

STATEMENT OF INVESTMENTS
September 30, 1998

NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
AFRICA		
— Ghana		
12,000 Ashanti Goldfields Company Limited GDS 144A	\$ 345	\$ 167
— South Africa		
102,684 ABSA Group Limited	392	571
15,000 The South African Breweries Limited*	464	345
	<u>856</u>	<u>916</u>
— Zimbabwe		
311,800 Meikles Africa Limited 144A	559	271
TOTAL AFRICA	<u>1,760</u>	<u>1,354</u>
ASIA		
— Hong Kong		
10,094 HSBC Holdings PLC	285	282
TOTAL ASIA	<u>285</u>	<u>282</u>
EUROPE		
— Denmark		
6,000 Copenhagen Airport	394	1,103
— France		
6,000 France Telecom S.A.	286	542
— Germany		
9,000 Apcoa Parking AG+	916	1,045
6,000 Siemens AG	418	499
	<u>1,334</u>	<u>1,544</u>
— Italy		
200,000 Telecom Italia Mobile SPA	387	1,781
40,000 Telecom Italia SPA	370	418
	<u>757</u>	<u>2,199</u>
— Spain		
10,000 Endesa, S.A.	249	344
6,000 Telefonica de Espana, S.A. ADR	366	988
	<u>615</u>	<u>1,332</u>

STATEMENT OF INVESTMENTS
September 30, 1998 (cont'd)

NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
— United Kingdom		
50,000 Cable & Wireless PLC+	\$ 904	\$ 728
150,000 Centrica PLC	374	443
70,000 National Power PLC	555	973
40,000 Securicor PLC	352	396
100,000 Thomson Travel Group PLC	412	350
50,000 Vodafone Group PLC	272	886
	<u>2,869</u>	<u>3,776</u>
TOTAL EUROPE	<u>6,255</u>	<u>10,496</u>
FORMER EASTERN BLOC		
— Russia		
1 LUKoil Holding RDC 144A	266	111
100 Moscow Telephone	202	6
20,928 Mosenergo ADR	417	24
34 Norilsk Nickel Reg S RDC	210	10
20,000 RAO Gazprom Reg S ADS	501	199
100,000 Rostelecom	211	46
3 Rostelecom RDC 144A	143	14
	<u>1,950</u>	<u>410</u>
TOTAL FORMER EASTERN BLOC	<u>1,950</u>	<u>410</u>
LATIN AMERICA		
— Argentina		
15,000 Transportadora de Gas del Sur S.A. ADR	240	223
— Brazil		
10,000 Centrais Electricas Brasileiras S.A. ADR	249	166
9,000 Telecomunicacoes Brasileiras S.A. HOLDRS (Telebras)	665	968
	<u>914</u>	<u>1,134</u>
— Mexico		
15,000 Panamerican Beverages, Inc. A	329	408
— Peru		
20,000 Southern Peru Copper Corporation	387	336
TOTAL LATIN AMERICA	<u>1,870</u>	<u>2,101</u>

STATEMENT OF INVESTMENTS
September 30, 1998 (cont'd)

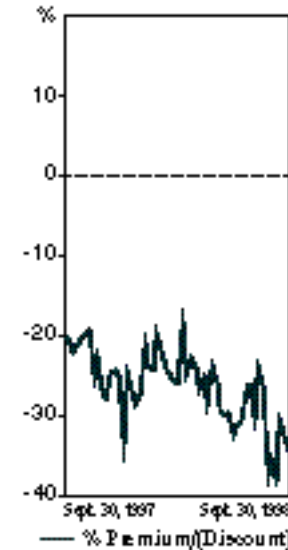
NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
NORTH AMERICA		
— United States		
10,000 Computer Associates International, Inc.+	\$ 649	\$ 565
10,000 Compaq Computer Corporation	443	482
15,000 Corrections Corporation of America	597	310
7,000 Enron Corporation	504	564
16,000 Marine Drilling Companies, Inc.	424	281
15,000 PepsiCo, Inc.*	811	674
7,000 SCI Systems, Inc.*	454	288
10,000 Tellabs, Inc.*	981	607
	<u>4,863</u>	<u>3,771</u>
TOTAL NORTH AMERICA	<u>4,863</u>	<u>3,771</u>
Total Investments		
— September 30, 1998	<u>\$ 16,983</u>	<u>\$ 18,414</u>
Total Investments		
— September 30, 1997	<u>\$ 20,907</u>	<u>\$ 31,144</u>

