

## REGISTRAR AND TRANSFER AGENT

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

## STOCK EXCHANGE LISTING

The Toronto Stock Exchange  
Trading Symbol: CWF

Managed by:



Investment Managers

## CANADIAN WORLD FUND LIMITED

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## Canadian World Fund Limited



## GLOBAL OPPORTUNITIES

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## THIRD QUARTER SHAREHOLDER UPDATE

September 30, 2009

## GENERAL COMMENTARY

Canadian World Fund Limited (CWF) posted a net asset value (NAV) return of 11.6% and a market value return of 11.2% in the third quarter of 2009, both surpassing the 8.2% total return of its benchmark, the Morgan Stanley Capital International All Country World Index, expressed in Canadian dollar terms. For the year-to-date period, CWF's NAV, rose 47.0%, quadrupling the benchmark return of 10.5%, while the share price was up 31.1%. On a rolling twelve-month basis, CWF's NAV return is back in positive territory at 1.9% and just ahead of its benchmark, which returned -1.4%, but its shares remain in negative territory with a -3.5% return.

Equity markets have snapped back from the lows of March more quickly than anticipated and ahead of the global economic growth, which has been driven primarily by governmental stimulus around the world. We are seeing some evidence of what might be termed a "flight to risk", as those husbanding cash on the sidelines begin to fear that they are being left behind and feel compelled to try to catch the market.

Nevertheless, we believe in the soundness of the recovery in Asia. The shift in relative wealth from the West to Asia, particularly China, is real and is expected to continue. Demand for resources from these, and all BRIC economies, should continue to support the price of raw materials and create wealth for countries and companies that can service this demand.

We are pleased with recent performance and, notwithstanding the challenging environment, we are hopeful that the current upward trend will continue.

Vanessa L. Morgan  
*Chairman*

Jonathan A. Morgan  
*President & CEO*

## INVESTMENT COMMENTARY

The unprecedented scope of government programs put into place earlier this year to fend off the credit crisis has helped stabilize the global economy.

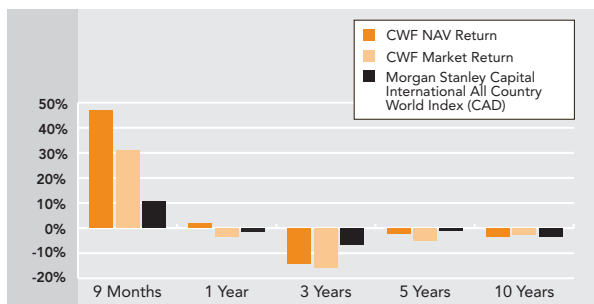
After months on the downside, the tide of the global economy has turned to upside surprises. The shift is a reflection of improvement in the credit markets of both developed and developing nations. Economic activity remains well below the pre-crisis level, but the government backstops put in place earlier this year have allowed commercial banks to resume their role as the transmission belt of monetary policy. There are encouraging signs, such as leading indicators signaling a pick-up of global momentum.

Emerging economies will play an important role in sustaining the global recovery. China's very sizeable fiscal stimulus coupled with a surge in lending by commercial banks helped its gross domestic product (GDP) rebound from the worst performance in a decade on the strength of domestic demand. The leading Asian economies, such as China, Indonesia, India, South Korea and Singapore expanded strongly. Since manufacturing weighs heavily on these economies, they are well-positioned to benefit from inventory rebuilding in the more mature economies going forward.

During the third quarter of 2009 Canadian World Fund's (CWF) net asset value (NAV) returned 11.6% versus its benchmark, the Morgan Stanley Capital International All Country World Index, expressed in Canadian dollar terms, which gained 8.2%. On a year-to-date comparison ending September 30, 2009 CWF's NAV gain of 47.0% reflects very favourably against the benchmark increase of 10.5%.

Key holdings in CWF were the main contributors to the strong relative performance. At the top of the list we find Lojas Renner S.A., Brazil's leading fashion apparel retailer, benefitting from the country's economic recovery and supported by very favourable demographics. Petrofac Limited, an international oil-field services company based in London, increased its order intake by \$5.8 billion in the first half of 2009, raising the backlog to \$8.4 billion after contract awards in Saudi Arabia, United Arab Emirates and Oman. The company has more than \$1 billion in cash, no debt and yields a respectable 2%. Other strong performers are positions in Apple Inc., with its very successful brand names such as iMac, iPod and iPhone, an almost 'must have' accepted by millions around the world, and Equinox Minerals Limited, one of the largest copper miners going into production in Zambia.

### Compound Annual Returns for the Periods Ending September 30, 2009



A newly acquired position is Gold Resource Corporation, a speculative mining idea still in pre-production phase in Mexico, which has developed and sold several gold companies. Hochschild Mining plc, the big silver and gold miner based in Peru has picked up 24% of Gold Resource in the market and in a private placement, recognizing the super-grade, narrow-vein underground prospect. The project is inland, south west of Acapulco, Mexico in a region apparently never mined even in Spanish or pre-Hispanic times. An open pit should fund the underground operation. Minimal share dilution and dividends are objectives.

