

STATEMENT OF INVESTMENTS  
March 31, 1999

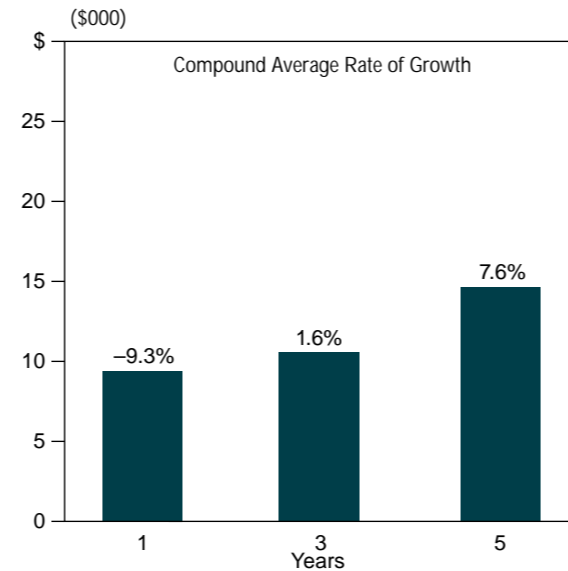
NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
<b>AFRICA</b>		
— <b>South Africa</b>		
102,684	ABSA Group Limited \$ 392	\$ 742
7,500	Anglo American Corporation of South Africa Limited*	
	396	393
	788	1,135
	TOTAL AFRICA	
	788	1,135
<b>ASIA</b>		
— <b>Japan</b>		
20,000	Foreign Fund, Inc. Japan WEBS	347
	TOTAL ASIA	
	352	347
<b>EUROPE</b>		
— <b>Belgium</b>		
5,500	Delhaize "Le Lion" S.A.	770
— <b>Denmark</b>		
6,000	Copenhagen Airport	965
— <b>France</b>		
7,150	France Telecom S.A.	885
— <b>Germany</b>		
9,000	Apcoa Parking AG	995
6,000	Siemens AG	602
	1,334	1,597
— <b>Italy</b>		
200,000	Telecom Italia Mobile SPA	2,025
40,000	Telecom Italia SPA	642
	757	2,667
— <b>Spain</b>		
6,000	Telefonica de Espana, S.A. ADR	1,157
— <b>Switzerland</b>		
200	Novartis AG*	490
— <b>United Kingdom</b>		
50,000	Cable & Wireless PLC	943
296,400	Centrica PLC+	787
14,310	COLT Telecom Group PLC*	389
30,000	National Express Group PLC	852
100,000	Thomson Travel Group PLC	438
60,211	Vodafone Group PLC+	1,689
	3,810	5,098
	TOTAL EUROPE	
	8,389	13,629

STATEMENT OF INVESTMENTS  
March 31, 1999 (cont'd)

NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
<b>FORMER EASTERN BLOC</b>		
— <b>Russia</b>		
1	LUKoil Holding RDC 144A \$ 266	\$ 151
100	Moscow Telephone	8
20,928	Mosenergo ADR	67
34	Norilsk Nickel Reg S RDC	21
20,000	RAO Gazprom Reg S ADS	311
100,000	Rostelecom	103
3	Rostelecom RDC 144A	31
	1,950	692
	TOTAL FORMER EASTERN BLOC	
	1,950	692
<b>LATIN AMERICA</b>		
— <b>Argentina</b>		
15,000	Transportadora de Gas del Sur S.A. ADR	212
— <b>Brazil</b>		
9,000	Telecomunicacoes Brasileiras S.A. HOLDRS (Telebras)	1,095
— <b>Mexico</b>		
20,000	Panamerican Beverages, Inc. A	530
— <b>Peru</b>		
25,000	Southern Peru Copper Corporation	380
	1,880	2,217
	TOTAL LATIN AMERICA	
	1,880	2,217
<b>NORTH AMERICA</b>		
— <b>United States</b>		
5,000	Cisco Systems, Inc.*	827
10,000	Computer Associates International, Inc.	537
12,000	Enron Corporation	1,163
25,000	Herman Miller, Inc.*	689
20,000	Infinity Broadcasting Corporation A	777
15,000	Rite Aid Corporation	566
7,000	SCI Systems, Inc.	313
10,000	Tellabs, Inc.	1,475
	981	6,347
	6,301	6,347
	TOTAL NORTH AMERICA	
	6,301	6,347
<b>Total Investments</b>		
— <b>March 31, 1999</b>		
	\$ 19,660	\$ 24,367
<b>Total Investments</b>		
— <b>March 31, 1998</b>		
	\$ 20,952	\$ 29,528

