CGI
CANADIAN GENERAL INVESTMENTS, LIMITED

# FOCUSSED ON CANADA

ANNUAL REPORT | 2013

**Cover:** **Beaver Pond Island, Georgian Bay. Oil on board.**

*Paul Mantrop is a working artist and founding member of the art collective "drawnonward". Over eighteen years ago the artists of drawnonward began to travel throughout Canada in order to document its unique and varied regions. Today after over 100,000 kilometres have been travelled by bus, boat, canoe, train, skis and feet, drawnonward has painted from coast to coast. From the Queen Charlotte Islands to the Yukon, from the Gaspe to Newfoundland and throughout the Canadian Arctic. Today Paul paints from a studio in his home near Collingwood, Ontario. You can learn more about Paul at www.paulmantrop.com.*

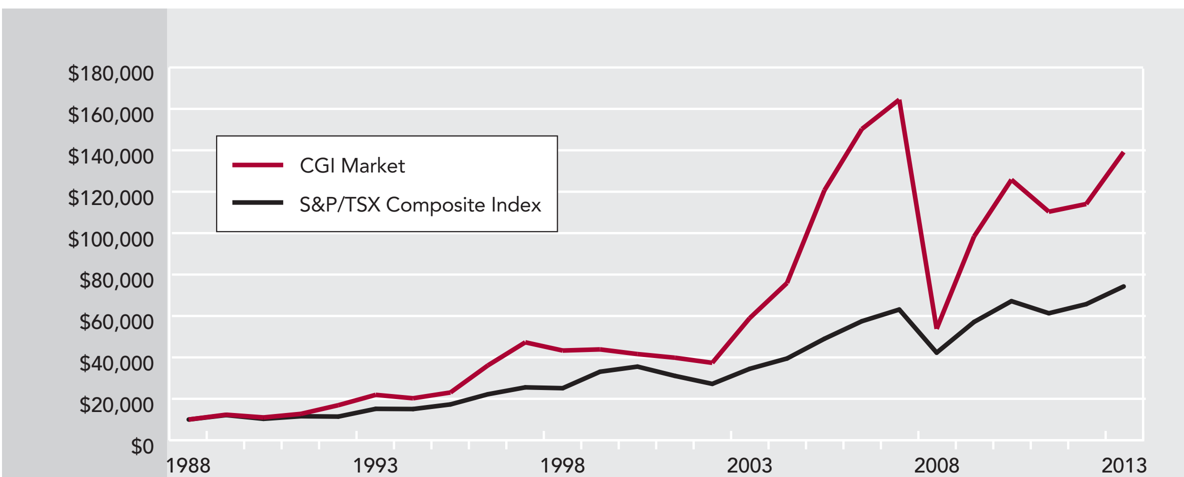
# Corporate Profile

**Canadian General Investments, Limited (CGI)** is a closed-end equity fund focussed on medium to long-term investments in Canadian corporations. It strives, through prudent security selection, timely recognition of capital gains/losses and appropriate income generating instruments, to provide better than average returns to investors.

CGI was established in 1930 and has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

The graph below is presented to illustrate the benefit of a long-term investment in CGI's common shares. A $10,000 investment in CGI common shares would have grown to over $139,000 over the 25-year period ended December 31, 2013. This equates to a compound annual average growth rate of 11.1%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to over $74,000 or a compound average annual growth rate of 8.4%.

**Growth of a $10,000 Investment –** ***25 Years to December 31, 2013***




For the 50 years ended December 31, 2013, a $10,000 investment would have grown to $2.0 million, representing a compound average annual return of 11.1%. The values for the benchmark for the same period were $970,000 and 9.6%, respectively.

*Certain financial information contained in this report, including investment growth rates, rates of return and other such statistical information are historical values; past performance is no assurance or indicator of future returns. Share prices, net asset values and investment returns will fluctuate. Stated historical returns assume the reinvestment of all distributions. Such financial information does not reflect any broker commissions, transaction costs or such other fees and expenses which may have been applicable nor income taxes payable by any shareholder, which would have the effect of reducing such historical returns. Stated returns for periods greater than one year are compound average annual rates of return. Further information concerning risk can be found in the Management Report of Fund Performance of this Annual Report to Shareholders.*

*The Company is an investment fund, and as such, this Annual Report to Shareholders carries a variety of information concerning stocks and other investments, all for informational purposes only. The reader should assume that the Company and all individuals and entities (including the Manager and members of its staff) who have contributed to this publication may have a conflict of interest. Readers should therefore not rely solely on this Report in evaluating whether or not to buy or sell securities discussed herein.*

# Letter to Shareholders

Michael A. Smedley (Executive Vice-President & Chief Investment Officer of the Manager), Vanessa L. Morgan (Chairman), Jonathan A. Morgan (President & CEO), and D. Greg Eckel (Senior Vice-President of the Manager)

Dear Fellow Shareholders,

We are pleased to present the 2013 annual report for Canadian General Investments, Limited (CGI or the Company). In this report, you will find information on the performance of CGI for 2013. The management report of fund performance contains a management discussion of fund performance, a financial highlights section incorporating per share information as well as various financial ratios, historical returns and a summary of investment portfolio which includes the top 25 holdings as at the end of the year. The full investment portfolio as at December 31, 2013 is provided as part of CGI's audited financial statements, which are also included as part of this report.

For the 12 months ended December 31, 2013, CGI's common shares recorded a net asset value per share (NAV) total return of 21.0% and a market value total return of 22.0% (share price increase plus dividends). By comparison, the total return of its benchmark, the S&P/TSX Composite Index, was 13.0% during the same period.

