



CWF

Canadian World Fund
Limited



Investing *in* global opportunities

CANADIAN WORLD FUND LIMITED

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FIRST QUARTER REPORT

March 31, 2002

THE NET ASSETS OF CANADIAN WORLD FUND LIMITED (CWF) INCREASED BY 1.4% TO \$19,262,000 IN THE FIRST QUARTER OF 2002, BETTER THAN THE 0.5% RETURN OF THE BENCHMARK MORGAN STANLEY ALL-COUNTRY WORLD FREE INDEX. On a per share basis, CWF's net asset value per share (NAV) was \$4.70, compared with \$4.63 at December 31, 2001.



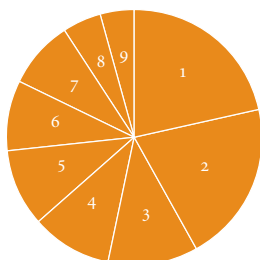
The Manager's strategies as outlined in the 2001 annual report were:

- To stabilize the portfolio;
- To expand the number of stock positions with the aim of reducing volatility and risk;
- To continue focus on opportunities in the premier developed markets, particularly the U.S. and the U.K.; and
- To use income generating prospects as well as growth opportunities.

These strategies appear to have brought rewards in a quarter that has continued to be volatile globally. Among country indices, roughly one-third made double digit gains, led by Russia, one-third had single digit gains including many of the developed country markets while the rest were negative. The Russian success story is remarkable, having been marked by some improvement in corporate behaviour and the dominance of Russia's immense and cheaply priced energy sector at a time of rising commodity prices worldwide.

Consumer staples and financials continued to be the two largest themes in the portfolio, representing 21.5% and 20.4%, respectively, as at March 31, 2002. The weighting of Europe, including the U.K., was reduced slightly from 50.1% at the 2001 year-end to 49.5% at the end of this quarter. North America remained the second largest geographic segment at 30.0%, increased from 25.5% at the 2001 year-end. Canadian investments, a new component to CWF's portfolio in the latest quarter, represented a 7.6% weighting.

ECONOMIC SECTOR
WEIGHTING OF PORTFOLIO
INVESTMENTS AT MARKET*
March 31, 2002



	%
1 Consumer Staples	21.5
2 Financials	20.4
3 Consumer Discretionary	11.4
4 Materials	10.2
5 Health Care	9.8
6 Utilities	8.9
7 Industrials	8.6
8 Energy	4.9
9 Information Technology	4.3

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

Portfolio Activity

Among the latest purchases, CWF acquired shares following the initial public offering of Wimm-Bill-Dann Foods, a successful fruit juices company that is the only New York listed ADR related to Russian consumer products. We also bought into Hurricane Hydrocarbons Limited, a spectacular major producer in the rich resources sector of Kazakstan, formerly in Soviet territory. Since purchase, the stock appreciated 62.4% in market value to March 31, 2002.

In China, a very strong growth economy, CWF has been gaining access to enterprises that are listed in Hong Kong. In the current quarter, the portfolio benefited from a 143% gain realized on a partial disposition of Xinao Gas Holdings Limited. Proceeds were reinvested into Euro-Asia Agricultural (Holdings) Company Limited, a sophisticated cultivator and exporter to Japan of seedlings and flowers. This stock continues to be undervalued as it expands revenues and earnings rapidly. At another entry point to China, UTStarcom, Inc., bought on Nasdaq, represents a dominant manufacturing base for a low-cost mobile phone system in China, now expanding at a pace overshadowing the relatively well built-out higher-end rival GSM and CDMA systems.

Among Canadian securities selected for their emphasis on income as well as growth, Noranda Inc. was purchased for its appeal in the metals sector and its strong dividend practice. In addition, Sun Gro Horticulture Income Fund, bought in an initial public offering, is forecasting distributions that would provide a yield of almost 12% based on its issue price.

Both Ekornes ASA, Norway's classic "Stressless" chair designer and exporter, and Carolina Group, an initial public offering by tobacco giant Lorillard Group during this past quarter, were purchased for their income and growth prospects.

New additions to CWF's top ten investment list since year-end were Kraft Foods Inc., Centrica PLC and Enterprise Oil PLC which replaced Bunge Limited, AOL Time Warner Inc. and Xinao Gas Holdings Limited.

Looking ahead

We are pleased with appreciation made across the portfolio in the latest quarter and look forward to further gains in special situations.



