



CWF

Canadian World Fund
Limited

CANADIAN WORLD FUND LIMITED
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Managed by:



MorganMeighen

& ASSOCIATES

Investment Managers

GLOBAL OPPORTUNITIES

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FIRST QUARTER REPORT - *March 31, 2004*

Report to Shareholders

In a world of baffling statistics and uncertainties, rather than relying primarily on events and their effects, it gives us comfort to be bottom-up stock investors, a strategy that allows Canadian World Fund Limited (CWF) to focus on individual stock performance and prospects. For the three months ended March 31, 2004, this strategy has raised CWF's net asset value per share (NAV) 8.4% and its stock price 13.9%, both well ahead of the benchmark, the Morgan Stanley All-Country Free Index, which gained 3.9%.

In the U.S., all main stock indices were about flat, except for the small cap indices. This suggests to us that enterprise and the recognition of this by investors is alive and well, despite fluctuating employment data, soaring commodities pricing, nervousness about future trends in profits, interest rates and inflation, and the continuing strength in the housing cycle.

For the 12 months ended March 31, 2004, the NAV rose an exceptional 63.7%. Much of this is attributable to the reawakening of emerging markets, as well as the weakness of the U.S. dollar and relative strength of the Canadian dollar. CWF is a global fund, possibly the only one listed in North America.



Jonathan A. Morgan, Vice-President; Vanessa L. Morgan, Chairman; Michael A. Smedley, President

CWF is well diversified, invested in 17 countries at quarter-end. Although we are bottom-up stock investors, we employ some sector or theme focus at times. For example, companies involved in oil, gas and metals have approximately a 14% weighting and a further 14% or more are involved in Internet related businesses. Currencies are also well represented with the U.S. dollar balanced well by approximately 23% weighting in sterling and about 9% in each of Canadian dollars and Indian rupees. Also, Japanese yen, Chinese renminbi and Russian rubles are well represented directly or indirectly among other positions.

Top Ten Investments at Market* – March 31, 2004

(Portfolio details on pages 8-9)

	%		%
The Stanley Gibbons Group Limited – United Kingdom	4.4	PLIVA d.d. – Croatia	2.3
Corin Group PLC – United Kingdom	3.4	Southwestern Resources Corp. – Canada	2.2
Mercator Poslovni Sistem – Slovenia	3.1	Standard Chartered PLC – United Kingdom	2.1
Niko Resources Ltd. – Canada	2.6	Red Hat, Inc. – United States	2.1
Oslo Bors Holding ASA – Norway	2.5	Symantec Corporation – United States	1.9
		Total	26.6

* Excludes cash.

Weighting of Portfolio Investments at Market – March 31, 2004

	%
Asia	31.6
North America	25.4
United Kingdom	23.1
Europe (excluding U.K.)	18.9
Other	1.0

Top Performers

Top portfolio performers year to date are headed by The Stanley Gibbons Group Limited, up 92.5% in local currency terms, and at quarter-end, the largest single holding at 4.4% of the portfolio. This is the biggest name in the stamp collecting industry and is prospering through good management and trading over the Internet for millions of collectors worldwide. This gain is followed by Tethyan Copper Company Limited, up 51.2%, listed in Australia and involved in developing a rich copper prospect in Asia; PT Bank Mandiri in Indonesia, up 40.0%; Oslo Bors Holding ASA, the stock exchange in Oslo, Norway, a winner for several years, up 37.4%; and Symantec Corporation, a global leader in information security based in the U.S, up 34.2%.

Several of our holdings show much larger gains over the longer term and many over time have contributed much more to portfolio capital as CWF has frequently taken partial gains as a protective measure.

Outlook

We look for further gains in the portfolio as interest in international markets shows no sign of abating. Although many markets were somewhat flat in the first quarter, many others

were up worthwhile percentages, among these is one of our favoured destinations, Russia, up 32.7% for the first three months of 2004, in local currency terms. Declines in interest rates and inflation together with ruble strength are among the positive aspects. However, the range of Russian investment choices is limited.