### Common Share Dividends

During 2013, CGI paid four regular quarterly taxable dividends that aggregated $0.26 per common share, as well as a year-end special capital gains dividend of $0.50 per share, for an annual total of $0.76. Based on the year-end market price of the common shares, aggregate dividends paid represented a 4.1% yield to shareholders.

Subsequent to year-end, the Board of Directors of the Company advanced a change in its approach to common share dividend payments. Henceforth, it is the Board's intention, when prudent, for CGI to provide its common shareholders with steady to rising quarterly dividends. The capital gains facility, whereby the Company is able to recoup capital gains taxes owing or payable when it distributes capital gains dividends to its common shareholders, would continue to be used, but the year-end special dividend would be de-emphasized and more of the annual distributions would be paid to common shareholders in the form of the four quarterly dividends. The Board believes this change should provide common shareholders with greater reliability as to their expected dividend income and potentially greater scope for share price appreciation.

CGI has been managed by Morgan Meighen & Associates Limited (the Manager) since 1956. D. Greg Eckel, Senior Vice-President of the Manager, is the portfolio manager responsible for the management of CGI's investment portfolio.

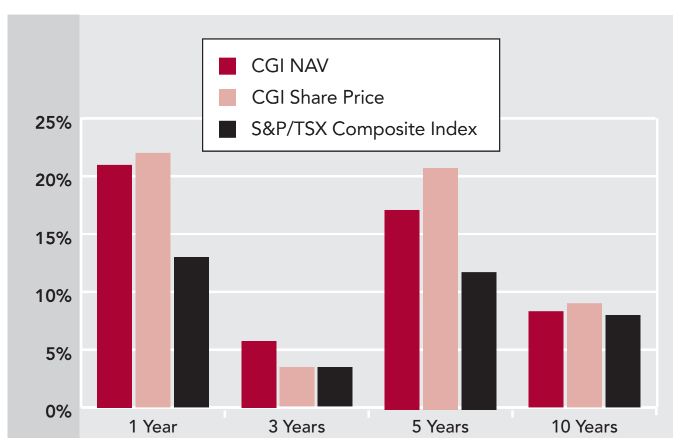
Further information about CGI, including the most recent NAV and market price, current performance, the portfolio's weekly top 10 holdings, historical dividend payments, as well as various financial and regulatory reports, can be found at www.canadiangeneralinvestments.ca.

We appreciate your investment in CGI.

Vanessa L. Morgan
*Chairman*

Jonathan A. Morgan
*President & CEO*

**Compound Annual Returns for the Periods to December 31, 2013**



## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### INVESTMENT OBJECTIVE AND STRATEGIES

Canadian General Investments, Limited (CGI or the Company) is a closed-end equity fund, focussed on medium to long-term investments in primarily Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains/losses and appropriate income-generating instruments.

The Manager, Morgan Meighen & Associates Limited (MMA), utilizes a bottom-up investment strategy in an effort to achieve CGI's objective. With this type of investment strategy, the Manager first seeks individual companies with attractive investment potential, then proceeds to consider the larger industry, economic and global trends affecting those companies. This investment style allows for sector weightings that can differ from those of the benchmark, the S&P/TSX Composite Index (S&P/TSX).

### RISK

As an equity fund, the Company's primary risk is market risk – the exposure to market price changes for the securities held within the portfolio. Economic conditions, investor sentiment, global events and many other factors contribute to the day-to-day changes in security prices and the overall trend of the market. Some of the more significant changes or trends in economic conditions through the year and their effects are as follows:

- Weakness of the Canadian dollar. The Canadian dollar fell to its lowest level in over two years, and lost value against some of the world's major currencies - U.S. dollar (-6.9%), euro (-11.7%), Hong Kong dollar (-6.9%), Swiss franc (-11.8%) and British pound (-9.0%). Canada is a net exporter of goods and services. A weak dollar, while making materials more costly to import, will generally have positive repercussions on export-based companies, as their products become less expensive to purchasers in other countries.
- Commodity prices. Overall, the price of commodities as measured by the S&P Goldman Sachs Commodity Index (an index that is composed of the principal physical commodities of active, liquid markets) was only down 1.2% for the year. However, most of the sub-sectors of the index were down on the year, with Precious Metals falling 29.8% and Industrial Metals down 12.9%. Only the Energy and Petroleum sub-sectors saw gains (5.1% and 5.0%, respectively), with the balance of the sub-sectors largely showing negative double-digit returns. Gold was a major driver of the performance of the Precious Metals sub-sector, with 2013 being the first year since 2000 where the price had fallen (-28.7%). For a commodities-based economy like Canada's, commodity price strength would likely result in an improvement in the economy and an increase in stock prices in the sector.
- Interest rates. The Bank of Canada kept interest rates low, with the overnight rate at the historic low of 1%. The prime bank rate was steady at 3% for the entire year. Low interest rates can have a positive effect on equity markets, as it is less costly for companies to borrow to fund expansion and, similarly, for consumers to finance spending.

CGI attempts to mitigate market risk by maintaining a well diversified portfolio.

Being a closed-end investment fund, CGI's shares generally trade at a discount to its net asset value per share (NAV). As a result, the return experienced by a shareholder (share price return) can differ from the underlying performance of the Company (portfolio performance). The share price is established by competitive markets, which reflect the buying demand and the selling supply of shares. Factors which are thought to influence share price, and therefore discounts and their converse, premiums, include a fund's relative performance, the liquidity of a fund's shares, dividend yield, the use of a managed distribution policy, confidence in a fund's portfolio manager, investors' perceptions and expectations regarding the outlook of the country/sector/market where a fund invests. Throughout 2013, CGI's shares traded at a discount ranging from 25.9% to 33.3%, ending the year at a discount of 28.3%.