Changes from December 31, 1998:  
\* New Holdings  
+ Increased Holdings

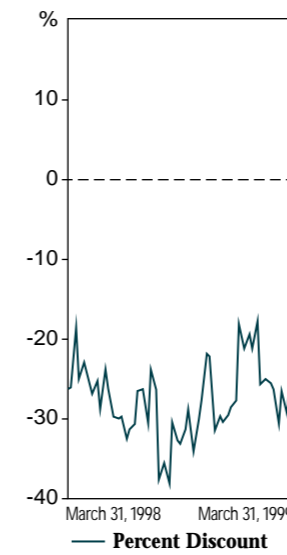
GROWTH OF A \$10,000 INVESTMENT  
For 1, 3 and 5 years to March 31, 1999



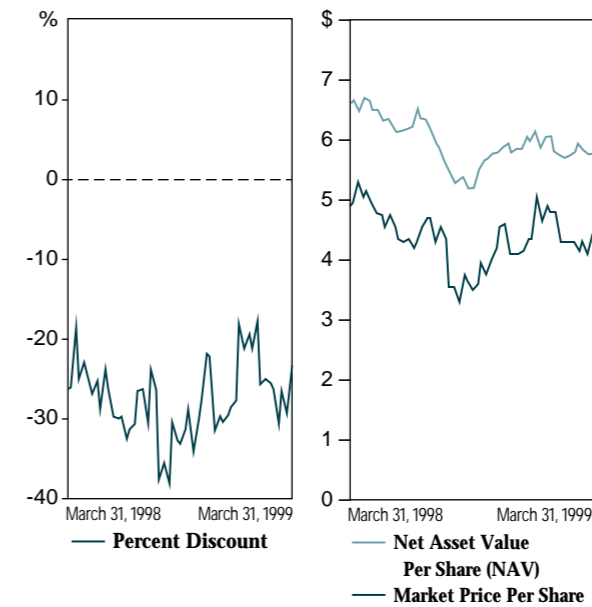
INVESTMENT PORTFOLIO  
TEN LARGEST INVESTMENTS  
March 31, 1999

Company	Market Value (000's)	% of Market Value of Total Investment Portfolio
Telecom Italia Mobile SPA	\$ 2,025	8.3
Vodafone Group PLC	1,689	6.9
Tellabs, Inc.	1,475	6.1
Enron Corporation	1,163	4.8
Telefonica de Espana, S.A.	1,157	4.7
Telecomunicacoes Brasileiras S.A. (Telebras)	1,095	4.5
Apcoa Parking AG	995	4.1
Copenhagen Airport	965	4.0
Cable & Wireless PLC	943	3.9
France Telecom S.A.	885	3.6
<b>Totals</b>	<b>\$12,392</b>	<b>50.9</b>

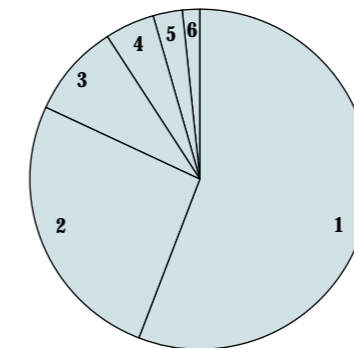
DISCOUNT TO NAV  
Twelve months ended March 31, 1999



