



CWF

Canadian World Fund
Limited

Investing
in the *global*
economy

1

FIRST QUARTER REPORT

March 31, 2001

Letter to the Shareholders

Canadian World Fund stayed in the lower range of performance of global markets through the first quarter ended March 31, 2001. Net assets were down 11.7% year to date vs. 8.3% for the Morgan Stanley All Country World Index, in Canadian dollar terms. High technology content gave CWF a steeper fall than for the benchmark.

The technology bear market had as much force in emerging and most other developed markets as in the U.S. and Canada. Part of our effort through the quarter was to continue to reposition the portfolio in financial assets, energy related stocks, industrial, retail and leisure industries.

The purpose of late has been to stabilize the portfolio and to increase the quality of holdings. This has boosted dividend generation. Dividend income increased by 20.4% compared with the first quarter of 2000 on a higher asset base. We expect to continue with this strategy as well as capturing a recovery in technology and other growth areas.

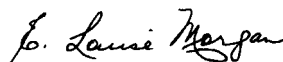
Portfolio purchases at Canadian World Fund Limited in the first quarter ended March 31, 2001 included Arch Coal, Inc. and Massey Energy Company, two of the U.S. leaders in the now reviving coal production industry, which have helped offset the largely technology and communication driven decline.

At the quarter-end, Barclays PLC, undergoing its improvement programme under Matt Barrett, the former head of Bank of Montreal, has risen to the top position in the portfolio. It is followed by the long held Spanish/Latin American telecommunications major Telefonica S.A., possibly the most favoured among the hard-hit global phone stocks. Alliance and Leicester PLC, a U.K. mortgage bank also in an improvement phase and of acquisition potential, has moved up to No. 3 position. Enron Corporation continues to head the energy related

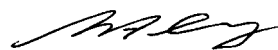
sector holdings, a reflection of its potential in the communications field.

After quarter end, we added to the Cable & Wireless PLC position in the U.K. after its sale of interests in the Hong Kong phones sector and the raising of its already substantial cash position to the £6 billion level. We have also bought NTT DeCoMo, Inc., the cellphones giant in Japan since its strong March sales report. Going forward, we look for attractive investment in companies that may acquire or be acquired.

There should be no shortage of interesting opportunities to re-establish growth in CWF's portfolio in the months ahead.



E. Louise Morgan
Chairman



Michael A. Smedley
President

Management's Discussion and Analysis

Despite a continuation of the extreme market volatility experienced last year, the Canadian World Fund Limited (CWF) portfolio continued with similar geographic weightings at March 31, 2001 as at the end of 2000. Europe remained the dominant segment with a weighting of 58.3% compared to 57.5% at year-end 2000. The United States was the second largest segment at 28.6%, down slightly from 30.0% at December 31, 2000. The portfolio also includes investments in Asia and Latin America.

Throughout the first quarter, the Manager, Morgan Meighen & Associates Limited, continued to reduce the technology and telecommunications content in the portfolio, in particular reallocating funds to more favourable energy and banking stocks. While the technology and telecommunications weighting at December 31 was approximately 58%, it was reduced to the 25% level by March 31, 2001.

The Manager employs a bottom-up investment strategy, focusing on individual companies rather than geographic or industry sectors.

Operations

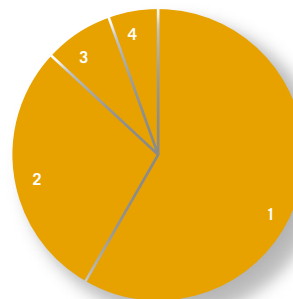
For the first quarter of this year and last year, CWF had net investment losses of \$63,000 and \$94,000 respectively.

The 30.6% increase in total investment income, to \$81,000 from \$62,000 for the quarter, was a result of a reduction in low-yielding technology stocks in the portfolio in favour of income generating positions. Also contributing to the increase was higher interest income from higher cash balances that have been maintained year-to-date.

Total expenses for the quarter of \$190,000 were 18.5% lower than the \$233,000 reported for the corre-

WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET

March 31, 2001



1	Europe	58.3%
2	North America	28.6%
3	Latin America	7.6%
4	Asia	5.5%

INVESTMENT PORTFOLIO TEN LARGEST INVESTMENTS

March 31, 2001

Company	Market Value (000's)	% of Market Value of Total Investment Portfolio
Barclays PLC	\$1,547	7.3
Telefonica S.A.	1,464	6.9
Alliance & Leicester PLC	1,301	6.1
Enron Corporation	1,100	5.2
Centrica PLC	1,061	5.0
Massey Energy Company	943	4.4
Companhia de Bebidas das Americas (Ambev)	921	4.3
Cheung Kong (Holdings) Limited	893	4.2
Interbrew S.A./N.V.	804	3.7
Amgen Inc.	760	3.5
Totals	\$10,794	50.6

spending period last year. Management fees, the most significant expense of the Fund, were down 33.8% to \$102,000 from \$154,000 as a result of the decline in portfolio assets. The management fee is calculated quarterly in arrears at 1.5% per annum of net asset value without deduction for tax liabilities. Offsetting this decrease to some extent was a 33.3% increase in interest on borrowings used for leverage purposes, a result of higher borrowing levels in the current quarter.