Since 1998, with the issuance of its Series 1 preference shares (since redeemed), CGI has engaged in a leverage strategy in an effort to enhance returns to common shareholders. At December 31, 2013, CGI's preference shares outstanding totalled $150 million (par value), representing 21.9% of total portfolio assets (December 31, 2012 – 24.8%). As a result of this leverage, a 10% decline in the value of the portfolio will result in approximately a 12.8% decrease in the Company's NAV. The reverse is true for a 10% increase in the portfolio value. CGI's asset coverage (the ratio of its Assets to Obligations, both as defined in the Preference Share provisions) at year end 2013 was 4.6 times, higher than the required ratio of 2.5 times. The Board of Directors of CGI is continually assessing the Company's overall leverage strategy in relation to its overall portfolio returns relative to the cost of borrowing. This may include increases or decreases in leverage, as well as exploring refinancing alternatives.

There were no material changes affecting the overall level of risk associated with investing in CGI during the year. As the Company is invested almost entirely in Canadian equities, it is most suitable for investors seeking long-term capital appreciation, with income as a secondary objective. Investors in CGI should be willing to tolerate moderate market volatility.

The risks of investing in the Company are further discussed in the Company's Annual Information Form.

## RESULTS OF OPERATIONS

### Performance

Canadian equities markets, as represented by the benchmark S&P/TSX, ended up having a good year in 2013. After struggling through an up-and-down first half, which ended slightly negative, market conditions began to improve and a particularly strong final quarter propelled the S&P/TSX to a 13.0% annual return, its best result since 2010. CGI followed these general trends and at year end its net asset value return with dividends reinvested was 21.0%, outperforming the benchmark by a wide margin. CGI's net asset value at December 31, 2013 was $535,056,000, representing a 17.3% increase from the $456,146,000 at the end of 2012. CGI's NAV at December 31, 2013 was $25.65, up from $21.87 at year end 2012.

Although these numbers were encouraging, the S&P/TSX has now lagged the results of its global peer group of major developed market indices for three consecutive years. The influence of the resource sector has been the main drag during this period, but it was also the driving force in the outperformance of the S&P/TSX for a number of years prior to the downturn. As a result of the three-year downturn that has been experienced in the resource area, the influence of the Energy and Materials sectors on overall results has diminished a little, but still has a combined weightings presence of more than 35% of the Index.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio as at December 31, 2013, compared with year end 2012, and with the S&P/TSX. The weightings provided for CGI represent the market value of each sector as a percentage of the total investment portfolio. At December 31, 2013 the portfolio was overweight Consumer Discretionary and Industrials, and underweight Financials and Energy, as compared to the sector weightings in the S&P/TSX.

| | CGI | | S&P/TSX | |
|---|---|---|---|---|
| Sector | Year end, 2013 | Year end, 2012 | Year end, 2013 | Year end, 2012 |
| Financials | 21.9% | 21.3% | 35.3% | 32.5% |
| Energy | 19.1% | 21.1% | 24.8% | 25.3% |
| Consumer Discretionary | 15.1% | 9.0% | 5.5% | 4.5% |
| Industrials | 13.8% | 8.7% | 7.9% | 6.1% |
| Materials | 12.2% | 22.3% | 11.9% | 18.6% |

The Materials sector had the worst performance of any of the Index sectors in 2013. Substantial declines in related commodity pricing, high cost overruns on capital expenditures, uncontrolled operating costs, over-priced acquisition strategies and increasing shareholder dissatisfaction were a few of the issues that caused major declines for stocks in the Gold (-45.0%), Precious Metals & Minerals (-37.6%) and Diversified Metals & Mining (-20.9%) sub-sectors. The portfolio incurred losses from these groups even though exposure had been greatly reduced early in the year. Only two holdings remain, including a scaled-back Franco Nevada Corporation position and Tahoe Resources Inc. These have been held in the interest of diversification and for their high quality rankings. Both names exhibited some resilience to the downturn with Franco-Nevada declining about one-half that of its group (-22.5%) and with Tahoe experiencing only a very slight loss (-2.9%) in the year.

The portfolio remains about market-weight in the Materials sector overall. Nevertheless, some highly positive trends were captured within the space. One of the biggest gainers for both the S&P/TSX and CGI was Methanex Corporation, which more than doubled in the year and is the largest Materials holding in the portfolio. CGI also has a large overweight position in the Forest Products sub-index with Canfor Corporation (up 17.0%), West Fraser Timber Co. Ltd. (13.3%), Domtar Corporation (23.3%) and Norbord Inc.(19.0%). Combined, these companies account for more than half of CGI's exposure and have produced sizable gains in 2013, as beneficiaries of escalating Chinese demand and an improving U.S. housing recovery.

Consumer Discretionary had the second best price return (43.0%) amongst all S&P/TSX sectors in 2013, and this is where the CGI has its largest overweighting. In this group, the Company enjoyed leadership from the portfolio's largest holding, Dollarama Inc., which rose approximately 50% and was also the biggest dollar gainer for the year. Gildan Activewear Inc. (43.5%) and Magna International Inc. (24.2%) also produced strong results.

Some Industrials names were added during the year, and these combined with existing holdings to make Industrials, CGI's second-largest overweight sector. This was timely, as Industrials had a 37.5% return overall and was one of the top performing groups in the S&P/TSX. One of the early additions was Stantec Inc., bought for its good growth metrics overall, but especially for its substantial revenue base and exposure to the improving U.S. economy. Stantec was a major dollar contributor (64.4%) in the portfolio. Another addition, Air Canada, purchased later in the year, provided an exceptional gain (49.9%). The company has potentially resolved its labour and pension issues, is improving cost structure and is poised to embark on a growth initiative in an improving industry. The holding could add to initial gains. Canadian Pacific Railway Limited was a top holding and is a top dollar contributor (60.9%) for CGI in 2013. This company's turnaround story continues as the new management team delivers on cost-reduction initiatives.