COMPARISON OF MARKET PRICE TO NAV  
Twelve months ended March 31, 1999



GEOGRAPHIC WEIGHTING OF INVESTMENT PORTFOLIO  
March 31, 1999



	% at Market
<b>1 Europe</b>	<b>55.9</b>
<b>2 North America</b>	<b>26.1</b>
<b>3 Latin America</b>	<b>9.1</b>
<b>4 Africa</b>	<b>4.7</b>
<b>5 Former Eastern Bloc</b>	<b>2.8</b>
<b>6 Asia</b>	<b>1.4</b>

CANADIAN  
WORLD  
FUND  
LIMITED

1

MARCH 31, 1999  
FIRST QUARTER  
REPORT

## REPORT TO SHAREHOLDERS

Canadian World Fund Limited (CWF) has continued in the first quarter to focus on fewer holdings and less regional allocation in the effort to upgrade performance through bottom-up investment style equity selection.

Lipper Analytical Services, which measures the performance of all North American closed-end funds, awarded CWF its 1998 number one ranking for North America listed Miscellaneous Country/Regional Funds. As positive returns have been difficult to achieve in the past five years in emerging economies and markets, CWF is at present concentrating more on developed markets which helped secure the Lipper award.

### PERFORMANCE

Net assets were \$23,557,000 at the end of March compared to \$24,420,000 at the end of 1998 and \$26,987,000 at the end of the first quarter last year. Net asset value per share was \$5.74 at March 31, 1999, a decrease of 3.5% compared to \$5.95 at December 31, 1998 and a decrease of 12.8% from \$6.58 at March 31, 1998. For comparative purposes, the Morgan Stanley All Country World Index, of which close to 50% is weighted to the U.S. market, reported a year to date increase of 2.1%, and a 12 month increase of 16.7%. CWF had 26.1% of its portfolio in U.S. markets at quarter end. Approximately 17% of CWF's portfolio is now invested in emerging markets compared to more than 50% one year ago.

Net investment loss for the three months was \$21,000 or \$0.01 per share compared with net investment income of \$27,000 or \$0.01 per share for the same period last year.

### TRADING ACTIVITY

In the past twelve months, CWF shares have ranged between \$3.00 and \$5.25. During the first quarter, the stock traded between \$3.80 and \$5.00, closing the period at \$4.40. Market return as measured by share price appreciation was 2.3% for the quarter and -9.3% for the twelve months to March 31, 1999. The share price discount to NAV was 23.3% vs 27.7% at the end of 1998. The discount fluctuated between 17.8% and 30.6% during the quarter.

The following portrays the portfolio activity during the first quarter of 1999.

### AFRICA

Ashanti Goldfields Company Limited was eliminated as global economies struggle with deflation or disinflation, giving the yellow metal little ability to improve in price. South African Breweries was introduced to the London Stock Exchange and provided close to 20% price appreciation after listing as index funds had to purchase the stock in order to match the index weighting. This position was sold later to purchase the metals giant Anglo American Corp. of South Africa Ltd. It is expected

to be listed in London in May of this year and its price has already appreciated to reflect this.

### ASIA

HSBC Holdings PLC of Hong Kong was eliminated with a gain in excess of 34%, while Japan WEBS was purchased to participate in Japan's current market recovery which could be ahead of the country's encouraging but still early economic and financial reforms.

### EUROPE

Investment in Europe increased marginally from the end of 1998 to 55.9% with the greatest exposure being in the U.K. at 20.9% of the total portfolio. The Spanish electrical utility, Endesa, S.A., was sold after realizing a gain of more than 75%. Proceeds were invested in Novartis AG of Switzerland, one of the world's premier pharmaceutical companies with its extensive pipeline of new drugs. A position was taken in COLT Telecom Group PLC, a European telecom company controlled by Fidelity Group of the U.S. COLT is expanding to 26 European cities from its current 13 and is a prime candidate for strong growth and potential acquisition.

### FORMER EASTERN BLOC

These holdings are Russian and have started to benefit from improving energy and resource prices. The road to the next big market recovery is obscure at this time but sudden revival seems to be the pattern.

### LATIN AMERICA

These holdings have not changed during the quarter. Brazil is close to resolving economic reform matters with the IMF and its recovery would benefit the continent.