Among the more developed countries the strength of Japan's main market indices, in the low to mid teens, is being bolstered by expressions of confidence in growth by Japanese politicians and business people. A somewhat sounder banking system and Japan's role in supply of materials, goods and services for a growing China are two of the stimulating factors. Whether expectations can be sustained for long is debatable.

Canadian World Fund should certainly benefit if the current strength in stock prices in Japan as well as in many more countries continues, matching the robust state of many economies across the globe.



Vanessa L. Morgan,
Chairman



Michael A. Smedley,
President

Economic Sector Weighting of Portfolio Investments at Market* – March 31, 2004

	%
Consumer Discretionary	22.7
Financials	21.3
Information Technology	16.1
Health Care	9.6
Materials	8.6
Industrials	6.5
Consumer Staples	5.3
Energy	5.2
Telecommunication Services	3.8
Utilities	0.9

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

Management's Discussion and Analysis

Canadian World Fund Limited (CWF) continued the 2003 outperformance of its benchmark, the Morgan Stanley All-Country World Free Index in the first quarter of 2004. CWF's net asset value return was 8.4% for the quarter and 63.7% on a year-over-year basis, both more than double the corresponding 3.9% and 27.4% posted by the benchmark for the same twelve-month period. All returns are expressed in Canadian dollar terms.

The performance of many major foreign markets saw positive results for the first quarter of 2004, as market recovery continued from the fourth quarter of 2003. Currency moves assisted CWF as the Canadian dollar depreciated by 1.7% and 4.6% vis-à-vis the U.S. dollar and the British pound respectively, in the quarter. The Corporation does not employ currency hedging, but the global portfolio is well diversified and influenced by many currencies.

Operations

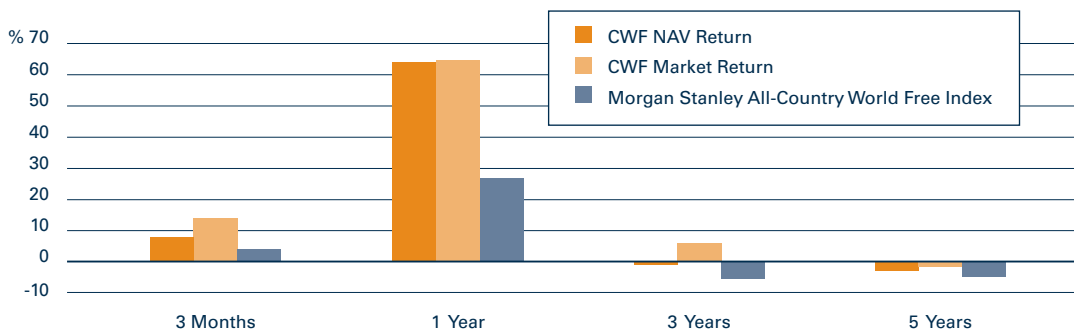
Total investment income was up 4.5% to \$92,000 for the first quarter this year compared to \$88,000 for the same quarter last year.

Total expenses for the three-month period to March 31 this year increased by 33.3% compared to the first quarter of 2003, impacted mainly by higher management fees and interest costs. Management fees rose 25.4% directly as a result of rising portfolio values. The fees are calculated quarterly in arrears at 1.5% per annum of net asset value without deduction for tax liabilities.

CWF's net investment loss for the first quarter was \$80,000 compared to a loss of \$34,000 for the same quarter last year.

As a result of favourable market conditions and the resulting strengthening of asset coverage in a rising portfolio, CWF increased its level of bank borrowings, employed for leverage purposes. Borrowings averaged \$4.0 million during the first quarter of 2004 as compared to an average of \$3.0 million over the same period in 2003. This increase was the reason for the rise in interest expense, as the weighted average interest rate for the three month period ended March 31 remained fairly constant at 3.3% and 3.4% for 2004 and 2003 respectively.

Compound Average Annual Rates of Return vs. Morgan Stanley All-Country World Free Index*
 – For the periods to March 31, 2004



* Expressed in Canadian dollars.