Mention should be made of Element Financial Corporation, which has been extremely successful since CGI's participation in its IPO in late 2011. The company's shares provided another excellent year posting a market price appreciation of 97.2%. Led by skilled and proven management, Element has enhanced its profile and increased its market cap with a combination of organic growth and selective acquisitions. Element is now one of CGI's ten largest holdings and is illustrative of the Manager's pursuit of incremental returns for the Company's shareholders.

Investment income, which is comprised mainly of dividends, as well as interest and other income, was $14,827,000 for year, up 4.9% from 2012 primarily as a result of an increased focus on dividend-paying portfolio holdings. Management fees and dividends on preference shares are the largest expenses of the Company. Management fees increased by 4.6% to $7,022,000 as a result of higher average monthly portfolio values compared to 2012, due primarily to increasing portfolio values during the second half of 2013. The dividends on its preference shares decreased by 6.1% to $6,019,000 due to the lower coupon rate on the new issue of preference shares. With CGI's $75 million 4.65% cumulative, redeemable Class A preference shares, Series 2 becoming redeemable at par by CGI, the Company took advantage of the current interest rate environment, redeeming these shares on May 29, 2013 and completing an offering of $75 million 3.75% cumulative, redeemable Class A preference shares, Series 4 on May 30, 2013. The period from May 29, 2013 to May 30, 2013 was financed with a short-term bridge loan that was repaid upon closing of the Series 4 issue. Although CGI's total leverage employed remains constant at $150 million, going forward, annual preference share dividend payments will be $675,000 lower as a result of the lower coupon on the new series of shares.

### Dividends

CGI's dividend policy is determined by the Board of Directors. Over the past several years, the Company has paid regular quarterly taxable dividends of $0.06 per common share on March 15, June 15, September 15 and December 15. In 2013, the December 15 dividend was increased to $0.08. For tax purposes, CGI designated all taxable dividends paid to common and preference shareholders in 2013 as "eligible dividends". In addition, CGI is able to pay capital gains dividends. The Board considers the payment of a special capital gains dividend taking into account the year's performance of the Company, and the amount of refundable capital gains tax on hand. On December 27, 2013, CGI paid a year-end special capital gains dividend of $0.50 per common share, bringing total dividends to $0.76 for the year. Based on year-end prices for the common shares, the dividend yield was 4.1% for 2013 compared to 4.8% for 2012.

Subsequent to year-end, the Board of Directors of the Company advanced a change in its approach to common share dividend payments. Henceforth, it is the Board's intention, when prudent, for CGI to provide its common shareholders with steady to rising quarterly dividends. The capital gains facility, whereby the Company is able to recoup capital gains taxes owing or payable when it distributes capital gains dividends to its common shareholders, would continue to be used, but the year-end special dividend would be de-emphasized and more of the annual distributions would be paid to common shareholders in the form of the four quarterly dividends. The Board believes this change should provide common shareholders with greater reliability as to their expected dividend income and potentially greater scope for share price appreciation.

### Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily realized gains on the sale of investments – at an effective rate of approximately 20%. As a result of its investment corporation status under Canadian tax law, CGI can recover taxes paid or payable on its realized taxable capital gains through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income and capital gains in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For 2013, there was a net payable related to tax of $1,498,000, compared to a net recoverable of $663,000 in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. As at December 31, 2013, the Company had refundable capital gains tax on hand of approximately $1,262,000 (2012 - $682,000), which is refundable on payment of capital gains dividends of approximately $10.0 million (2012 - $6.6 million). The Company also has refundable dividend tax on hand of approximately $1,401,000 as at December 31, 2013 (2012 - $575,000).

## RECENT DEVELOPMENTS

### Outlook

For once, the past year marked a return of relative calm. In the previous several years, major disruptive issues, particularly from the European region, that had negatively impacted prospects for the global economic outlook, no longer dominated headlines. The frequency and severity of negative global events was diminished greatly.

China and the U.S. are, without question, the main drivers for global economic growth in the world. China has exhibited extraordinary growth and provided leadership, subduing fears its growth was unsustainable and that its economy would suffer a "hard landing". While it is true that the low-teens GDP growth rate exhibited for a couple of years did not last, it seems widely acknowledged that something around its target rate of 7% would be acceptable. The Chinese government appears to have engineered a "soft landing". This stabilization not only contributes to global growth, it should be particularly important for economies helped by resource exports like Canada's.

The United States continues to show steady improvement in its economy. Its housing recovery carries on, unemployment levels have started to come down, difficulties caused by political gamesmanship have been put aside for now. The energy industry has received a huge boost by the shale play and domestic manufacturing is experiencing a renaissance. These advances and other important contributors should result in steady improvements for the world's largest economy and moves us toward global recovery.

This supportive backdrop carries the potential for further gains in the equity markets, but progress might be uneven and challenges are likely. The Manager's long history of stock-picking, based on a bottom-up strategy, should continue to assist in the navigation CGI through this type of market.

### International Financial Reporting Standards

The Company will adopt IFRS for the fiscal period beginning January 1, 2014, with the Company's first set of financial statements prepared under IFRS to be for the semi-annual period ended June 30, 2014. Those statements will provide corresponding comparative financial information for 2013, including an opening statement of net assets as at January 1, 2013.

