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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: CWF

Managed by:

MorganMeighen
& ASSOCIATES
Investment Managers

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CWF

Canadian World Fund Limited

GLOBAL OPPORTUNITIES

3

THIRD QUARTER SHAREHOLDER UPDATE

September 30, 2007

General commentary

Over the 12 months to September 30, 2007 Canadian World Fund's net asset value per share rose by 11.5%, comparing well with 8.8% for the Fund's benchmark, the Morgan Stanley All Country World Index expressed in Canadian dollars. For the year-to-date period the numbers were -6.9% for CWF and -4.2% for the Index, following a general market correction, a strong Canadian dollar, and the dilutive effect of CWF's rights issue announced in April.

Progress and catch-up started for CWF in the final days of the third quarter and we have seen a move ahead of the index in mid-October. Still with us are gloom about U.S. housing, sub-prime contagion and eternal worries about the U.S. economy and its potential effects on others. However, our investment team is optimistic about the strength of the portfolio overall.

We enter the final quarter of 2007 noting a touch of glory as the Canadian dollar arrives at parity with U.S. money for the first time in over 30 years. The rise has been mostly gradual and over a long period allowing for much adjustment for Canadian business. There is a continuing challenge for Canadian World Fund, which converts the value of its foreign holdings into Canadian dollars. The direct outcome of this now well established currency trend was our recognition more than a year ago that a major increase in Canadian dollar securities would help counter much of the negative effect of foreign holdings on the CWF portfolio. Getting star performance out of many Canadian holdings, particularly in resources, has been an additional benefit and we chose this style, rather than indulging in costly hedging techniques that also would limit the upside we seek for this rare global equities fund.

Arrival at parity with the American dollar means that for the moment we can talk simply of dollars, virtually ignoring the "C" word and the "A" word. Perhaps further strength in the domestic economy, extended weakness in the U.S. dollar and the extended attraction of Canada's resources base will result in an even stronger Canadian dollar.

Some of the highlights of the portfolio are described in the following section.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Investment Commentary

SUMMER IS OVER

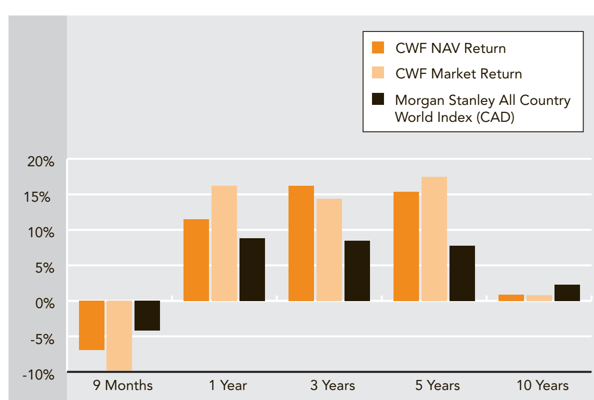
In the past quarter, we continued to benefit from our leading stocks, in several of which we increased the size of our holding after the arrival of new cash raised with the closing of the rights issue in June.

Among winners are prominent U.S. stocks Apple Inc., Google Inc. and Freeport-McMoRan Copper & Gold Inc., to which we recently added Deere & Company, a major participant in the ongoing agricultural sector boom.

The U.S. market in general, and two of our other three major portfolio sectors, the U.K. and Canada, have been reduced to single digit performers through the summer correction, whereas India, the best of our major portfolio sectors, has consistently shown returns in double digits – and rising. Outstanding gainers there are Indiabulls Financial Services and its spun off subsidiary, Indiabulls Real Estate Limited, which combined were up a phenomenal 808% since purchase.

Although we missed extravagant gains in China's newly public major banks and insurance companies together with the strength of China's national oil and telecoms companies, in the final weeks of the quarter, we purchased Baidu.com, Inc. and enjoyed a 33% gain by quarter end. Baidu, listed in New York, is growing at a phenomenal rate and does not yet look threatened by Google, the great invader in its space.

Compound Annual Returns for the Periods Ending September 30, 2007



Late in the third quarter, good price moves have erupted among stock, commodity and derivatives exchanges across the world. Canadian World Fund is participating well in these advances and should enjoy even more appreciation in the next few months. Our latest acquisition, OMX AB, of Baltic fame, is already subject to acquisition.

REVIVAL IN RESOURCES

New names in the mining group include El Niño Ventures Inc., a copper play in the Congo region and Uranium One Inc., a uranium play in Kazakhstan, South Africa, Canada and Australia.

A revival in resources will necessarily dominate the Canadian segment of the portfolio. The Canadian weighting of 27.1% in the portfolio at quarter end might well rise further, given the potential strength of the local market. Now that we have reached currency parity, our target could incorporate a further 10% move against the U.S. dollar. In oil stocks, we expect strengthening again, despite the Alberta review board's mid-September call for significant increases in royalty payments to the province. Production costs are escalating and will not recede. And surely gas should lift off the bottom. We are seeing demands globally for more state revenue, most notably in the mining sector. It is all going to add to growth, inflation, and higher stock prices, in our opinion.

Also among new names in the portfolio we single out for its unusual nature and success, Altius Minerals Corporation of Newfoundland. Altius is a holding company and sponsor. It is advanced in the permitting and planning of an oil refinery in Newfoundland. It should be the first refinery built in North America in several decades. The company also has a 0.3% net smelter return (NSR) royalty on CVRD Voisey's Bay nickel project and has many other interests, mostly in the mining sector.

