



CWF

Canadian World Fund
Limited

Investing in global opportunities

CANADIAN WORLD FUND LIMITED
110 Yonge Street, Suite 1601
Toronto, Ontario, Canada M5C 1T4
Telephone: (416) 366-2931
Toll Free: 1-866-443-6097
Fax: (416) 366-2729
e-mail: cwffund@mmainvestments.com
website: www.mmainvestments.com

Managed by:



MorganMeighen

& ASSOCIATES

Investment Managers

3

Report to Shareholders

Second quarter global recovery, particularly in the heavily depressed developed markets, gained momentum in the third quarter in which a 16.1% advance in Canadian World Fund's (CWF) net asset value per share (NAV) brought the Fund year-to-date at September 30 to a positive 7.9% vs. -1.4% for the Morgan Stanley All-Country World Free Index, expressed in Canadian dollars. CWF also bettered the Index over 12 months, returning 14.1% vs. 5.5%, assisted by a low relative reliance on U.S. securities (11% at September 30) and declining U.S. dollars. The benchmark is weighted more than 50% in U.S. stocks.

CWF's share price has responded by advancing 28.0% in the third quarter and 23.1% over 12 months, reflecting the improved global market conditions. Most stock markets are well up, particularly in developing regions where high double-digit growth has, for the present, become commonplace. Such euphoria has not been experienced for more than a decade and is founded on a mix of low priced stocks coupled with bullish economic growth expectations compared with subdued forecasts for developed countries. Assisting is the United States' unusually low rating, poor currency and somewhat unfavorable image overall, steering investment toward other countries.

In the CWF portfolio, Asia and Europe are the most heavily represented followed by the U.S. The portfolio is geographically well diversified with no less than 23 countries represented at quarter-end.

India, bolstered by several developments and other strengths, in our view is still under-owned and has continued to be the most attractive investment destination. China is attracting funds, has similar promise and tremendous



demand for resources, but is less sophisticated and less versed in free enterprise. It is 10 years or more since the developing markets enjoyed such broad popularity. Since then, they have suffered widespread financial crisis and neglect until Russia led a narrowly based revival solidly for three years. It is still a lead country despite its relatively narrow focus on resources and

Top Ten Investments at Market (Excluding Cash) – September 30, 2003

(Portfolio details on pages 8-9)

	%		%
Corin Group PLC – United Kingdom	3.4	Standard Chartered PLC	
Flamel Technologies S.A. – France	3.0	– United Kingdom	2.3
Niko Resources Ltd. – Canada	2.9	Xiniao Gas Holdings Limited	
Mercator Poslovni Sistem – Slovenia	2.7	– China/Hong Kong	2.3
PLIVA d.d. – Croatia	2.7	Oslo Bors Holding ASA – Norway	2.2
Stake Technology Ltd. – Canada	2.6	Interbrew S.A./N.V. – Belgium	2.2
		Total	26.3

Weighting of Portfolio Investments at Market – September 30, 2003

	%
Asia	26.6
Europe (excluding U.K.)	25.1
United Kingdom	23.7
North America	20.1
Latin America	4.5

telecommunications. China and India give us much more sectoral breadth and are joined by many more lively markets today, particularly in Asia.

Japan, so long a depressed full member of the developed country class, seems to be acquiring a renewed investment following. This appears to be linked to a strong yen, stronger consumer confidence, and some remedial work on chronic structural defects. We are making more use of Japan in the portfolio.

Our strategy at CWF allows for change in direction and always entails the search for special growth situations on a bottom-up basis anywhere. The U.S. market presently seems to necessitate good short-term rather than long-term choices, because of the serious weakness of the U.S. dollar quickly neutralizing gains. An example of our recent success in the U.S. is Flamel Technologies S.A., a French company which is mainly U.S. positioned at the marketing level. Purchased in the latest month, the stock is up 34.8% to September 30, 2003 rising to the No. 2 position in the portfolio at quarter-end. It has a unique drug delivery capability and should go higher. Corin Group PLC, still the No. 1 position, benefits from peer company takeover valuation in the hip and knee health aid segment. This is a U.K. company with a strong product line marketed in many countries.

Some Canadian investments are proving to be quite spectacular. CWF's domestic holdings usually have a strong international flavour, for example, Southwestern Resources Corp., an important gold play in south-west China and Peru, and Stake Technology Ltd., which is the dominant soy ingredient company throughout North America.