IFRS 13 "Fair Value Measurement" (IFRS 13), which was issued by the International Accounting Standards Board (IASB), and became effective January 1, 2013, defines fair value, sets out a framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 is applied when another IFRS requires or permits the item to be measured at fair value. If an asset or a liability measured at fair value has a bid price and an ask price, IFRS 13 requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. This may result in elimination of the differences, if any, between the net assets per share under Canadian generally accepted accounting principles ("GAAP") and NAV per share at the financial statements reporting dates. The estimated impact that this change would have had on the 2013 financial statements is an increase in the net assets by $1,659,000 or 0.3% and an increase in net assets per common share of $0.08.

Based on the Manager's analysis of the Company's current accounting policies and financial statement presentation under Canadian GAAP against IFRS, other than the impact of IFRS 13 as described above, the Manager does not expect the adoption of IFRS to have a material effect on CGI's net assets or net asset value per share. The primary impact of IFRS on the Company's financial statements will be in the areas of presentation and note disclosure. In addition, as a result of its analysis, the Manager does not believe the changeover to IFRS will result in any significant changes to the Company's existing business arrangements. The Manager continues to implement CGI's changeover plan, including monitoring of new standards as they are issued by the IASB and the Canadian Accounting Standards Board, in order to update its analysis as appropriate.

## RELATED PARTY TRANSACTIONS

The Company is managed by MMA, a company under common control with CGI. MMA provides continuing advice and investment management services, as well as administration, financial reporting and other ancillary services required by a publicly listed company. For more details concerning the services that are provided by MMA and the management fee that is charged to the Company, see "Management Fees".

Third Canadian General Investment Trust Limited (Third Canadian), a private, Ontario-based corporation under common control with the Company, has an approximate 37% (December 31, 2012 - 37%) ownership interest in the Company. As a result of its ownership position in the Company, Third Canadian received dividends from net investment income of $1,984,000 (2012 - $1,831,000) and dividends from net realized gain on investments of $3,815,000 (2012 - $3,968,000).

## FINANCIAL HIGHLIGHTS

*The following tables show selected key financial information about the Company and are intended to help you understand the Company's financial performance for the past five financial years. Per share data is derived from the Company's audited annual financial statements. The net assets per share presented in the financial statements differs from the Company's daily net asset value due to differences in valuation techniques as described in the notes to the financial statements. Ratios and supplemental data are derived from the Company's net asset value.*

**The Company's Net Assets per Share [1]**

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| **Net assets – beginning of year** | $ 21.80 | $ 20.37 | $ 23.97 | $ 19.17 | $ 13.81 |
| **Increase (decrease) from operations:** | | | | | |
| Total revenue | 0.71 | 0.68 | 0.59 | 0.60 | 0.58 |
| Total expenses | (0.68) | (0.67) | (0.68) | (0.66) | (0.61) |
| Realized gains for the period | 1.48 | 0.77 | 0.74 | 0.56 | 0.08 |
| Unrealized gains (losses) for the period | 3.09 | 1.38 | (3.55) | 5.27 | 5.87 |
| **Total increase (decrease) from operations** | 4.60 | 2.16 | (2.90) | 5.77 | 5.92 |
| **Dividends paid to common shareholders:** | | | | | |
| Taxable dividends | (0.26) | (0.24) | (0.24) | (0.24) | (0.24) |
| Capital gains dividends | (0.50) | (0.52) | (0.56) | (0.76) | (0.50) |
| **Total dividends [2]** | (0.76) | (0.76) | (0.80) | (1.00) | (0.74) |
| Income taxes recoverable on dividends from net realized gain on investments | 0.10 | 0.10 | 0.11 | 0.15 | 0.10 |
| Net increase in refundable dividend tax on hand | (0.04) | (0.03) | - | - | - |
| Decrease (increase) in refundable income taxes on net realized gain on investments | (0.13) | (0.04) | (0.01) | (0.12) | 0.08 |
| | (0.07) | 0.03 | 0.10 | 0.03 | 0.18 |
| **Net assets – end of year [3]** | $ 25.57 | $ 21.80 | $ 20.37 | $ 23.97 | $ 19.17 |

(1) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the year.

(2) Dividends were paid in cash.

(3) This is not a reconciliation of the beginning and ending net assets per share.

**Ratios and Supplemental Data**

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Total net asset value (000's) (1) | $ 535,056 | $ 456,146 | $ 426,413 | $ 501,548 | $ 402,001 |
| Number of shares outstanding (1) | 20,861,141 | 20,861,141 | 20,861,141 | 20,861,141 | 20,861,141 |
| Management expense ratio (2) (3) | 2.95% | 3.08% | 3.02% | 3.23% | 3.82% |
| Trading expense ratio (4) | 0.12% | 0.08% | 0.12% | 0.18% | 0.31% |
| Portfolio turnover rate (5) | 23.80% | 13.06% | 22.32% | 29.51% | 41.54% |
| Net asset value per share (1) | $ 25.65 | $ 21.87 | $ 20.44 | $ 24.04 | $ 19.27 |
| Closing market price (1) | $ 18.40 | $ 15.75 | $ 16.00 | $ 19.18 | $ 15.83 |

(1) This information is provided as at December 31 of the year shown.

(2) Management expense ratio (MER) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) Excluding leverage costs (dividends on preference shares and interest and financing charges), the Company's MERs were as follows: 2013 – 1.66%, 2012 – 1.66%, 2011 – 1.63%, 2010 – 1.70%, 2009 – 1.78%.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs as an annualized percentage of daily average net asset value during the period.

(5) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between the turnover rate and the performance of a fund.

## MANAGEMENT FEES

The Company pays a management fee that is calculated and paid monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. The Company's management fees were used by MMA to pay costs for managing the portfolio and making investment decisions, as well as the provision of administrative services including making brokerage arrangements for the purchase and sale of securities, calculating the daily net asset value of the Company, maintaining financial and corporate records, preparing financial statements and all required regulatory filings and assisting in promotion activities. The officers of the Company are remunerated by MMA in their capacity as directors and/or officers of MMA and receive no compensation from CGI.