Adding to consumer sector exposure in Brazil is Hypermarcas S.A., a leading consumer products company with strong representation in the OTC/pharma, personal care, home care and food product segments. Management has over 30 years of industry experience and anticipates a large opportunity for profitable growth in the consumer foods industry which remains very fragmented.

As a new early stage gold choice listed in Canada, and not well known, East Asia Minerals Corporation (EAS-V) was bought recently for CWF. EAS sold several properties to a subsidiary of the French giant Areva NV for \$83 million. EAS had paid little more than \$300,000 and distributed the massive profit to shareholders as a dividend and return of capital. New capital was due to arrive by way of an exercising of EAS warrants. The payout was \$1.30 per share trading then at about \$2. Around the same time, the action switched from uranium in Mongolia to gold in Aceh Province in northern Sumatra, Indonesia where a three year window in a 30-year conflict had let EAS into the scene years earlier. It commands a big area on the high grade trend that is

popularly believed to run from the distant giant Grasberg mine of Freeport-McMoRan. EAS appears to be the main mover in its region. Positive results have started to come in.

Uranium in Mongolia is not completely abandoned. EAS has added to its properties and is watching the government's discussions with other companies such Rio Tinto.

Despite the stock market recovery, the economic and financial environments remain fragile. As always, financial markets recover ahead of economies, and respond to fiscal and monetary stimulus before real economies.

Although the long-term economic and financial outlook remains uncertain, there are several factors supportive of the current stock market outlook. There is still a tremendous amount of liquidity on the sidelines earning very little and, as rates remain low, we expect positive funds flow into the equity markets.

Expecting a continuation of economic recovery, earnings multiples appear reasonable. Significant further upside to equity markets will likely require improvement in the real economy.

On behalf of the Manager,

Michael A. Smedley  
*CEO & Chief Portfolio Officer*

Alex Sulzer  
*Vice-President*

## SUMMARY OF INVESTMENT PORTFOLIO

as at September 30, 2009

### Sector Allocation

	% of Net Asset Value*	% of Investment Portfolio
Financials	20.8	20.7
Energy	18.2	18.1
Information Technology	17.4	17.4
Consumer Discretionary	12.7	12.7
Materials	12.5	12.5
Consumer Staples	7.6	7.6
Industrials	6.6	6.6
Health Care	2.7	2.7
Cash & Cash Equivalents	2.2	2.2

### Geographic Allocation

	% of Net Asset Value*	% of Investment Portfolio
Canada	27.3	27.3
United States	23.4	23.3
Europe	22.5	22.5
Asia	16.2	16.1
Latin America	10.1	10.1
Australia	1.2	1.2

## SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)

### Top 25 Holdings as at September 30, 2009

Issuer	Country	Sector	% of Net Asset Value*	% of Investment Portfolio
Apple Inc.	U.S.A.	Information Technology	4.6	4.6
HDFC Bank Ltd.	India	Financials	4.2	4.2
Baidu, Inc.	China/Hong Kong	Information Technology	4.1	4.1
Alliance Grain Traders Inc.	Canada	Consumer Staples	3.9	3.9
Lojas Renner S.A.	Brazil	Consumer Discretionary	3.9	3.9
Petrofac Limited	U.K.	Energy	3.4	3.3
Petrominerales Ltd.	Canada	Energy	3.3	3.3
Mahindra & Mahindra Limited	India	Industrials	3.2	3.2
International Business Machines Corporation	U.S.A.	Information Technology	3.0	2.9
Biovail Corporation	Canada	Health Care	2.7	2.7
Petrohawk Energy Corporation	U.S.A.	Energy	2.6	2.6
Freeport-McMoRan Copper & Gold Inc.	U.S.A.	Materials	2.4	2.4
Equinox Minerals Limited	Canada	Materials	2.3	2.3
Deere & Company	U.S.A.	Industrials	2.3	2.3
Silvercorp Metals Inc.	Canada	Materials	2.2	2.2
Cash	Canada	Cash & Cash Equivalents	2.2	2.2
Grupo Financiero Banorte S.A.B. de C.V.	Mexico	Financials	2.1	2.1
Central European Distribution Corporation	Poland	Consumer Staples	2.1	2.1
Hypermarcas S.A.	Brazil	Consumer Discretionary	2.1	2.1
AmRest Holdings N.V.	Netherlands	Consumer Discretionary	2.1	2.1
Desarrolladora Homex, S.A.B. de C.V., ADR	Mexico	Consumer Discretionary	2.0	2.0
Gold Resource Corporation	U.S.A.	Materials	1.9	1.9
Niko Resources Ltd.	Canada	Energy	1.9	1.9
CME Group Inc.	U.S.A.	Financials	1.9	1.9
Alcoa Inc.	U.S.A.	Materials	1.9	1.9
			68.3*	68.1
Total Net Asset Value* (\$000's)				\$ 30,341
Total Investment Portfolio (\$000's)				\$ 30,379

\* Total Net Asset Value represents Total Investment Portfolio adjusted other assets and other liabilities. Total Investment Portfolio includes a payable on securities purchased, net of a receivable on securities sold of \$149,000.

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.mmmainvestments.com](http://www.mmmainvestments.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.*