Net realized gain on investments for the first quarter was \$1,346,000 compared to \$135,000 for the comparative period last year. The 2004 result included four significant gains: eDiets.com, Inc., Mahindra & Mahindra Limited, Mundoro Mining Inc., and Bang & Olufsen A/S, that totalled approximately \$750,000. The unrealized appreciation in value of investments increased by \$402,000 this quarter, compared to a decrease of \$2,756,000 for the same period last year. As at March 31, 2004, CWF had an unrealized gain on investments of \$4,033,000. This compares to an unrealized gain of \$3,631,000 at the 2003 year-end and an unrealized loss on investments of \$4,302,000 at March 31, 2003.

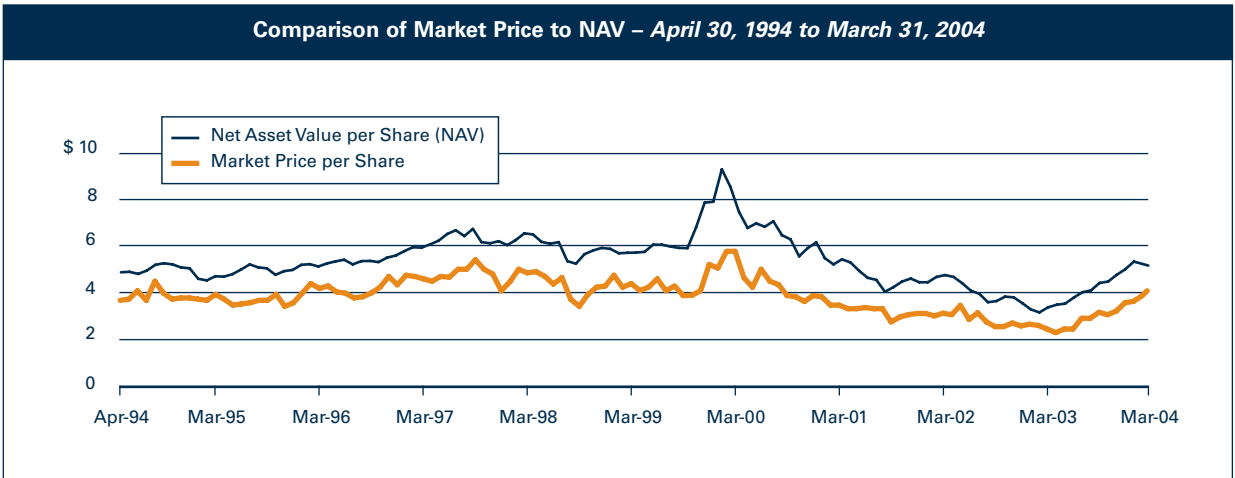
As a result of CWF's taxable loss position, for accounting purposes the Corporation does not meet the defined criteria required for recognition of a tax recovery on the investment

loss incurred in the first three months of both 2004 and 2003. In addition, no income tax provision has been recorded for the net realized gain on investments earned in the first three months of this year and no future income tax provision has been recorded for the unrealized gain at quarter-end, as CWF has loss carryforwards available from prior years.

Outlook

The primary objective of CWF continues to be to offer shareholders an exposure to international markets through a globally diversified equity portfolio. The Manager employs a bottom-up security selection strategy in pursuit of favourable returns to shareholders. This strategy includes the use of investments for both income generation and capital appreciation, including Canadian investments.

Comparison of Market Price to NAV – April 30, 1994 to March 31, 2004



Statements of Net Assets

	As at March 31, 2004 <i>(Unaudited)</i>	As at December 31 2003 <i>(Audited)</i>	As at March 31, 2003 <i>(Unaudited)</i>
<i>(In thousands of dollars, except per share amounts)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	\$	\$	\$
Assets			
Investments	24,925	22,824	15,011
Cash	634	421	177
Accrued interest and dividends	88	8	32
Income taxes recoverable	3	5	6
	25,650	23,258	15,226
Liabilities			
Bank indebtedness	4,090	3,576	2,193
Payable on securities purchased	234	–	–
Accounts payable and accrued liabilities	20	43	16
	4,344	3,619	2,209
Net Assets	21,306	19,639	13,017
Shareholders' Equity			
Capital stock	20,507	20,507	20,507
Unrealized gain (loss) on investments	4,033	3,631	(4,302)
Deficit	(3,234)	(4,499)	(3,188)
	21,306	19,639	13,017
Number of shares outstanding	4,101,350	4,101,350	4,101,350
Net asset value per share	5.19	4.79	3.17