Net Assets

At March 31, 2001, net assets were \$21,510,000, down 11.7% from the year-end value of \$24,372,000 and down 39.0% from the end of March 2000. On a per share basis, net asset value at the end of the current quarter was \$5.24 compared to \$5.94 at December 31, 2000 and \$8.58 at March 31, 2000.

There was a net realized loss on investments of \$482,000 compared to a net realized gain of \$1,322,000 in the first quarter of 2000. Market performance in early 2001 led to a \$2,317,000 decrease in unrealized appreciation of investments. By comparison, the first quarter of 2000, driven by the run-up in technology stocks, saw an increase in unrealized appreciation of \$1,529,000. The telecommunications and technology weighting in the portfolio was at the 80% level at the beginning of the first quarter of 2000.

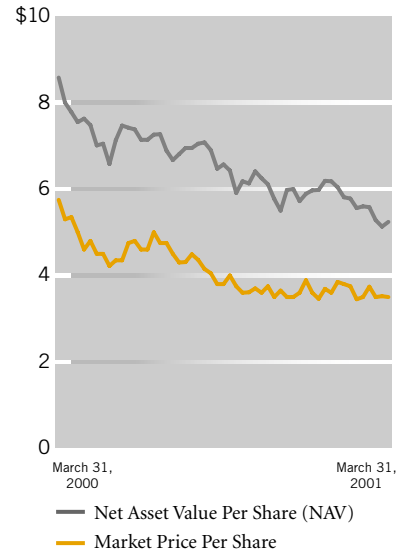
Net asset value per share growth declined by 11.7% for the three months ended March 31, 2001 compared to growth of 8.6% for the same quarter in 2000. The Corporation's benchmark, the Morgan Stanley All Country World Index, expressed in Canadian dollar terms, was down 8.3% and up 1.6% for the same periods respectively. Returns for the first quarter of 2001 reflect the 5.1% depreciation of the Canadian dollar vis-à-vis the U.S. dollar.

Outlook

The rest of 2001 should see a continuation of the high volatility seen to date. CWF is expected to continue to hold and purchase long-term holdings, while taking advantage of short-term opportunities.

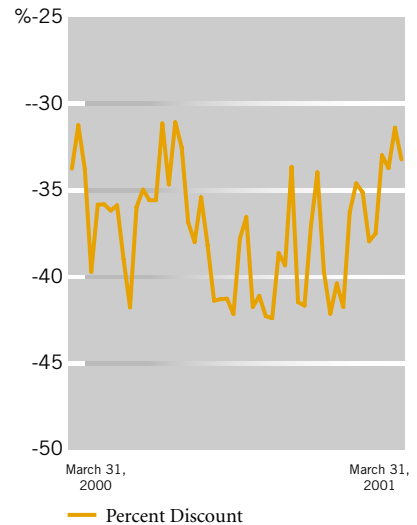
COMPARISON OF MARKET PRICE TO NAV

Twelve months ended March 31, 2001



DISCOUNT TO NAV

Twelve months ended March 31, 2001



Statements of Net Assets

(Unaudited)

	March 31, 2001	December 31, 2000	March 31, 2000
<i>(in thousands of dollars, except per share amounts)</i>			
Assets			
Investments	\$ 21,324	\$ 25,827	\$ 44,173
Cash	4,053	3,682	177
Accrued interest and dividends	49	10	39
Income taxes recoverable	437	437	–
	25,863	29,956	44,389
Liabilities			
Bank Indebtedness	3,643	4,692	2,995
Payable on securities purchased	610	–	–
Accounts payable and accrued liabilities	38	44	44
Income taxes payable	–	–	811
	4,291	4,736	3,850
Future income taxes on unrealized net capital gains	62	848	5,365
	4,353	5,584	9,215
Net Assets	\$ 21,510	\$ 24,372	\$ 35,174
Shareholders' Equity			
Capital stock	\$ 20,507	\$ 20,507	\$ 20,507
Unrealized gain on investments	1,283	3,600	12,670
Retained earnings (deficit)	(280)	265	1,997
	\$ 21,510	\$ 24,372	\$ 35,174
Number of shares outstanding	4,101,350	4,101,350	4,101,350
Net asset value per share	\$ 5.24	\$ 5.94	\$ 8.58

Statements of Operations

(Unaudited)

	Three Months Ended	
	March 31, 2001	March 31, 2000
<i>(in thousands of dollars)</i>		
Investment income		
Dividends	\$ 65	\$ 54
Interest	16	8
	81	62
Expenses		
Management fees	102	154
Interest	56	42
Directors' fees	6	9
Other	26	28
	190	233
Investment income before income taxes	(109)	(171)
Income tax recovery	(46)	(77)
Net investment loss	(63)	(94)
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments	(482)	1,322
Change in unrealized appreciation in value of investments	(2,317)	1,529
Net gain (loss) on investments	(2,799)	2,851
Increase (decrease) in net assets resulting from operations	\$ (2,862)	\$ 2,757

Statements of Changes in Net Assets

(Unaudited)