## PAST PERFORMANCE

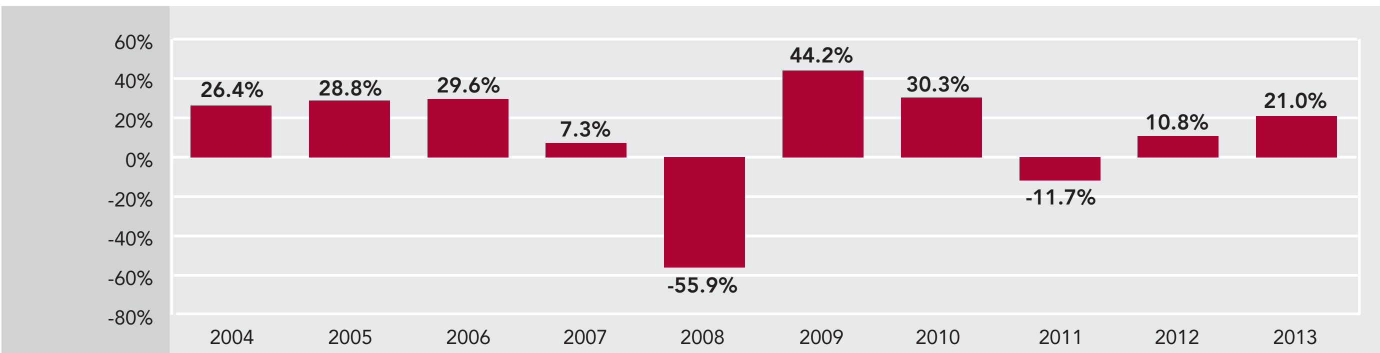
The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that would have reduced returns or performance. How the Company has performed in the past does not necessarily indicate how it will perform in the future.

### YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each year.

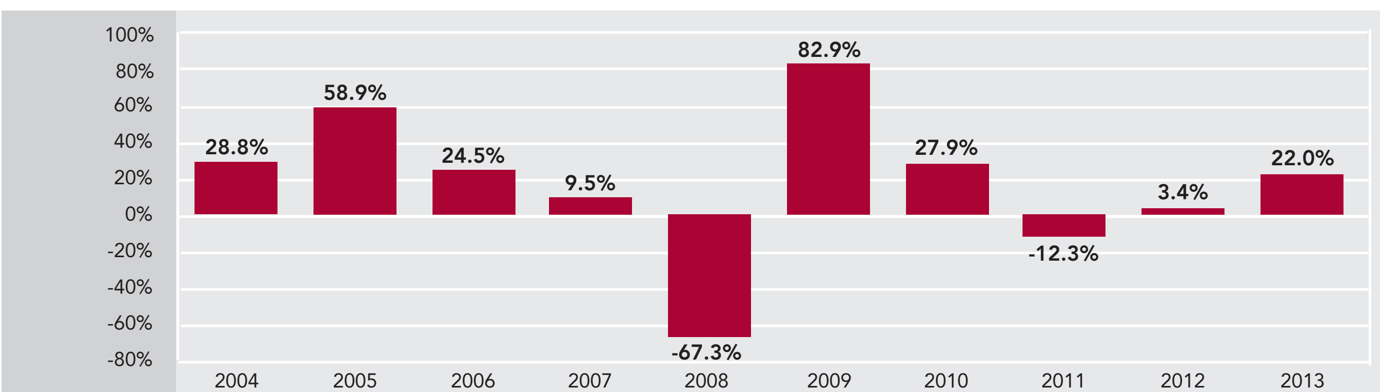
The bar chart below illustrates CGI's net asset value per share return, with dividends reinvested at net asset value per share.

**Net Asset Value Return**




The bar chart below illustrates CGI's share price return, with dividends reinvested at the market price.

**Share Price Return**




### ANNUAL COMPOUND RETURNS

The following table shows the Company's historical annual compound total returns for the periods indicated, compared with the S&P/TSX. The Index return is also calculated on a total return basis, assuming that all distributions are reinvested.

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| Canadian General Investments, Limited – NAV | 21.0% | 5.8% | 17.3% | 8.3% |
| Canadian General Investments, Limited – Share Price | 22.0% | 3.4% | 20.9% | 9.0% |
| S&P/TSX Composite Index | 13.0% | 3.4% | 11.9% | 8.0% |

*The S&P/TSX Composite Index is a market capitalization-weighted index that provides a broad measure of performance of the Canadian equity market.*

# SUMMARY OF INVESTMENT PORTFOLIO

*as at December 31, 2013*

## Sector Allocation

| | % of Net Asset Value* | % of Investment Portfolio |
|---|---|---|
| Financials | 28.0 | 21.9 |
| Energy | 24.4 | 19.1 |
| Consumer Discretionary | 19.3 | 15.1 |
| Industrials | 17.6 | 13.8 |
| Materials | 15.6 | 12.2 |
| Information Technology | 8.2 | 6.4 |
| Telecommunication Services | 4.7 | 3.7 |
| Health Care | 4.1 | 3.2 |
| Utilities | 2.3 | 1.8 |
| Consumer Staples | 2.0 | 1.5 |
| Cash & Cash Equivalents | 1.7 | 1.3 |

## Asset Allocation

| | % of Net Asset Value* | % of Investment Portfolio |
|---|---|---|
| Canadian Equities | 109.8 | 85.9 |
| Foreign Equities | 16.4 | 12.8 |
| Cash & Cash Equivalents | 1.7 | 1.3 |