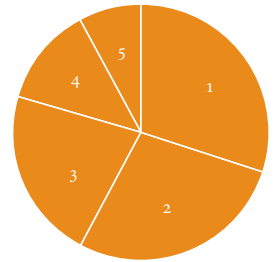
Vanessa L. Morgan, *Chairman*



Michael A. Smedley, *President*

GEOGRAPHIC WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET

March 31, 2002



	%
1 North America	30.0
2 United Kingdom	27.8
3 Europe (excluding U.K.)	21.7
4 Asia	12.6
5 Latin America	7.9

TOP TEN INVESTMENTS* AT MARKET

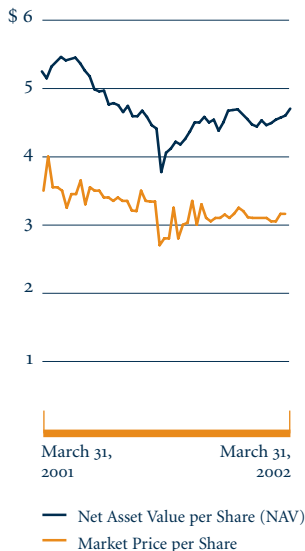
Excluding cash
March 31, 2002

	%
Interbrew S.A./N.V.	3.8
Companhia de Bebidas das Americas (Ambev)	3.4
Pilkington PLC	3.4
Cheung Kong (Holdings) Limited	3.4
Tesco PLC	3.1
Grupo Aeroportuario del Sureste S.A. de C.V.	3.0
Centrica PLC	2.8
Enterprise Oil PLC	2.8
Kraft Foods Inc.	2.7
British Energy PLC	2.7
Total	31.1

* Portfolio details on pages 8-9

COMPARISON OF MARKET PRICE TO NAV

Twelve months ended March 31, 2002



MANAGEMENT'S DISCUSSION AND ANALYSIS

In a continuation of the 14.2% net asset rebound in the final quarter of 2001, the portfolio of Canadian World Fund Limited (CWF) recorded positive performance in the first quarter of 2002.

Net Assets

At quarter-end, CWF's net assets had increased by 1.4% to \$19,262,000 from year-end 2001, outperforming the Corporation's benchmark, the Morgan Stanley All-Country World Free Index, which was up 0.5%. Year-over-year, the corresponding returns for CWF and its benchmark were -10.5% and -3.8%, respectively. All returns are expressed in Canadian dollar terms. The Corporation does not employ currency hedging, but is well diversified by country and region.

Bank borrowings of \$4.1 million, employed for leverage purposes, remained at the same level as at the end of 2001.

Operations

Total investment income for the first quarter of 2002 increased by 11.1% to \$90,000 from \$81,000 in the comparative quarter.

Total expenses decreased by 24.2% to \$144,000 from \$190,000 reported for the corresponding period last year, primarily as a result of lower management fees and interest costs. Management fees were down 25.5% to \$76,000 from \$102,000 as a result of the decline in portfolio value. Management fees are calculated quarterly in arrears at 1.5% per annum of net asset value without adjustment for tax liabilities. Interest expense was 46.4% lower than in the corresponding quarter in 2001 due to declining interest rates. The weighted average borrowing rate was 2.8% at March 31, 2002, significantly lower than the 5.8% rate at March 31, 2001.

No income tax recoveries were recorded for the investment loss or the realized loss on investments incurred in the first quarter of 2002. Since CWF is in a taxable loss situation, for accounting purposes the Corporation does not meet the defined criteria required to recognize a recovery.

Net investment loss for the three months ended March 31, 2002 and the corresponding period in 2001 was \$54,000 and \$63,000 respectively.

In the current quarter, the net realized loss on investments was \$1,093,000 as compared to a loss of \$482,000 in the first quarter of 2001. The rebound in market values in the first quarter of 2002 led to a strong \$1,406,000 increase in the unrealized value of investments, compared to a decline of \$2,317,000 for the same period last year. As at March 31, 2002, CWF had an unrealized gain on investments of \$909,000, a significant improvement from the unrealized loss of \$497,000 at the 2001 year-end.

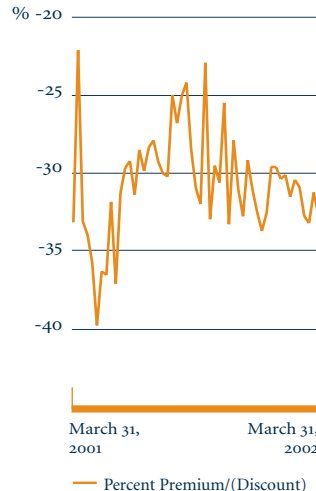
Discount

CWF's market price per share closed the quarter at \$3.16, up 0.3% from the year-end. The discount to net asset value per share (NAV) ranged from 29.7% to 33.8% during the quarter, closing at 32.8%, slightly up from the 32.0% level at the end of the last year.