Changes from June 30, 1998:
* New Holdings
+ Increased Holdings

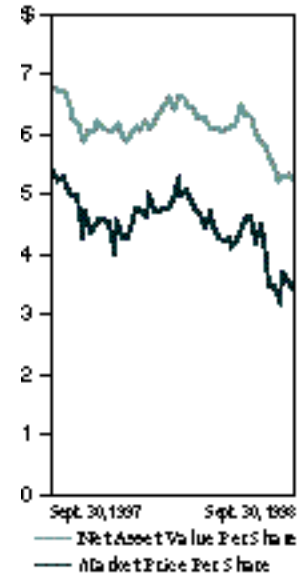
INVESTMENT PORTFOLIO
TEN LARGEST INVESTMENTS
September 30, 1998

Company	Market Value (000's)	% of Market Value of Total Investment Portfolio
Telecom Italia Mobile SPA	\$1,781	9.7
Copenhagen Airport	1,103	6.0
Apcoa Parking AG	1,045	5.7
Telefonica de Espana, S.A. ADR	988	5.4
National Power PLC	973	5.3
Telecomunicacoes Brasileiras S.A. HOLDRS (Telebras)	968	5.3
Vodafone Group PLC	886	4.8
Cable & Wireless PLC	728	3.9
PepsiCo, Inc.	674	3.6
Tellabs, Inc.	607	3.3
Totals	<u>\$9,753</u>	<u>53.0</u>

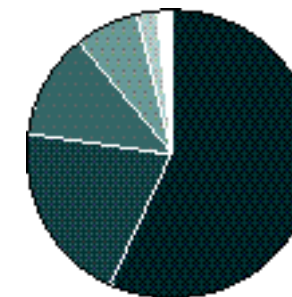
PREMIUM/(DISCOUNT)
GRAPH
Twelve months ended Sept. 30, 1998



COMPARISON OF MARKET PRICE TO NET ASSET VALUE
Twelve months ended Sept. 30, 1998



GEOGRAPHIC WEIGHTING OF INVESTMENT PORTFOLIO
September 30, 1998



% Market	Region	Value
57.0	Europe	570
20.5	North America	20.5
11.4	Latin America	11.4
7.4	Africa	7.4
2.2	Former Eastern Bloc	2.2
1.5	Asia	1.5

CANADIAN
WORLD
FUND
LIMITED

3

1998
THIRD QUARTER
REVIEW

REPORT TO SHAREHOLDERS

We are pleased to present the unaudited nine month interim results of Canadian World Fund Limited, a TSE listed closed-end fund with the objective of providing investors with a global presence and superior capital growth through world-wide equity selection.

In the period under review, the Corporation's portfolio has been steered toward fewer and more concentrated positions. Asset growth continues to be the primary focus of the fund.

PERFORMANCE

Net assets declined to \$21,608,000 from \$25,607,000 at the end of 1997 and \$27,758,000 one year ago. Net asset value per share was \$5.27 at September 30, 1998 a decrease of 15.6% compared to \$6.24 at the end of December and a decrease of 22.2% from \$6.77 one year ago. For comparative purposes, the Morgan Stanley All Country World Index, heavily weighted by the USA market, reported a year-to-date increase of 6.1% and an increase of 5.7% for the twelve month period ended September 30, 1998. Morgan Stanley's Emerging Market Index was down 34.0% and 43.9% for the same time periods respectively. Approximately 22% of CWF's portfolio is invested in emerging markets at September 30 compared to over 64% one year ago. Net income for the nine months was \$36,000 or \$0.01 per share compared to \$30,000 or \$0.01 per share for the same period last year.

TRADING ACTIVITY

For the nine months the share price high and low was \$5.65 and \$3.00. The Fund's market return as measured by share price performance was -15.9% for the nine months and -36.1% for the twelve months ended September 30, 1998. The share price discount to net asset value or NAV year-to-date has fluctuated between 18.6% and 38.1% and was 34.5% at the end of September. The following highlights market activity of the fund in specific geographic areas during the first nine months of 1998.

AFRICA

This sector of the fund has been reduced with the elimination of Egyptian exposure. Egypt had become very much a new issue market. None were forthcoming due to global and emerging market uncertainty; moreover, existing listed companies lacked sponsorship and fell into disfavor. Weighting in Africa has been reduced to 7.4% from 11.0% at the end of December.

ASIA

Asian markets continue to be extremely disappointing and investment exposure has been reduced to one holding, HSBC Holdings PLC, a global financial powerhouse which is based in Hong Kong but trades primarily in London, England. Asian weighting is now 1.5% due to ongoing sales this year. Japan is

the key to this sector of the global economy and it continues to struggle with its banking solvency problem. Specifically, it is estimated that close to 1 trillion U.S. dollars of questionable and defaulted loans exist. Japan was eliminated from the portfolio earlier in the year and its market continues to slide. Japan's market, economy and currency performance are pivotal to the global situation as it is the second largest economy in the world.

