



CWF

Canadian World Fund
Limited

Investing in global opportunities

CANADIAN WORLD FUND LIMITED

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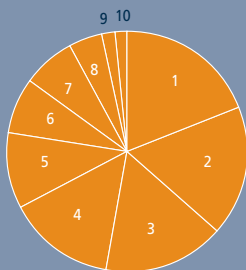


MorganMeighen
& ASSOCIATES

Investment Managers

Economic Sector Weighting of Portfolio Investments at Market*

March 31, 2003

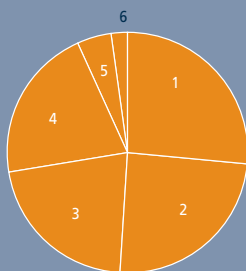


		%
1	Financials	19.0
2	Consumer Discretionary	17.5
3	Health Care	16.3
4	Consumer Staples	14.5
5	Materials	10.2
6	Energy	7.5
7	Industrials	7.1
8	Information Technology	4.5
9	Telecommunication Services	1.8
10	Utilities	1.6

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

Geographic Weighting of Portfolio Investments at Market

March 31, 2003



		%
1	Europe (excluding U.K.)	26.5
2	North America	24.5
3	United Kingdom	21.4
4	Asia	20.8
5	Latin America	4.6
6	Australia	2.2

In the second half of the quarter, a variety of holdings in Canadian World Fund Limited's portfolio staged what might be a bottoming out uplift from the unrelenting descent of the past year, in a global investment scene so heavily deteriorated. Nonetheless, CWF finished down 17.0% in net asset value per share (NAV) in the first quarter and 32.6% over 12 months. The Morgan Stanley All-Country World Free Index was down 12.1% and 31.1%, in Canadian dollar terms, over the corresponding periods.

Vibrant economic trends were totally absent in the entire developed world where, interestingly, the NASDAQ 100 Stock Index, up 3.5% in the current quarter, was about the best performer. Some tech stocks had significant gains. For example, as shown in the S&P 500 Index, the Internet Software & Services category and the Internet Retail category were up 46.9% and 25.8%, respectively. These were among the most heavily sold categories in the big tech downturn two years earlier.

The short-term underperformance of CWF after a year of relative out-performance in 2002 is attributable largely to the setbacks in developed country markets through the quarter. These seemed to be impacted by more negative factors than were the emerging economies. We hope the rebound around quarter-end is a



legitimate upward adjustment from oversold conditions. However, it seems unlikely that confidence will return quickly on a widespread basis, as if all problems had receded!

Portfolio Highlights

At quarter-end, CWF has approximately 63.4% of its portfolio in the United States, the United Kingdom and Europe where several stock recoveries were apparent. We added to Renault S.A. in France with the stock trading at a very deep discount to asset value. We also bought additional shares in Ekornes ASA, the furniture maker of Norway, which reported solid results and was yielding 7.1% at quarter-end. Pilkington plc, the major plate glass

maker, surprised the market with good numbers and a dividend sustained at a yield above 11%. Interbrew S.A./N.V. of Belgium, another of our recovery candidates, was up 16.5% within March alone and is still underpriced – along with other major brewers. Other good recovery moves in March were experienced in Shire Pharmaceuticals Group plc, Tesco PLC, UTStarcom, Inc. and Imax Corporation.

In Latin America, Companhia de Bebidas das Americas (Ambev), the leading Brazilian brewer and one of our long term holdings has been in a great uptrend for some time, bolstered by its sales expansion and some comfort derived from Brazilian President Lula's performance to date. Ambev is up 6.7% for the quarter.

CWF holds shares in several securities exchanges and trading systems that could move up strongly if trading volumes increase. The best performer at present is Chicago Mercantile Exchange Holdings Inc., the world's biggest futures trading platform, which was taken public last December, and is up 10.3% in the quarter.

The Future

A post-war Iraq improvement in world affairs could make 2003 a positive year for global investors. Some markets and sectors could run well, but we should not forget that the United

States – nearly everybody's main partner – has a record high trade deficit, record low savings and a low corporate profit outlook.

The course we shall pursue is one of opportunistic stock selection, as well as looking for further recovery in many of our longer-term holdings.

Board of Directors

At the April 3, 2003 meeting of shareholders, Mr. Thomas W.R. Lunan, CA, CFA was elected to the Board of Directors to fill a vacancy created by the retirement of Mr. Carl S. Hutman. Mr. Lunan, a Vice-President of investment advisor B.E.S.T. Investment Counsel Limited, has previously filled key corporate finance analysis roles at the Ontario Securities Commission and more recently the Toronto Stock Exchange.