Outlook

Bottom-up stock selection with a well-balanced portfolio approach to aim for favourable returns while minimizing the risk of volatility will continue to be the primary objectives of the investment manager. A heightened interest in income generating securities and Canadian investments for both capital appreciation and income will remain components of this strategy.

PREMIUM/(DISCOUNT)
TO NAV
Twelve months ended March 31, 2002



STATEMENTS OF NET ASSETS

<i>(in thousands of dollars, except per share amounts)</i>	As at March 31, 2002 <i>(Unaudited)</i> \$	As at December 31, 2001 <i>(Audited)</i> \$	As at March 31, 2001 <i>(Unaudited)</i> \$
Assets			
Investments	22,956	21,414	21,324
Cash	198	1,496	4,053
Receivable on securities sold	565	922	–
Accrued interest and dividends	23	29	49
Income taxes recoverable	80	365	437
	23,822	24,226	25,863
Liabilities			
Bank indebtedness	4,069	4,068	3,643
Payable on securities purchased	463	1,108	610
Accounts payable and accrued liabilities	28	47	38
	4,560	5,223	4,291
Future income taxes on unrealized net capital gains	–	–	62
	4,560	5,223	4,353
Net Assets	19,262	19,003	21,510
Shareholders' Equity			
Capital stock	20,507	20,507	20,507
Unrealized gain (loss) on investments	909	(497)	1,283
Deficit	(2,154)	(1,007)	(280)
	19,262	19,003	21,510
Number of shares outstanding	4,101,350	4,101,350	4,101,350
Net asset value per share	4.70	4.63	5.24

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, 2001. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands of dollars)

	Three months ended	
	March 31, 2002	March 31, 2001
	\$	\$
Investment income		
Dividends	75	65
Interest	15	16
	90	81
Expenses		
Management fees	76	102
Interest	30	56
Directors' fees	9	6
Other	29	26
	144	190
Investment loss before income taxes	(54)	(109)
Income tax recovery	—	(46)
Net investment loss	(54)	(63)
Realized and unrealized gain (loss) on investments		
Net realized loss on investments	(1,093)	(482)
Change in unrealized appreciation/depreciation of investments	1,406	(2,317)
Net gain (loss) on investments	313	(2,799)
Increase (decrease) in net assets resulting from operations	259	(2,862)

STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(Unaudited)

(in thousands of dollars)

	Three months ended	
	March 31, 2002	March 31, 2001
	\$	\$
Retained earnings (deficit) – Beginning of period	(1,007)	265
Net investment loss for the period	(54)	(63)
Net realized loss on investments	(1,093)	(482)
Deficit – End of period	(2,154)	(280)

STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

(in thousands of dollars)

	Three months ended	
	March 31, 2002	March 31, 2001
	\$	\$
Increase (decrease) in net assets resulting from operations	259	(2,862)
Net assets – Beginning of period	19,003	24,372
Net assets – End of period	19,262	21,510

STATEMENTS OF NET GAIN (LOSS) ON INVESTMENTS

(Unaudited)

(in thousands of dollars)

	Three months ended	
	March 31, 2002	March 31, 2001
	\$	\$
Proceeds from disposition of investments	3,285	7,790
Investments at cost, beginning of period	21,911	21,264
Investments purchased during the period	4,514	6,826
Investments at cost, end of period	(22,047)	(19,685)
Cost of investments disposed of during the period	4,378	8,405
Realized loss on disposition of investments before income taxes	(1,093)	(615)
Income tax recovery on allowable capital losses	–	(133)
Net realized loss on investments	(1,093)	(482)
Change in unrealized appreciation/depreciation of investments	1,406	(2,317)
Net gain (loss) on investments	313	(2,799)

STATEMENT OF INVESTMENTS

March 31, 2002

Number of
Shares or Investment –
Par Value % of Total Market Value Cost Market
Value

(in thousands of dollars)

ASIA – 12.6%

54,000	Cheung Kong (Holdings) Limited (China/Hong Kong)	\$ 823	\$ 769
940,000	China Rare Earth Holdings Limited (China/Hong Kong)	459	413
492,000	Convenience Retail Asia Limited (China/Hong Kong)	231	254
8,000	Dr. Reddy's Laboratories Limited ADR (India)	231	282
1,280,000	Euro-Asia Agricultural (Holdings) Company Limited (China/Hong Kong)*	472	530
15,000	ICICI Limited ADR (India)	276	194
700,000	Xiniao Gas Holdings Limited (China/Hong Kong)	190	447
	TOTAL ASIA	2,682	2,889