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, 2003. 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> <i>(In thousands of dollars, except per share amounts)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Investment income		
Dividends	91	80
Interest	1	8
	92	88
Expenses		
Management fees	79	63
Interest	33	22
Investor relations	7	6
Directors' fees	10	7
Other	43	31
	172	129
Investment loss before income taxes	(80)	(41)
Income tax recovery	–	7
Net investment loss	(80)	(34)
Realized and unrealized gain (loss) on investments		
Net realized gain on investments	1,346	135
Change in unrealized appreciation (depreciation) of investments	402	(2,756)
Net gain (loss) on investments	1,748	(2,621)
Increase (decrease) in net assets resulting from operations	1,668	(2,655)
Increase (decrease) in net assets resulting from operations per share	0.41	(0.65)

Statements of Deficit

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Deficit – Beginning of period	(4,499)	(3,288)
Net investment loss for the period	(80)	(34)
Net realized gain on investments	1,346	135
Provision for refundable dividend taxes on hand	(1)	(1)
Deficit – End of period	(3,234)	(3,188)

Statements of Changes in Net Assets

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Increase (decrease) in net assets resulting from operations	1,668	(2,655)
Increase in refundable dividend tax on hand	(1)	(1)
Net assets – Beginning of period	19,639	15,673
Net assets – End of period	21,306	13,017

Statements of Net Gain (Loss) on Investments

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Proceeds from disposition of investments	5,299	2,865
Investments at cost, beginning of period	19,193	19,742
Investments purchased during the period	5,652	2,301
Investments at cost, end of period	(20,892)	(19,313)
Cost of investments disposed of during the period	3,953	2,730
Net realized gain on investments	1,346	135
Change in unrealized appreciation (depreciation) of investments	402	(2,756)
Net gain (loss) on investments	1,748	(2,621)

Statement of Investments

March 31, 2004 (*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 – 31.6%			
676,000	Anhui Expressway Company Limited H (China/Hong Kong)	\$ 276	\$ 375
17,500	Bharat Electronics Limited (India)	212	263
72,400	Bharti Tele-Ventures Limited (India)*	334	338
34,000	Cheung Kong (Holdings) Limited (China/Hong Kong)	518	375
246,000	COFCO International Limited (China/Hong Kong)	114	176
5,000	Ctrip.com International, Ltd. ADR (China/Hong Kong)*	194	186
6,000	Divi's Laboratories Limited (India)*	262	263
1,904,000	Euro-Asia Agricultural (Holdings) Company Limited (China/Hong Kong)	629	0
392,000	G.K. Goh Holdings Limited (Singapore)+	278	267
8,500	Konica Minolta Holdings, Inc. (Japan)	161	159
4,000	Kookmin Bank ADR (South Korea)	162	212
28,300	Maruti Udyog Limited (India)*	327	425
12,000	Nomura Holdings, Inc., ADR (Japan)	277	287
34,000	Oki Electric Industry Company, Limited (Japan)	167	211
30,000	Pacific Internet Limited (Singapore)	351	444
35,000	Patni Computer Systems Limited (India)*	269	227
1,325,000	PT Bank Mandiri (Persero) (Indonesia)	196	284
10,000	PT Telekomunikasi Indonesia, Tbk. ADR (Indonesia)	140	221
7,200	Ranbaxy Laboratories Limited GDR Reg S (India)	148	215
14,000	Rediff.com India Limited ADR (India)*	175	213
12,000	Reliance Industries Limited GDR 144A (India)	233	451
141,782	Shaw Wallace & Company Ltd. (India)+	318	256