Vanessa L. Morgan, *Chairman*



Michael A. Smedley, *President*

Top Ten Investments at Market (Excluding cash) March 31, 2003

<i>(Portfolio details on pages 8-9)</i>	<i>%</i>
Corin Group PLC – United Kingdom	3.6
Niko Resources Ltd. – Canada	3.2
Mercator Poslovni Sistem – Slovenia	3.1
PLIVA d.d. – Croatia	3.1
Ekornes ASA – Norway	3.1
Tesco PLC – United Kingdom	2.8
Weight Watchers International, Inc. – United States	2.7
Interbrew S.A./N.V. – Belgium	2.6
Standard Chartered PLC – United Kingdom	2.5
BG Group plc – United Kingdom	2.5
Total	29.2

Management's Discussion & Analysis

Comparison of CWF's NAV growth to Morgan Stanley All-Country World Free Index (MSCW)

(in Canadian \$)
Twelve months ended
March 31, 2003



Canadian World Fund Limited's (CWF) net assets at March 31, 2003 were \$13,017,000, down 16.9% from year-end 2002 and its benchmark, the Morgan Stanley All-Country World Free Index, was down 12.1% over the same period. Year-over-year, the returns for CWF and the benchmark were -32.4% and -31.1%, respectively. All returns are expressed in Canadian dollar terms. The Corporation does not employ currency hedging but the global portfolio is well diversified and influenced by many currencies.

The performances of many major foreign markets for the quarter were negatively impacted by the war in Iraq and other uncertainties affecting markets. In addition, the Canadian dollar appreciated by 7.0% and 8.8% vis-à-vis the U.S. dollar and the British pound, respectively, in the first quarter, thus having a significant negative impact on performance.

Operations

CWF's net investment loss during the quarter was \$34,000 compared to a loss of \$54,000 for the same quarter last year.

Total investment income was down 2.2% to \$88,000 for the first quarter this year compared to the same quarter last year. Realized gains for the period were \$135,000 compared to a realized loss of \$1,093,000 for the same period last year.

Total expenses for the three-month period to March 31 this year dropped by 10.4% compared to the first quarter of 2002, impacted mainly by decreases in the two most significant expenses, management fees and interest. As a result of the decline in portfolio value, management fees were down 17.1% in the quarter. The fees are calculated quarterly in arrears at 1.5% per annum of net asset value without deduction for tax liabilities. As a result of market conditions and future uncertainties, CWF reduced its level of bank borrowings, employed for leverage purposes, from \$3.2 million at 2002 year-end to \$2.2 million at March 31, 2003. The reduction of borrowing was the primary reason for the 26.7% decrease in interest expense in the first quarter compared to the same period in 2002.

During the quarter, CWF realized gains on dispositions of securities including Alliance & Leicester plc and Bunge Limited of \$93,232 and \$127,495 respectively. Also, losses were realized on dispositions in the quarter including Carolina Group and Cinram International Inc. of \$91,683 and \$35,959, respectively. The unrealized value of investments decreased by \$2,756,000 this quarter, compared to an increase of \$1,406,000 for the same quarter last year. As at March 31, 2003, CWF had an unrealized loss on investments of \$4,302,000. This compares to an unrealized loss of \$1,546,000 at the 2002 year-end and an unrealized gain on investments at March 31, 2002 of \$909,000.

As a result of CWF's taxable loss position for accounting purposes, the Corporation does not meet the defined criteria required for recognition of a tax recovery. Therefore, no recovery was recorded for the investment loss incurred in the first three months of 2003 and for the corresponding period of 2002. No income tax provision has been recorded for the net realized gain on investments earned in the first three months of this year, as CWF has carryforward losses available from prior years.

Discount

CWF's market price per share closed the quarter at \$2.50, down 4.9% from \$2.63 at December 31, 2002 and 20.9% from \$3.16 at the end of the first quarter last year. The net asset value per share (NAV) was \$3.17 at the end of the first quarter, compared with \$3.82 at year-end 2002 and \$4.70 at March 31, 2002. The discount to NAV ranged from 15.5% to 29.7% during the quarter, closing at 21.1%, down from the 31.2% level at December 31, 2002.

Outlook

The primary objective of the investment manager will continue to be global bottom-up stock selection in a diversified portfolio. This will offer CWF shareholders a position in international markets. The manager's aim is favourable return as markets and specific holdings return to the recovery mode. The strategy includes the use of income generation and Canadian investments for both appreciation and income.