Outlook

The mood ahead for the time being still seems positive in global markets, particularly in the Asian and European developing world. However, we will stay territorially well diversified and on the watch for the onset of any negative conditions.



Vanessa L. Morgan,
Chairman



Michael A. Smedley,
President

Economic Sector Weighting of Portfolio Investments at Market* – September 30, 2003

	%		%
Consumer Discretionary	18.5	Industrials	8.8
Consumer Staples	15.1	Energy	6.8
Financials	14.1	Materials	6.3
Information Technology	12.4	Telecommunication Services	5.5
Health Care	10.2	Utilities	2.3

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

Management's Discussion & Analysis

Canadian World Fund Limited (CWF) continued to outperform its benchmark, the Morgan Stanley All-Country World Free Index, in the third quarter of 2003 resulting in significantly improved portfolio values. CWF's net assets at September 30, 2003 were \$16,912,000, up strongly by 16.3% and 7.9% from the second quarter and year-end 2002, respectively, compared with 4.4% and -1.4% posted by the benchmark (in Canadian dollar terms). The Canadian dollar appreciated slightly by 0.4% vis-à-vis the U.S. dollar in the third quarter and 14.5% over the nine-month period to September 30, 2003. The Corporation does not employ currency hedging, but the global portfolio is well diversified and influenced by many currencies.

Operations

CWF's net investment loss for the third quarter in 2003 and 2002 was \$90,000 and \$52,000, respectively. Year-to-date, CWF had a net investment loss of \$31,000 compared to net investment income of \$15,000 for the same period last year.

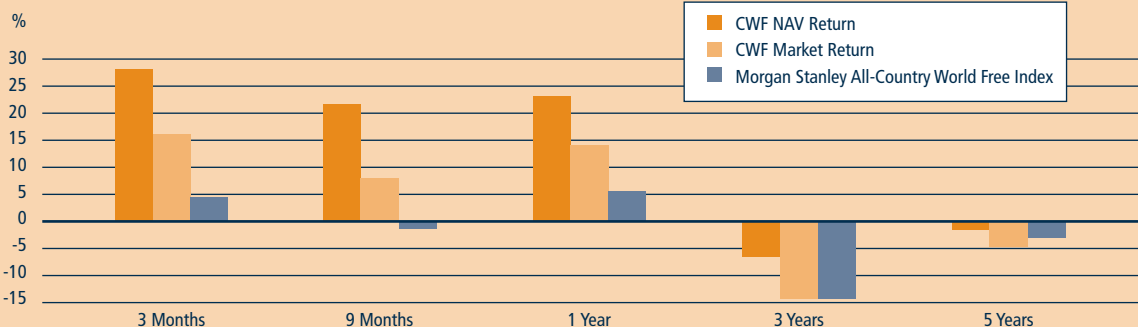
Total investment income for the quarter and the nine-month period to September 30, 2003 decreased by 53.1% and 21.4%, respectively, from the corresponding periods

in 2002. The higher investment income in the first nine months of 2002 was mainly the result of two large extraordinary dividends from Grupo Aeroportuario del Sureste S.A. de C.V, received in June 2002 and Oslo Bors Holding ASA, received in September 2002. In addition, appreciation of the Canadian dollar during 2003 also caused lower dividend income since most dividends were received in foreign currency.

Total expenses for the nine-month period to September 30 this year decreased by 9.9%, compared to the same period of 2002, largely due to the decrease in management fees, which were down 23.8% compared to the first nine months of 2002 as a result of the decline in portfolio values. 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 improving market performance in the third quarter, CWF increased its bank borrowing, employed for leverage purposes, to \$3.6 million at September 30 from \$2.7 million at June 30. The weighted average borrowing rate for the nine-month period of 2003 was 3.7% compared to 3.1% for the same period in 2002. Interest expense was \$86,000 for the nine-month period

NAV and Market Returns* vs. Morgan Stanley All-Country World Free Index**
For the periods to September 30, 2003



* Compound average annual rates of return ** Expressed in Canadian dollars

compared to \$95,000 last year. The Company borrows funds under a demand credit facility of \$5.0 million, subject to certain covenants.