EUROPE – 49.5%

Europe Excluding United Kingdom

64,000	Anglo Irish Bank Corporation PLC (Ireland)	308	476
6,800	Converium Holding AG ADR (Switzerland)	257	283
19,000	Ekornes ASA (Norway)*	317	359
20,000	Interbrew S.A./N.V. (Belgium)	801	882
4,400	Kobenhavns Lufthavn A/S (Copenhagen Airports A/S) (Denmark)	396	501
4,950	Mercator Poslovni Sistem (Slovenia)	471	598
15,000	Oslo Bors Holding ASA (Norway)	318	567
7,700	Renault S.A. (France)	541	588
13,000	Union Fenosa, S.A. (Spain)	312	334
10,000	Wimm-Bill-Dann Foods OJSC ADR (Russia)*	339	379
	Total Europe (Excluding United Kingdom) – 21.7%	4,060	4,967

Number of
Shares or Investment –
Par Value % of Total Market Value Cost Market
Value

(in thousands of dollars)

United Kingdom

30,000	Alliance & Leicester PLC	\$ 390	\$ 609
35,000	BHP Billiton PLC	276	318
11,500	Bloomsbury Publishing PLC	226	211
150,000	British Energy PLC	919	611
125,000	Centrica PLC	378	645
45,000	Enterprise Oil PLC	636	642
85,000	The Establishment Investment Trust PLC*	193	196
140,000	Goshawk Insurance Holdings PLC*	352	234
93,500	Legal & General Group PLC	340	343
25,000	P & O Princess Cruises PLC	141	275
300,000	Pilkington PLC	816	776
32,000	Shire Pharmaceuticals Group PLC*	606	394
24,000	Standard Chartered PLC	467	417
130,000	Tesco PLC	762	711
	Total United Kingdom – 27.8%	6,502	6,382
	TOTAL EUROPE	10,562	11,349

LATIN AMERICA – 7.9%

10,000	Bunge Limited (Argentina)	255	344
25,000	Companhia de Bebidas das Americas (Ambev) ADR preference shares (Brazil)	911	779
30,000	Grupo Aeroportuario del Sureste S.A. de C.V. ADR (Mexico)	780	698
	TOTAL LATIN AMERICA	1,946	1,821

NORTH AMERICA – 30.0%

Canada

20,000	Hurricane Hydrocarbons Ltd.*	294	477
25,000	Noranda Inc.*	463	471
30,000	Sun Gro Horticulture Income Fund*	300	312
400,000	TVX Gold Inc.*	428	480
	Total Canada – 7.6%	1,485	1,740

STATEMENT OF INVESTMENTS (continued)

Number of Shares or Par Value	Investment – % of Total Market Value	Cost	Market Value
<i>(in thousands of dollars)</i>			
United States			
5,000	Amgen Inc.	\$ 462	\$ 476
10,000	Arch Coal, Inc.	429	338
10,000	Carolina Group*	463	477
5,000	The Charles Schwab Corporation	118	104
20,000	deCODE GENETICS, INC.+	557	182
50,000	Handspring, Inc.	402	371
10,000	Kraft Foods Inc.	530	617
2,000	Microsoft Corporation	211	192
14,500	Navigant International, Inc.+	274	335
5,000	Pfizer Inc.	334	318
10,000	Prudential Financial, Inc.	464	494
4,000	The Robert Mondavi Corporation, class A	206	229
10,000	UTStarcom, Inc.*	381	418
10,000	Weight Watchers International, Inc.	541	606
Total United States – 22.4%		5,372	5,157
TOTAL NORTH AMERICA		6,857	6,897

TOTAL INVESTMENTS – 100.0%

– March 31, 2002	\$ 22,047	\$ 22,956
– December 31, 2001	\$ 21,911	\$ 21,414
– March 31, 2001	\$ 19,685	\$ 21,324

Changes from December 31, 2001: * New Holdings; + Increased Holdings

CORPORATE INFORMATION

CANADIAN WORLD FUND LIMITED

OFFICE OF THE COMPANY

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SOLICITORS

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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

STOCK DATA

March 31, 2002:

Price	\$ 3.16
Net Asset Value	\$ 4.70
Discount	32.8%

PUBLICATION

Net asset value per share (NAV) and/or market price, market return, and discount information are published daily/weekly in various media in Canada and the United States. These include: Globe and Mail, National Post, New York Times, Wall Street Journal and Barron's.

The Corporation posts ongoing top 10 portfolio investments (priced at market), together with current discount and market return information on its website. Similar information is available directly from the Corporation upon request.

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