## Top 25 Holdings

| Issuer | Sector | % of Net Asset Value* | % of Investment Portfolio |
|---|---|---|---|
| Dollarama Inc. | Consumer Discretionary | 6.0 | 4.7 |
| Enbridge Inc. | Energy | 4.3 | 3.4 |
| Catamaran Corporation | Health Care | 4.1 | 3.2 |
| Canadian Pacific Railway Limited | Industrials | 3.9 | 3.1 |
| Element Financial Corporation | Financials | 3.7 | 2.9 |
| Bank of Montreal | Financials | 3.6 | 2.8 |
| Royal Bank of Canada | Financials | 3.3 | 2.6 |
| Rogers Communications Inc. | Telecommunication Services | 3.2 | 2.5 |
| Methanex Corporation | Materials | 3.2 | 2.5 |
| Stantec Inc. | Industrials | 3.1 | 2.4 |
| Brookfield Canada Office Properties | Financials | 3.1 | 2.4 |
| Air Canada | Industrials | 2.8 | 2.2 |
| Home Capital Group Inc. | Financials | 2.6 | 2.1 |
| Open Text Corporation | Information Technology | 2.5 | 2.0 |
| Labrador Iron Ore Royalty Corporation | Materials | 2.5 | 2.0 |
| Gildan Activewear Inc. | Consumer Discretionary | 2.4 | 1.9 |
| The Toronto-Dominion Bank | Financials | 2.4 | 1.9 |
| Manulife Financial Corporation | Financials | 2.3 | 1.9 |
| Russel Metals Inc. | Industrials | 2.2 | 1.7 |
| Magna International Inc. | Consumer Discretionary | 2.2 | 1.7 |
| IMAX Corporation | Consumer Discretionary | 2.1 | 1.7 |
| Yahoo! Inc. | Information Technology | 2.1 | 1.7 |
| TransForce Inc. | Industrials | 2.1 | 1.7 |
| Raging River Exploration Inc. | Energy | 2.1 | 1.6 |
| TransCanada Corporation | Energy | 2.1 | 1.6 |
| | | 73.9 * | 58.2 |

| | |
|---|---|
| Total Net Asset Value* ($000's) | $ 535,056 |
| Total Investment Portfolio* ($000's) | $ 684,386 |

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares ($148 million), other assets and other liabilities.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Company's web site at www.canadiangeneralinvestments.ca, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 10 Toronto Street,Toronto, Ontario, Canada, M5C 2B7.

# Financial Reports

## MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by Management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements. The significant accounting policies which Management believes are appropriate for the Company are described in note 1 to the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing Management's performance of its financial reporting responsibilities. An Audit Committee comprised of non-Management Directors is appointed by the Board. The Audit Committee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with Management and the external Auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external Auditors, who are appointed by the shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on page 12.

Vanessa L. Morgan
*Chairman*

Jonathan A. Morgan
*President & CEO*

*February 11, 2014*

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Canadian General Investments, Limited**
(the Company)

We have audited the accompanying financial statements of the Company, which comprise the statement of investment portfolio as at December 31, 2013, the statements of net assets as at December 31, 2013 and 2012, the statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2013 and 2012 and the results of its operations, the changes in its net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

*Chartered Professional Accountants, Licensed Public Accountants*

*Toronto, Ontario*

*February 11, 2014*

# Statements of Net Assets

| *As at December 31, 2013 and 2012* <br> *(in thousands of dollars, except shares outstanding and per share amounts)* | 2013 <br> $ | 2012 <br> $ |
|---|---|---|
| **Assets** | | |
| Investments at fair value (cost - $383,948; 2012 - $372,625) | 673,870 | 597,547 |
| Cash | 8,858 | 5,613 |
| Interest and dividends receivable | 1,218 | 1,652 |
| HST receivable | 145 | - |
| Income taxes recoverable | - | 944 |
| | 684,091 | 605,756 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | 744 | 693 |
| Accrued dividends on preference shares | 252 | 281 |
| Income taxes payable | 1,488 | - |
| Preference shares (note 3) | 148,210 | 150,000 |
| | 150,694 | 150,974 |
| **Net Assets** | 533,397 | 454,782 |
| **Shareholders' Equity** | | |
| Common shares (note 3) | 128,568 | 128,568 |
| Unrealized gain on investments | 289,922 | 224,922 |
| Retained earnings (note 4) | 114,907 | 101,292 |
| | 533,397 | 454,782 |
| **Number of common shares outstanding** (note 3) | 20,861,141 | 20,861,141 |
| **Net assets per common share** (note 11) | 25.57 | 21.80 |

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

Director

Director

# Statements of Operations

| *For the years ended December 31, 2013 and 2012* <br> *(in thousands of dollars, except per share amounts)* | 2013 <br> $ | 2012 <br> $ |
|---|---|---|
| **Investment income** | | |
| Dividends | 14,517 | 13,158 |
| Interest and other | 221 | 423 |
| Securities lending revenue (note 10) | 89 | 550 |
| | 14,827 | 14,131 |
| **Expenses** | | |
| Management fees (note 5) | 7,022 | 6,715 |
| Dividends on preference shares | 6,019 | 6,413 |
| Directors' fees and expenses | 235 | 210 |
| Listing and regulatory costs | 227 | 212 |
| Interest and financing charges | 171 | - |
| Investor relations | 141 | 82 |
| Custodial fees | 73 | 70 |
| Security holder reporting costs | 55 | 55 |
| Audit fees | 49 | 49 |
| Legal fees | 43 | 22 |
| Independent review committee fees and expenses | 26 | 37 |
| Other | 62 | 74 |
| | 14,123 | 13,939 |
| **Net investment income** | 704 | 192 |
| **Realized and unrealized gains on investments** | | |
| Net realized gain on investments | 30,857 | 16,406 |
| Change in unrealized gain on investments | 65,000 | 28,855 |
| Transaction costs on purchase and sale of investments | (595) | (354) |
| **Net gain on investments** | 95,262 | 44,907 |
| **Increase in net assets resulting from operations for the year** | 95,966 | 45,099 |
| **Increase in net assets resulting from operations per common share** (based on 20,861,141 (2012 - 20,861,141) weighted-average common shares outstanding during the year) | 4.60 | 2.16 |

The accompanying notes are an integral part of these financial statements.

