock ("Preferred Stock") outstanding consist of one series, W-7. The preferred stock has a liquidation value of \$50,000 per share plus any accumulated but unpaid dividends whether or not declared.

Dividends on the preferred stock are cumulative at a rate typically reset every seven days based on the results of an auction. Dividend rates ranged from 4.70% to 6.00% during the year ended October 31, 1996. Under the Investment Company Act of 1940, the Fund may not declare dividends or make other distributions on shares of common stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Stock would be less than 200%.

The Preferred Stock is redeemable at the option of the Fund, in whole or in part, on any dividend payment date at \$50,000 per share plus any accumulated but unpaid dividends. The Preferred Stock is also subject to mandatory redemption at \$50,000 per share plus any accumulated but unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of the Fund as set forth in the Articles of Incorporation are not satisfied.

The holders of Preferred Stock have voting rights equal to the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. However, holders of Preferred Stock are also entitled to elect two of the Fund's directors.

NOTE 5. SUBSEQUENT EVENTS/DIVIDENDS

Subsequent to October 31, 1996, the Board of Directors of the Fund declared a dividend from undistributed net investment income of \$0.0825 per common share payable on December 13, 1996 to common shareholders of record on November 29, 1996.

In addition, the Board of Directors of the Fund declared a dividend from undistributed net investment income of \$0.0825 per common share and a special year-end distribution of

\$0.02 per share comprised of undistributed net investment income of \$0.005 and from accumulated long-term capital gains of \$0.0150 per common share payable on January 17, 1997 to common shareholders of record on December 31, 1996.

Subsequent to October 31, 1996, dividends and distributions declared and paid on preferred shares totaled approximately \$180,996 for the outstanding preferred share series through December 13, 1996.

At the March 14, 1996 Annual Meeting of Shareholders of the Fund, the Fund's shareholders voted to decrease the liquidation value of the Fund's shares of Preferred Stock, in order to effect a stock split.

On December 3, 1996, the effective date, each share of Preferred Stock with a liquidation value of \$50,000 that was then outstanding became two shares of Preferred Stock, each having a liquidation value of \$25,000. The total number of outstanding shares of Preferred Stock has increased from 600 shares to 1,200 shares.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and the Board of Directors of
The First Commonwealth Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations, of cash

objectives or fundamental policies that have not been approved by the shareholders. There have been no changes in the Fund's charter or By-Laws that would delay or prevent a change in control of the Fund which have not been approved by shareholders. There have been no changes in the principal risk factors associated with investment in the Fund. Fund manager, Nancy Chu, joined EquitiLink from SBC Funds management. She took on her duties for The First Commonwealth Fund, Inc. in March 1996. Nancy has significant experience in international fixed-income management. She has three years investment experience.

DIRECTORS

Brian M. Sherman, Chairman
Sir Roden Cutler
David Lindsay Elsum
Rt. Hon. Malcolm Fraser
Laurence S. Freedman
Michael Gleeson-White
Michael R. Horsburgh
Roger C. Maddock
David Manor
William J. Potter
Peter D. Sacks
Anton E. Schrafl
E. Duff Scott
John T. Sheehy
Warren C. Smith

OFFICERS

Laurence S. Freedman, President
Brian M. Sherman, Vice President
David Manor, Treasurer
Roy M. Randall, Secretary
Ouma Sananikone-Fletcher, Assistant Vice President and Chief Investment Officer
Barry G. Sechos, Assistant Treasurer
Allan S. Mostoff, Assistant Secretary
Margaret A. Bancroft, Assistant Secretary

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock in the open market.