EUROPE

European exposure has been significantly increased during the quarter, rising from 46.4% to 57.0% primarily through increasing some existing positions. Bankgesellschaft Berlin AG of Germany and steel producer Usinor Sacilor of France were eliminated in favour of better growth situations, primarily in the U.K. Some profits were taken in Telefonica de Espana due to its Latin American telecom investment interests.

FORMER EASTERN BLOC

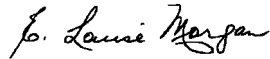
The Fund's exposure here is limited to Russia which has defaulted on its debt and devalued its currency significantly. This has led to social and political problems quite apart from economic depression. The International Monetary Fund has been trying to assist but there is concern about the lack of political will to tackle Russia's significant problems. The absence of quality leadership must be addressed and soon. At the end of September, the Russian equity market is down more than 88% in value from year end. The Russian holdings in the portfolio have experienced a similar decrease in value.

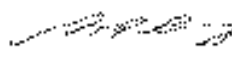
LATIN AMERICA

After Russia, Latin America has been the most adversely affected in the Fund, primarily due to currency weakness. Brazil is critical to this process and the recent elections were an encouraging sign for the incumbent government. The country is struggling with inflation and a current account deficit but there is hope of recovery with some IMF assistance and a stable political environment. CWF's exposure has been reduced to 11.4% from a weighting of 24.8% at the end of December.

UNITED STATES

Portfolio exposure here has increased to close to 20.5% from 16.7%. This is the world's most powerful economy but also the most highly priced equity market on a valuation basis. Returns have been led by the largest of companies while the broad market has struggled since April. Should the market correct further, equity allocation will be increased.


E. Louise Morgan
Chairman


Michael A. Smedley
President

STATEMENT OF ASSETS AND LIABILITIES (Unaudited)

As at September 30,	1998	1997
	(000's)	
ASSETS		
Investments	\$ 18,414	\$ 31,144
Cash	3,026	46
Accrued interest and dividends	18	79
Income taxes recoverable	583	-
Total Assets	22,041	31,269
LIABILITIES		
Accounts payable and accrued liabilities	16	28
Income taxes payable	-	119
	16	147
Deferred income taxes	417	3,364
Total Liabilities	433	3,511
Net Assets	\$ 21,608	\$ 27,758
SHAREHOLDERS' EQUITY		
Capital stock	\$ 20,507	\$ 20,507
Unrealized gain on investments	952	6,812
Retained earnings	149	439
	\$ 21,608	\$ 27,758

STATEMENT OF INCOME AND EXPENSES (Unaudited)

Nine months ended September 30,	1998	1997
	(000's)	
INCOME		
Dividends	\$ 481	\$ 403
Interest	20	7
Total income	501	410
EXPENSES		
Management fees	340	255
Directors' fees	19	19
Regulatory and transfer agent fees	26	21
Miscellaneous	51	61
Total expenses	436	356
Income before income taxes	65	54
Income tax provision	29	24
Net income for period	\$ 36	\$ 30
Net income per share	\$ 0.01	\$ 0.01

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

Nine months ended September 30,	1998	1997
	(000's)	
Net assets, beginning of period	\$ 25,607	\$ 23,037
Add (deduct):		
Net income for period	36	30
Realized gain (loss) on disposition of investments	(632)	422
Increase (decrease) in unrealized gain on investments	(3,403)	4,269
Increase (decrease) in net assets	(3,999)	4,721
Net assets, end of period	\$ 21,608	\$ 27,758
Net asset value per share	\$ 5.27	\$ 6.77
Common shares outstanding	4,101,350	4,101,350

STATEMENT OF NET REALIZED GAIN (LOSS) ON INVESTMENTS (Unaudited)

Nine months ended September 30,	1998	1997
	(000's)	
Proceeds from disposition of investments	\$ 12,902	\$ 4,149
Investments at cost, beginning of period	20,841	19,920
Investments purchased during the period	9,993	4,502
Investments at cost, end of period	(16,983)	(20,907)
Cost of investments disposed of during the period	13,851	3,515
Realized gain (loss) on disposition of investments before income taxes	(949)	634
Income taxes (recovery) on realized net taxable capital gains (allowable capital losses)	(317)	212
Net realized gain (loss) on disposition of investments	\$ (632)	\$ 422

CANADIAN WORLD FUND LIMITED CORPORATE INFORMATION

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mmamail@montrealtrust.com

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Trading Symbol: CWF
The Winnipeg Stock Exchange

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

The Corporation prices its portfolio on a weekly basis, and its resultant Net Asset Value per share is released and published in various media in Canada and in the United States.

The Corporation will provide a list of its weekly top 10 portfolio holdings (priced at market), together with current discount and market return information to any interested party upon request.