The net realized loss on investments for the quarter and nine-month period to September 30, 2003 was reduced to \$611,000 and \$661,000, respectively, from \$941,000 and \$1,455,000 for the same periods last year. Of note in the quarter, significant losses were realized on sales of Shire Pharmaceuticals Group plc, Goshawk Insurance Holdings PLC, and NEG Micon A/S. Losses on these three securities totalled approximately \$785,000. Losses were partially offset by a significant gain from the sale of Chicago Mercantile Exchange Holdings Inc., in the amount of \$180,000, and smaller gains on other securities.

As at September 30, 2003, CWF had an unrealized gain on investments of \$386,000 compared to unrealized losses of \$1,546,000 and \$3,234,000 at 2002 year-end and September 30, 2002, respectively. As a result of the losses

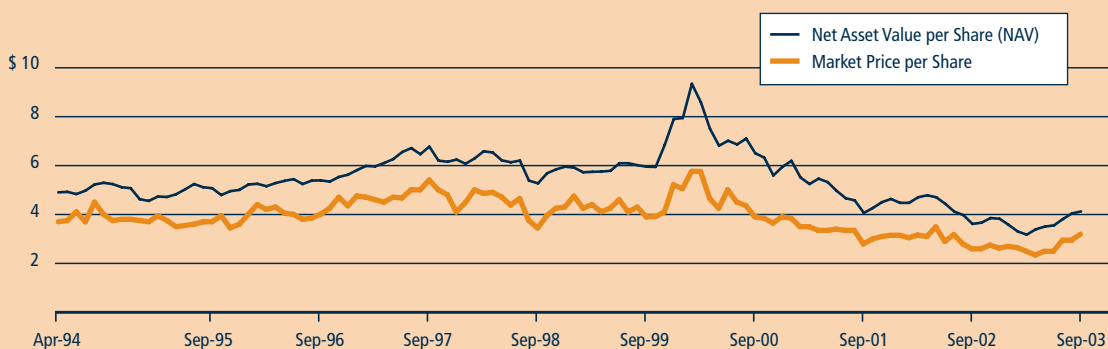
realized in the third quarter, the market rebound and out-performance of CWF, the unrealized value of investments increased strongly by \$3,069,000 in the third quarter and \$1,932,000 over the nine-month period this year.

Since CWF had losses available for carryforward from prior years and realized losses in the nine-month period to September 30, it does not yet meet the defined criteria to recognize a tax recovery on the losses realized on investments and no future income tax provision was recorded for the unrealized gain at the quarter-end.

Outlook

Market recovery and reduction of historical bear market losses in the international markets and CWF's portfolio continued in the third quarter. Global and bottom-up stock selection in a diversified portfolio will continue to be the primary objective of CWF.

Comparison of Market Price to NAV – April 30, 1994 to September 30, 2003



Statements of Net Assets

	As at September 30, 2003	As at December 31, 2002	As at September 30, 2002
<i>(in thousands of dollars, except per share amounts)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	\$	\$	\$
Assets			
Investments	19,453	18,196	18,209
Cash	1,541	694	373
Receivable on securities sold	161	–	170
Accrued interest and dividends	65	10	41
Income taxes recoverable	4	–	4
	21,224	18,900	18,797
Liabilities			
Bank indebtedness	3,546	3,190	3,867
Payable on securities purchased	728	–	84
Accounts payable and accrued liabilities	38	35	24
Income taxes payable	–	2	–
	4,312	3,227	3,975
Net Assets	16,912	15,673	14,822
Shareholders' Equity			
Capital stock	20,507	20,507	20,507
Unrealized gain (loss) on investments	386	(1,546)	(3,234)
Deficit	(3,981)	(3,288)	(2,451)
	16,912	15,673	14,822
Number of shares outstanding	4,101,350	4,101,350	4,101,350
Net asset value per share	4.12	3.82	3.61

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		Nine months ended	
	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$	\$	\$
Investment income				
Dividends	40	88	328	417
Interest	6	10	25	32
	46	98	353	449
Expenses				
Management fees	58	73	173	227
Interest	33	34	86	95
Investor relations	7	12	30	32
Directors' fees	9	8	23	25
Other	29	15	79	55
	136	142	391	434
Investment income (loss) before income taxes	(90)	(44)	(38)	15
Income tax recovery (provision)	–	(8)	7	–
Net investment income (loss)	(90)	(52)	(31)	15
Realized and unrealized gain (loss) on investments				
Net realized loss on investments	(611)	(941)	(661)	(1,455)
Change in unrealized appreciation/depreciation of investments	3,069	(2,358)	1,932	(2,737)
Net gain (loss) on investments	2,458	(3,299)	1,271	(4,192)
Increase (decrease) in net assets resulting from operations	2,368	(3,351)	1,240	(4,177)
Increase (decrease) in net assets resulting from operations per share	0.58	(0.82)	0.30	(1.02)