As we leave the third quarter, a revival we had expected in materials – both metals and energy – appears to be under way with the seasonal lull behind us. The oil price has moved through its all time high. Most metal inventories still appear to be tight. Many of the world's major mines continue to face peak production. Pricing should soon favour sellers again as uranium stays scarce and demand rises again, due to restocking needs and new plant arrivals.

As we move on after the final quarter we have started to realize our goal of overtaking the performance of the benchmark. We look forward to reviewing our 2007 record after December 31.

On behalf of the Manager,

Michael A. Smedley
CEO & Chief Portfolio Officer

Alex Sulzer
Vice-President

SUMMARY OF INVESTMENT PORTFOLIO

as at September 30, 2007

The following Net Asset Value data has all been presented using the NAV (as opposed to the GAAP NAV).

Sector Allocation**

	% of Net Assets*	% of Investment Portfolio
Financials	36.2	31.8
Materials	19.9	17.5
Energy	15.0	13.1
Consumer Discretionary	14.4	12.6
Information Technology	11.6	10.1
Industrials	10.3	9.1
Consumer Staples	3.7	3.2
Utilities	1.4	1.2
Cash & Cash Equivalents	0.6	0.5

Geographic Allocation

	% of Net Assets*	% of Investment Portfolio
North America	52.7	46.1
Asia	20.2	17.7
Europe (excluding U.K.)	17.1	15.0
United Kingdom	14.4	12.6
Latin America	7.4	6.5
Africa	1.3	1.2

SUMMARY OF INVESTMENT PORTFOLIO *(CONTINUED)*

Top 25 Holdings *as at September 30, 2007*

Issuer	Country	Sector**	% of Net Assets*	% of Investment Portfolio
Apple Inc.	U.S.A.	Information Technology	2.9	2.5
Deere & Company	U.S.A.	Industrials	2.8	2.4
Petrominerales Ltd.	Canada	Energy	2.4	2.1
Equinox Minerals Limited	Canada	Materials	2.3	2.1
Autonomy Corporation plc	U.K.	Information Technology	2.3	2.0
OMX AB (PUBL)	Sweden	Financials	2.2	1.9
Altius Minerals Corporation	Canada	Materials	2.1	1.9
iimia Investment Group Plc	U.K.	Financials	2.1	1.9
Google Inc.	U.S.A.	Information Technology	2.1	1.9
PT Bumi Resources Tbk	Indonesia	Energy	2.0	1.8
HDFC Bank Ltd.	India	Financials	2.0	1.8
Freeport-McMoRan Copper & Gold Inc.	U.S.A.	Materials	2.0	1.7
Sberbank	Russia	Financials	2.0	1.7
NYMEX Holdings Inc.	U.S.A.	Financials	2.0	1.7
Oslo Bors Holding ASA	Norway	Financials	1.9	1.7
AmRest Holdings N.V.	Netherlands	Consumer Discretionary	1.9	1.7
Alcoa Inc.	U.S.A.	Materials	1.8	1.6
Grupo Mexico, S.A. de C.V.	Mexico	Materials	1.8	1.6
Mahindra & Mahindra Limited	India	Industrials	1.8	1.6
Lojas Renner S.A.	Brazil	Consumer Discretionary	1.8	1.5
CAE Inc	Canada	Industrials	1.8	1.5
FCStone Group, Inc.	U.S.A.	Financials	1.7	1.5
Central European Distribution Corporation	Poland	Consumer Staples	1.6	1.4
Indiabulls Real Estate Limited	India	Financials	1.6	1.4
Chariot Resources Limited	Canada	Materials	1.5	1.3
			50.4*	44.2
Total Net Assets* ($000's)				$ 53,155
Total Investment Portfolio ($000's)				$ 60,653

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of bank indebtedness ($5 million), other assets and other liabilities. Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased, of $537,000.

** Using the Global Industry Classification Standard developed by Morgan Stanley Capital International and Standard & Poor's.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Manager's web site at www.mmainvestments.com, by calling 416-366-2931 (Toll Free: 1-866-443-6097), or by writing to the Company at 110 Yonge Street, Suite 1601, Toronto, Ontario, Canada, M5C 1T4.

Certain financial information contained in this report, including investment growth rates, rates of return and other such statistical information are historical values; past performance is no assurance or indicator of future returns. Share prices, net asset values and investment returns will fluctuate. Stated historical returns assume the reinvestment of all distributions. Such financial information does not reflect any broker commissions, transaction costs or such other fees and expenses which may have been applicable nor income taxes payable by any shareholder, which would have the effect of reducing such historical returns. Stated returns for periods greater than one year are compound average annual rates of return. Further information concerning risk can be found in the Management Report of Fund Performance of the Annual Report to Shareholders.

The Company is an investment fund, and as such, this Third Quarter Shareholder Update carries a variety of information concerning stocks and other investments, all for informational purposes only. The reader should assume that the Company and all individuals and entities (including the Manager and members of its staff) who have contributed to this publication may have a conflict of interest. Readers should therefore not rely solely on this Report in evaluating whether or not to buy or sell securities discussed herein.