	Three Months Ended	
	March 31, 2001	March 31, 2000
<i>(in thousands of dollars)</i>		
Increase (decrease) in net assets resulting from operations	\$ (2,862)	\$ 2,757
Net assets - Beginning of period	24,372	32,417
Net assets - End of period	\$ 21,510	\$ 35,174

Statements of Net Gain (Loss) on Investments

(Unaudited)

	Three Months Ended	
	March 31, 2001	March 31, 2000
<i>(in thousands of dollars)</i>		
Proceeds from disposition of investments	\$ 7,790	\$ 8,548
Investments at cost, beginning of period	21,264	24,335
Investments purchased during the period	6,826	8,375
Investments at cost, end of period	(19,685)	(26,135)
Cost of investments disposed of during the period	8,405	6,575
Realized gain (loss) on disposition of investments before income taxes	(615)	1,973
Income taxes (recovery) on realized net taxable capital gains (allowable capital losses)	(133)	651
Net realized gain (loss) on investments	(482)	1,322
Change in unrealized appreciation of investments	(2,317)	1,529
Net gain (loss) on investments	\$ (2,799)	\$ 2,851

Statements of Retained Earnings (Deficit)

(Unaudited)

	Three Months Ended	
	March 31, 2001	March 31, 2000
<i>(in thousands of dollars)</i>		
Retained earnings - Beginning of period	\$ 265	\$ 769
Net investment loss for the period	(63)	(94)
Net realized gain (loss) on investments	(482)	1,322
Retained earnings (deficit) - End of period	\$ (280)	\$ 1,997

Note to Financial Statements

The accompanying financial statements should be read in conjunction with the notes to the company's audited financial statements for the year ended December 31, 2000. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

Statement of Investments

March 31, 2001

NUMBER OF SHARES OR PAR VALUE		COST	MARKET VALUE
<i>(in thousands of dollars)</i>			
ASIA			
54,000	– Hong Kong Cheung Kong (Holdings) Limited	823	893
15,000	– India ICICI Limited ADR	276	278
	TOTAL ASIA	1,099	1,171
EUROPE			
20,000	– Belgium Interbrew S.A./N.V.*	801	804
8,000	– Finland Nokia Corporation ADR	579	303
7,000	– France Alcatel S.A. ADR	489	318
4,000	– Germany Siemens AG	279	649
94,000	– Ireland Anglo Irish Bank Corporation PLC*	453	415
23,100	– Spain Banco Santander Central Hispano S.A. ADR*	389	330
19,379	Telefonica S.A. ADR	442	1,464
		831	1,794
20,000	– Sweden Telefonaktiebolaget LM Ericsson ADR	634	176
80,000	– United Kingdom Alliance & Leicester PLC	1,041	1,301
31,500	Barclays PLC	1,119	1,547
100,000	British Energy PLC*	589	649
60,000	Cable & Wireless PLC	1,106	638
200,000	Centrica PLC	606	1,061
45,000	Enterprise Oil PLC*	636	570
43,500	Legal & General Group PLC*	157	158
100,000	P & O Princess Cruises PLC	562	615
300,000	Pilkington PLC*	816	712
130,000	Tesco PLC	762	730
		7,394	7,981
	TOTAL EUROPE	11,460	12,440

NUMBER OF SHARES OR PAR VALUE		COST	MARKET VALUE
<i>(in thousands of dollars)</i>			
LATIN AMERICA			
25,000	– Brazil Companhia de Bebidas das Americas (Ambev) ADR preference shares*	911	921
9,000	Telecomunicacoes Brasileiras S.A. HOLDRS (Telebras)	467	686
		1,378	1,607
	TOTAL LATIN AMERICA	1,378	1,607
NORTH AMERICA			
10,500	– United States AOL Time Warner Inc.*	714	665
8,000	Amgen Inc.	739	760
10,000	Arch Coal, Inc.*	292	473
10,000	deCODE GENETICS, INC.	397	108
10,000	Duke Energy Corporation*	606	674
12,000	Enron Corporation	465	1,100
25,000	Massey Energy Company*	713	943
8,000	Microsoft Corporation	845	690
20,000	P G & E Corporation*	422	393
10,000	Solectron Corporation	555	300
		5,748	6,106
	TOTAL NORTH AMERICA	5,748	6,106
TOTAL INVESTMENTS			
	– March 31, 2001	\$ 19,685	\$ 21,324
	– December 31, 2000	\$ 21,264	\$ 25,827
	– March 31, 2000	\$ 26,135	\$ 44,173

Changes from December 31, 2000

* New Holdings

+ Increased Holdings

Corporate Information – Canadian World Fund Limited

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Stock Exchange Listings

The Toronto Stock Exchange
Trading Symbol: CWF

The Corporation is a member of the Closed-End Fund Association ('CEFA') in North America.

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To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Montreal Trust at the above address.

Publication

The Corporation calculates and releases its net asset value per share (NAV) on a daily basis. The NAV is published in various media in Canada and the United States.

The Corporation will provide a list of its weekly top 10 portfolio holdings (priced at market), together with current discount and market return information to any interested party upon request.