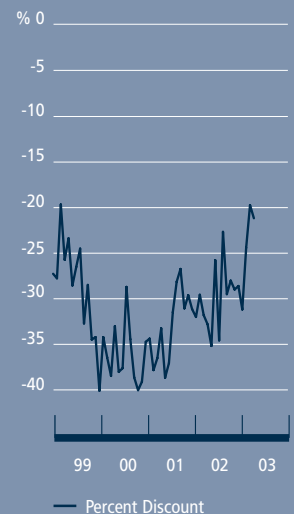
Comparison of Market Price to NAV

December 31, 1998 to March 31, 2003



Premium/(Discount) to NAV

December 31, 1998 to March 31, 2003



Statements of Net Assets

	As at March 31, 2003	As at December 31, 2002	As at March 31, 2002
<i>(in thousands of dollars, except per share amounts)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	\$	\$	\$
Assets			
Investments	15,011	18,196	22,956
Cash	177	694	198
Receivable on securities sold	–	–	565
Accrued interest and dividends	32	10	23
Income taxes recoverable	6	–	80
	15,226	18,900	23,822
Liabilities			
Bank indebtedness	2,193	3,190	4,069
Payable on securities purchased	–	–	463
Accounts payable and accrued liabilities	16	35	28
Income taxes payable	–	2	–
	2,209	3,227	4,560
Net Assets	13,017	15,673	19,262
Shareholders' Equity			
Capital stock	20,507	20,507	20,507
Unrealized gain (loss) on investments	(4,302)	(1,546)	909
Deficit	(3,188)	(3,288)	(2,154)
	13,017	15,673	19,262
Number of shares outstanding	4,101,350	4,101,350	4,101,350
Net asset value per share	3.17	3.82	4.70

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, 2002. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

Statements of Operations

<i>(Unaudited)</i>	Three months ended	
	March 31, 2003	March 31, 2002
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Investment income		
Dividends	80	75
Interest	8	15
	88	90
Expenses		
Management fees	63	76
Interest	22	30
Directors' fees	7	9
Other	37	29
	129	144
Investment income before income taxes	(41)	(54)
Income tax recovery	7	–
Net investment income	(34)	(54)
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments	135	(1,093)
Change in unrealized appreciation/depreciation of investments	(2,756)	1,406
Net gain (loss) on investments	(2,621)	313
Increase (decrease) in net assets resulting from operations	(2,655)	259
Increase (decrease) in net assets resulting from operations per share	(0.65)	0.06

Statements of Deficit

<i>(Unaudited)</i>	Three months ended	
	March 31, 2003	March 31, 2002
<i>(in thousands of dollars)</i>	\$	\$
Deficit – Beginning of period	(3,288)	(1,007)
Net investment loss for the period	(34)	(54)
Net realized gain (loss) on investments	135	(1,093)
Provision for refundable dividend tax on hand	(1)	–
Deficit – End of period	(3,188)	(2,154)

Statements of Changes in Net Assets

<i>(Unaudited)</i>	Three months ended	
	March 31, 2003	March 31, 2002
<i>(in thousands of dollars)</i>	\$	\$
Increase (decrease) in net assets resulting from operations	(2,655)	259
Increase in refundable dividend tax on hand	(1)	–
Net assets – Beginning of period	15,673	19,003
Net assets – End of period	13,017	19,262

Statements of Net Gain (Loss) on Investments

<i>(Unaudited)</i>	Three months ended	
	March 31, 2003	March 31, 2002
<i>(in thousands of dollars)</i>	\$	\$
Proceeds from disposition of investments	2,865	3,285
Investments at cost, beginning of period	19,742	21,911
Investments purchased during the period	2,301	4,514
Investments at cost, end of period	(19,313)	(22,047)
Cost of investments disposed of during the period	2,730	4,378
Net realized gain (loss) on investments	135	(1,093)
Change in unrealized appreciation/depreciation of investments	(2,756)	1,406
Net gain (loss) on investments	(2,621)	313

Statement of Investments

March 31, 2003
(Unaudited)

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Cost</i>	<i>Market Value</i>
<i>(in thousands of dollars)</i>			
Asia – 20.8%			
8,800,000	Anadolu Efes Biracilik ve Malt Sanayii A.S. (Turkey)	\$ 234	\$ 185
34,000	Cheung Kong (Holdings) Limited (China/Hong Kong)	518	277
496,000	COFCO International Limited (China/Hong Kong)	230	255
492,000	Convenience Retail Asia Limited (China/Hong Kong)	231	163
8,000	Dr. Reddy's Laboratories Limited ADR (India)	231	229
1,904,000	Euro-Asia Agricultural (Holdings) Company Limited (China/Hong Kong)	629	0
52,500,000	Haci Omer Sabanci Holding A.S. (Turkey) [†]	194	144
18,750	ICICI Bank Limited ADR (India)	152	174
2,300	Nitori Co., Ltd. (Japan)	147	124
7,200	Ranbaxy Laboratories Limited GDR Reg S (India) [*]	148	151
12,000	Reliance Industries Limited GDR 144A (India)	233	207
25,200	SIFY Limited ADR (India)	110	139
6,500	Taisei Lamick Co., Ltd. (Japan)	303	309
670,000	Tingy (Cayman Islands) Holding Corp. (China/Hong Kong)	314	245
15,000	Turkcell Iletisim Hizmetleri A.S. ADR (Turkey)	420	275
700,000	Xiniao Gas Holdings Limited (China/Hong Kong)	190	248
TOTAL ASIA		4,284	3,125
Australia – 2.2%			
104,000	Kingsgate Consolidated Ltd.	311	330
TOTAL AUSTRALIA		311	330