<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>			
63,500	The Shipping Corporation of India Ltd. (India)	\$ 267	\$ 244
30,500	The Siam Cement Public Company Limited Foreign Reg. (Thailand)	208	255
10,200	SIFY Limited ADR (India)	45	94
6,000	Sohu.com Inc. (China/Hong Kong)	263	196
6,000	State Bank of India GDR (India)	134	307
30,730	Tata Tea Limited (India)	206	308
350,000	Xiniao Gas Holdings Limited (China/Hong Kong)	95	238
24	Yahoo Japan Corporation (Japan)	145	383
TOTAL ASIA		7,104	7,873
AUSTRALIA – 1.0%			
380,000	Tethyan Copper Company Limited	173	247
TOTAL AUSTRALIA		173	247
EUROPE – 42.0%			
<i>Europe Excluding United Kingdom</i>			
13,000	Flamel Technologies S.A. ADR (France)	439	441
52,500,000	Haci Omer Sabanci Holding A.S. (Turkey)	194	328
15,000	Iliad SA (France)*	490	435
5,400	Luka Koper d.d. (Slovenia)	263	263
2,300	OAD LUKOIL ADR (Russia)*	334	376
2,950	Mercator Poslovni Sistem (Slovenia)	280	764
13,000	Oslo Bors Holding ASA (Norway)	284	621
27,600	PLIVA d.d. GDR Reg. S (Croatia)	513	582
5,555,000	Uralsvyazinform (Russia)	264	285
2,000	Vimpel-Communications ADR (Russia)*	196	273
13,000	Wimm-Bill-Dann Foods OJSC ADR (Russia)	423	331
Total Europe (Excluding United Kingdom) – 18.9%		3,680	4,699

Statement of Investments *(continued)*

March 31, 2004 *(Unaudited)*

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market Cost</i>	<i>Value</i>
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(in thousands of dollars)

EUROPE – *continued*

United Kingdom

36,000	BG Group plc	\$ 250	\$ 282
40,000	Bloomsbury Publishing Plc	229	252
175,000	Corin Group PLC	557	844
85,000	The Establishment Investment Trust plc	193	286
70,000	fountains plc*	255	251
15,000	Games Workshop Group PLC	234	262
40,000	IP2IPO Group plc*	399	404
27,000	Lloyds TSB Group plc	268	269
12,250	Marconi Corporation plc	95	192
20,000	Numis Corporation Plc	213	321
24,000	Standard Chartered PLC	467	527
600,000	The Stanley Gibbons Group Limited+	619	1,107
600,000	UBC Media Group plc+	467	463
55,000	Yule Catto & Co plc	323	310
Total United Kingdom – 23.1%		4,569	5,770
TOTAL EUROPE		8,249	10,469

NORTH AMERICA – 25.4%

Canada

300,000	AXMIN Inc.	352	267
63,400	Mundoro Mining Inc.	79	162
20,000	Niko Resources Ltd.	559	650
50,000	Rio Narcea Gold Mines, Ltd.	164	149
15,000	Southwestern Resources Corp.	186	559
30,000	WGI Heavy Minerals, Incorporated*	310	300
Total Canada – 8.4%		1,650	2,087

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market Cost</i>	<i>Value</i>
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(in thousands of dollars)

United States

3,750	eBay Inc.	\$ 223	\$ 340
40,000	eDiets.com, Inc. A	368	371
300	Grey Global Group Inc.+	308	271
4,000	Harley-Davidson, Inc.	236	279
10,000	Maguire Properties, Inc.*	337	335
18,000	The Nasdaq Stock Market, Inc.	281	203
5,000	NBTY, Inc.*	234	244
40,000	RAE Systems Inc.*	243	213
17,000	Red Hat, Inc.+	322	513
8,000	Symantec Corporation	357	485
7,000	UTStarcom, Inc.	295	264
7,000	Winnebago Industries, Inc.	182	286
7,000	Yahoo! Inc.	330	445

Total United States – 17.0% 3,716 4,249

TOTAL NORTH AMERICA 5,366 6,336

TOTAL INVESTMENTS

– March 31, 2004	\$20,892	\$24,925
– December 31, 2003	\$19,193	\$22,824
– March 31, 2003	\$19,313	\$15,011

*Changes from December 31, 2003: *New Holdings; + Increased Holdings*

Corporate Information

CANADIAN WORLD FUND LIMITED

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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, 2004		
Price	\$	4.10
Net Asset Value	\$	5.19
Discount		21.0%

PUBLICATION

Net asset value per share (NAV) and/or market price and market return 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 NAV 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.