Statements of Deficit

<i>(Unaudited)</i>	Three months ended		Nine months ended	
	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Deficit – Beginning of period	(3,280)	(1,456)	(3,288)	(1,007)
Net investment income (loss) for period	(90)	(52)	(31)	15
Net realized loss on investments	(611)	(941)	(661)	(1,455)
Provision for refundable dividend tax on hand	–	(2)	(1)	(4)
Deficit – End of period	(3,981)	(2,451)	(3,981)	(2,451)

Statements of Changes in Net Assets

<i>(Unaudited)</i>	Three months ended		Nine months ended	
	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Increase (decrease) in net assets resulting from operations	2,368	(3,351)	1,240	(4,177)
Increase in refundable dividend tax on hand	–	(2)	(1)	(4)
Net assets – Beginning of period	14,544	18,175	15,673	19,003
Net assets – End of period	16,912	14,822	16,912	14,822

Statements of Net Gain (Loss) on Investments

<i>(Unaudited)</i>	Three months ended		Nine months ended	
	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Proceeds from disposition of investments	5,390	2,997	10,556	10,564
Investments at cost, beginning of period	19,550	22,175	19,742	21,911
Investments purchased during the period	5,518	3,206	10,542	11,551
Investments at cost, end of period	(19,067)	(21,443)	(19,067)	(21,443)
Cost of investments disposed of during the period	6,001	3,938	11,217	12,019
Net realized loss on investments	(611)	(941)	(661)	(1,455)
Change in unrealized appreciation/depreciation of investments	3,069	(2,358)	1,932	(2,737)
Net gain (loss) on investments	2,458	(3,299)	1,271	(4,192)

Statement of Investments

September 30, 2003
(Unaudited)

Number of Shares or Par Value	Investment – % of Total Market Value	Cost	Market Value
<i>(in thousands of dollars)</i>			
Asia – 26.6%			
676,000	Anhui Expressway Company Limited H (China/Hong Kong)*	\$ 276	\$ 268
17,500	Bharat Electronics Limited (India)*	212	250
34,000	Cheung Kong (Holdings) Limited (China/Hong Kong)	518	363
15,000	Chunghwa Telecom Co., Ltd. ADR (Taiwan)*	287	284
496,000	COFCO International Limited (China/Hong Kong)	230	341
492,000	Convenience Retail Asia Limited (China/Hong Kong)	231	191
1,904,000	Euro-Asia Agricultural (Holdings) Company Limited (China/Hong Kong)	629	0
4,000	Kookmin Bank ADR (South Korea)	162	178
27,500	Mahindra & Mahindra Limited GDR (India)*	139	193
10,000	Pacific Internet Limited (Singapore)*	154	98
10,000	PT Telekomunikasi Indonesia, Tbk. ADR (Indonesia)	140	184
7,200	Ranbaxy Laboratories Limited GDR Reg S (India)	148	211
12,000	Reliance Industries Limited GDR 144A (India)	233	331
30,500	The Siam Cement Public Company Limited Foreign Reg. (Thailand)*	208	208
10,200	SIFY Limited ADR (India)	45	82
3,900	SOFTBANK CORP. (Japan)*	157	223
6,000	Sohu.com Inc. (China/Hong Kong)*	263	253
6,000	State Bank of India GDR (India)	134	204
6,500	Taisei Lamick Co., Ltd. (Japan)	303	205
30,730	Tata Tea Limited (India)	206	221
670,000	Tingy (Cayman Islands) Holding Corp. (China/Hong Kong)	314	206
700,000	Xiniao Gas Holdings Limited (China/Hong Kong)	190	445
12	Yahoo Japan Corporation (Japan)*	145	230
TOTAL ASIA		5,324	5,169