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Cost</i>	<i>Market Value</i>
<i>(in thousands of dollars)</i>			
Europe – 47.9%			
Europe Excluding United Kingdom			
19,000	Anglo Irish Bank Corporation plc (Ireland)	\$ 92	\$ 199
14,000	Arcelor S.A. (France)	301	181
7,880	Autoroutes du Sud de la France S.A. (France)	298	295
11,000	Bang & Olufsen A/S B (Denmark)	488	287
27,000	Ekornes ASA (Norway) [†]	457	461
13,000	Interbrew S.A./N.V. (Belgium)	521	387
3,400	LUKOIL Oil Company ADR (Russia)	318	277
2,950	Mercator Poslovni Sistem (Slovenia)	280	468
6,000	NEG Micon A/S (Denmark)	319	92
10,000	Oslo Bors Holding ASA (Norway)	212	212
27,600	PLIVA d.d. GDR Reg. S (Croatia)	513	467
6,700	Renault S.A. (France) [†]	414	325
13,000	Wimm-Bill-Dann Foods OJSC ADR (Russia)	423	331
Total Europe (Excluding United Kingdom) – 26.5%		4,636	3,982
United Kingdom			
66,000	BG Group plc	457	368
11,500	Bloomsbury Publishing Plc	226	197
175,000	Corin Group PLC	557	546
85,000	The Establishment Investment Trust plc	193	175
140,000	Goshawk Insurance Holdings plc	352	318
117,810	Legal & General Group Plc	375	190
300,000	Pilkington plc	816	343
32,000	Shire Pharmaceuticals Group plc	606	286
24,000	Standard Chartered PLC	467	375
100,000	Tesco PLC	587	414
Total United Kingdom – 21.4%		4,636	3,212
TOTAL EUROPE		9,272	7,194

Statement of Investments *(continued)*

March 31, 2003
(Unaudited)

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Cost</i>	<i>Market Value</i>
----------------------------------------------	---------------------------------------------	-------------	-------------------------

(in thousands of dollars)

Latin America – 4.6%

15,000	Companhia de Bebidas das Americas (Ambev) ADR preference shares (Brazil)	\$ 547	\$ 366
20,000	Grupo Aeroportuario del Sureste S.A. de C.V. ADR (Mexico)	520	328
TOTAL LATIN AMERICA		1,067	694

North America – 24.5%

Canada

20,000	Imax Corporation	217	143
35,000	Magna Entertainment Corp., A	420	222
20,000	Niko Resources Ltd.*	559	479
15,000	Southwestern Resources Corp.*	186	225
30,000	Sun Gro Horticulture Income Fund	300	279
Total Canada – 9.0%		1,682	1,348

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Cost</i>	<i>Market Value</i>
----------------------------------------------	---------------------------------------------	-------------	-------------------------

(in thousands of dollars)

United States

5,000	Chicago Mercantile Exchange Holdings Inc. A	\$ 331	\$ 354
1,875	eBay Inc.*	223	235
10,000	eSpeed, Inc. A ⁺	285	171
4,000	Harley-Davidson, Inc.*	236	233
26,000	The Nasdaq Stock Market, Inc.	406	265
5,000	Pfizer Inc.	334	229
10,000	UTStarcom, Inc.	381	294
10,000	WebMD Corporation*	149	132
6,000	Weight Watchers International, Inc.	352	407
Total United States – 15.5%		2,697	2,320
TOTAL NORTH AMERICA		4,379	3,668

Total Investments

– March 31, 2003	\$ 19,313	\$ 15,011
– December 31, 2002	\$ 19,742	\$ 18,196
– March 31, 2002	\$ 22,047	\$ 22,956

Changes from December 31, 2002: *New Holdings + Increased Holdings

Corporate Information

CANADIAN WORLD FUND LIMITED

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Blake, Cassels & Graydon LLP
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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

STOCK DATA

March 31, 2003

Price	\$	2.50
Net Asset Value	\$	3.17
Discount		21.1%

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.