### NORTH AMERICA

The U.S. market continues to confuse and surprise as market indices moved to new highs. With strong economic growth, low inflation and low unemployment, liquidity remains the major ingredient in the market particularly for the top 15-20% of high capitalization companies. Whether investors sustain their pace in the new online and frenzied trading style remains to be seen.



E. Louise Morgan  
Chairman

Michael A. Smedley  
President

***CWF has adopted the new financial statement reporting format recommended in a Canadian Institute of Chartered Accountants Research Report for investment funds. Prior year figures have been restated to reflect the new format.***

## STATEMENT OF NET ASSETS

(Unaudited)

As at March 31,	1999	1998
	(000's)	
<b>ASSETS</b>		
Investments	\$ 24,367	\$ 29,528
Cash	130	247
Receivable on securities sold	389	-
Accrued interest and dividends	44	50
Income taxes recoverable	629	-
<b>Total Assets</b>	<b>25,559</b>	<b>29,825</b>
<b>LIABILITIES</b>		
Payable on securities purchased	396	-
Accounts payable and accrued liabilities	31	10
Income taxes payable	-	20
	427	30
Deferred income taxes	1,575	2,808
<b>Total Liabilities</b>	<b>2,002</b>	<b>2,838</b>
<b>Net Assets</b>	<b>\$ 23,557</b>	<b>\$ 26,987</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	\$ 20,507	\$ 20,507
Unrealized gain on investments	3,049	5,706
Retained earnings	1	774
	\$ 23,557	\$ 26,987
Number of common shares outstanding	4,101,350	4,101,350
Net asset value per share	\$5.74	\$6.58

## STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

Three months ended March 31,	1999	1998
	(000's)	
<b>INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>		
	\$ (863)	\$ 1,380
<b>NET ASSETS - BEGINNING OF PERIOD</b>	<b>24,420</b>	<b>25,607</b>
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 23,557</b>	<b>\$ 26,987</b>

## STATEMENT OF OPERATIONS

(Unaudited)

Three months ended March 31,	1999	1998
	(000's)	
<b>INVESTMENT INCOME</b>		
Dividends	\$ 101	\$ 179
Interest	6	8
<b>Total investment income</b>	<b>107</b>	<b>187</b>
<b>EXPENSES</b>		
Management fees	106	111
Directors' fees	6	6
Regulatory and transfer agent fees	14	11
Miscellaneous	19	10
<b>Total expenses</b>	<b>145</b>	<b>138</b>
Investment income (loss) before income taxes	(38)	49
Income tax provision (recovery)	(17)	22
<b>NET INVESTMENT INCOME (LOSS)</b>	<b>(21)</b>	<b>27</b>
<b>REALIZED AND UNREALIZED GAIN ON INVESTMENTS</b>		
Net realized gain on investments	86	2
Change in unrealized appreciation of investments	(928)	1,351
<b>NET GAIN (LOSS) ON INVESTMENTS</b>	<b>(842)</b>	<b>1,353</b>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>		
	\$ (863)	\$ 1,380

## STATEMENT OF NET REALIZED GAIN ON INVESTMENTS

(Unaudited)

Three months ended March 31,	1999	1998
	(000's)	
Proceeds from disposition of investments		
	\$ 3,649	\$ 2,430
Investments at cost, beginning of period	19,268	20,841
Investments purchased during the period	3,913	2,539
Investments at cost, end of period	(19,661)	(20,952)
Cost of investments disposed of during the period	3,520	2,428
Realized gain on disposition of investments before income taxes	129	2
Income taxes on realized net taxable capital gains	43	-
<b>Net realized gain on investments</b>	<b>\$ 86</b>	<b>\$ 2</b>

## CANADIAN WORLD FUND LIMITED

### CORPORATE INFORMATION

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M5J 2N1

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Fax: (416) 981-9800

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#### STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbol: CWF

The Winnipeg Stock

Exchange

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

**The Corporation prices its portfolio on a weekly basis, and its resultant Net Asset Value per share is released and published in various media in Canada and in 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.**