Number of Shares or Par Value	Investment – % of Total Market Value	Cost	Market Value
<i>(in thousands of dollars)</i>			
Europe – 48.8%			
Europe Excluding United Kingdom			
7,000	Arcelor SA (France)	\$ 150	\$ 115
7,880	Autoroutes du Sud de la France SA (France)	298	330
6,000	Bang & Olufsen A/S B (Denmark)	267	277
13,000	Flamel Technologies S.A. ADR (France)*	439	592
52,500,000	Haci Omer Sabanci Holding A.S. (Turkey)	194	234
13,000	Interbrew S.A./N.V. (Belgium)	521	437
3,400	LUKOIL Oil Company ADR (Russia)	318	375
2,950	Mercator Poslovni Sistem (Slovenia)	280	533
13,000	Oslo Bors Holding ASA (Norway)+	314	438
27,600	PLIVA d.d. GDR Reg. S (Croatia)	513	530
33,400	Royal KPN N.V. ADR (Netherlands)*	332	338
15,000	Turkcell Iletisim Hizmetleri A.S. ADR (Turkey)	420	350
13,000	Wimm-Bill-Dann Foods OJSC ADR (Russia)	423	337
Total Europe (Excluding United Kingdom) – 25.1%		4,469	4,886
United Kingdom			
66,000	BG Group plc	457	375
40,000	Bloomsbury Publishing Plc	229	227
40,000	Burberry Group plc*	234	292
4,000	Carnival plc*	168	172
175,000	Corin Group PLC	557	660
85,000	The Establishment Investment Trust plc	193	201
15,000	Games Workshop Group PLC*	234	230
117,810	Legal & General Group Plc	375	244
27,250	Marconi Corporation plc*	212	275
20,000	Numis Corporation Plc*	213	241
150,000	Pilkington plc	408	281
24,000	Standard Chartered PLC	467	453
400,000	The Stanley Gibbons Group Limited	261	308
75,000	Tesco PLC	440	406
350,000	UBC Media Group plc*	234	252
Total United Kingdom – 23.7%		4,682	4,617
TOTAL EUROPE		9,151	9,503

Statement of Investments *(continued)*

September 30, 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>			
Latin America – 4.5%			
5,000	Bunge Limited (Argentina)	\$ 193	\$ 186
10,000	Companhia de Bebidas das Americas (Ambev) ADR preference shares (Brazil)	365	292
20,000	Grupo Aeroportuario del Sureste S.A. de C.V. ADR (Mexico)	520	397
TOTAL LATIN AMERICA		1,078	875
North America – 20.1%			
Canada			
100,000	Far West Mining Ltd., special units*	130	318
20,000	Magna Entertainment Corp., A	240	111
20,000	Niko Resources Ltd.	559	571
15,000	Southwestern Resources Corp.	186	248
40,000	Stake Technology Ltd.	286	511
Total Canada – 9.1%		1,401	1,759

<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>			
United States			
3,750	eBay Inc.	\$ 223	\$ 271
200	Grey Global Group Inc.*	216	206
4,000	Harley-Davidson, Inc.	236	260
18,000	The Nasdaq Stock Market, Inc.	281	196
5,000	Rent-A-Center, Inc.*	221	218
7,000	UTStarcom, Inc.*	295	301
6,000	Winnebago Industries, Inc.	311	361
7,000	Yahoo!Inc.*	330	334
Total United States – 11.0%		2,113	2,147
TOTAL NORTH AMERICA		3,514	3,906
Total Investments			
– September 30, 2003		\$ 19,067	\$ 19,453
– December 31, 2002		\$ 19,742	\$ 18,196
– September 30, 2002		\$ 21,443	\$ 18,209

Changes from June 30, 2003: *New Holdings; *Increased Holdings

Corporate Information

CANADIAN WORLD FUND LIMITED

OFFICE OF THE COMPANY

110 Yonge Street, Suite 1601
Toronto, Ontario, Canada M5C 1T4
Telephone: (416) 366-2931
Toll Free: 1-866-443-6097
Fax: (416) 366-2729
e-mail: cwffund@mmainvestments.com
website: www.mmainvestments.com

MANAGER

Morgan Meighen & Associates Limited
Toronto

AUDITORS

PricewaterhouseCoopers LLP
Toronto

BANKERS

Bank of Montreal
Toronto

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto

REGISTRAR AND TRANSFER AGENT

Computershare Trust
Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario, Canada M5J 2Y1
Telephone: (416) 981-9633
Toll Free: 1-800-564-6253
Fax: (416) 263-9524
Toll Free: 1-866-249-7775
e-mail: mmamail@computershare.com

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

September 30, 2003

Price	\$	3.20
Net Asset Value	\$	4.12
Discount		22.3%

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.