# Statements of Changes in Net Assets

| *For the years ended December 31, 2013 and 2012* | **2013** | **2012** |
|---|---|---|
| *(in thousands of dollars)* | **$** | **$** |
| **Increase in net assets resulting from operations for the year** | 95,966 | 45,099 |
| **Dividends to common shareholders** | | |
| From net investment income | (5,423) | (5,007) |
| From net realized gain on investments | (10,430) | (10,848) |
| | (15,853) | (15,855) |
| Income taxes recoverable on dividends from net realized gain on investments | 2,060 | 2,143 |
| | (13,793) | (13,712) |
| Increase in refundable income taxes on net realized gain on investments (note 6) | (2,741) | (905) |
| Increase in refundable dividend tax on hand (note 6) | (817) | (575) |
| | (3,558) | (1,480) |
| **Increase in net assets during the year** | 78,615 | 29,907 |
| **Net assets, beginning of year** | 454,782 | 424,875 |
| **Net assets, end of year** | 533,397 | 454,782 |

The accompanying notes are an integral part of these financial statements.

# Statements of Cash Flows

| *For the years ended December 31, 2013 and 2012* | **2013** | **2012** |
|---|---|---|
| *(in thousands of dollars)* | **$** | **$** |
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Net investment income | 704 | 192 |
| Amortization of financing charge | 88 | - |
| Proceeds of disposition of investments | 169,503 | 93,367 |
| Purchase of investments | (149,969) | (78,601) |
| Transaction costs on purchase and sale of investments | (595) | (354) |
| Net change in non-cash balances related to operating activities | 2,772 | 2,518 |
| | 22,503 | 17,122 |
| **Financing activities** | | |
| Preference shares issued, net of expenses (note 3) | 73,122 | - |
| Preference shares redeemed (note 3) | (75,000) | - |
| Bank indebtedness, borrowed (note 2) | 75,000 | - |
| Bank indebtedness, repayment (note 2) | (75,000) | - |
| Dividends paid to common shareholders, net of income taxes recoverable | (13,793) | (13,712) |
| Increase in refundable income taxes on net realized gain on investments (note 6) | (2,741) | (905) |
| Increase in refundable dividend tax on hand (note 6) | (817) | (575) |
| Net change in non-cash balances related to financing activities | (29) | - |
| | (19,258) | (15,192) |
| **Net increase in cash during the year** (note 8) | 3,245 | 1,930 |
| **Cash, beginning of year** | 5,613 | 3,683 |
| **Cash, end of year** | 8,858 | 5,613 |

The accompanying notes are an integral part of these financial statements.

# Statement of Investment Portfolio

*As at December 31, 2013*

| NUMBER OF SHARES | INVESTMENT | COST $ | FAIR VALUE $ |
|---|---|---|---|
| | | *(in thousands of dollars)* | |
| | **CONSUMER DISCRETIONARY (15.2%)** (2012 - 8.9%) | | |
| | **Auto Components** | | |
| 135,000 | Magna International Inc. | 9,765 | 11,754 |
| | **Hotels, Restaurants & Leisure** | | |
| 50,000 | Wynn Resorts, Limited | 8,842 | 10,323 |
| | **Household Durables** | | |
| 450,000 | KB Home | 8,611 | 8,744 |
| | **Leisure Equipment & Products** | | |
| 250,000 | BRP Inc. | 6,263 | 7,490 |
| | **Media** | | |
| 365,000 | IMAX Corporation | 4,133 | 11,437 |
| 253,344 | Postmedia Network Canada Corp., C | 2,396 | 256 |
| | **Multiline Retail** | | |
| 365,000 | Dollarama Inc. | 7,520 | 31,981 |
| | **Specialty Retail** | | |
| 423,900 | Bauer Performance Sports Ltd. | 3,196 | 5,985 |
| 166,700 | BMTC Group Inc., A SV | 501 | 2,225 |
| | **Textiles, Apparel & Luxury Goods** | | |
| 230,000 | Gildan Activewear Inc. | 9,417 | 12,977 |
| | TOTAL CONSUMER DISCRETIONARY | **60,644** | **103,172** |
| | **CONSUMER STAPLES (1.5%)** (2012 - 0.7%) | | |
| | **Beverages** | | |
| 205,900 | Corby Spirit and Wine Ltd., A | 2,612 | 4,174 |
| | **Food & Staples Retailing** | | |
| 80,000 | Alimentation Couche-Tard Inc., B SV | 5,050 | 6,361 |
| | TOTAL CONSUMER STAPLES | **7,662** | **10,535** |
| | **ENERGY (19.1%)** (2012 - 21.1%) | | |
| | **Energy Equipment & Services** | | |
| 322,000 | Calfrac Well Services Ltd. | 6,533 | 9,969 |
| | **Oil, Gas & Consumable Fuels** | | |
| 1,006,100 | Bellatrix Exploration Ltd. | 4,599 | 7,817 |
| 145,000 | Canadian Natural Resources Limited | 2,328 | 5,207 |
| 45,000 | Continental Resources, Inc. | 5,466 | 5,388 |
| 200,000 | Crescent Point Energy Corp. | 5,429 | 8,244 |
| 500,000 | Enbridge Inc. | 5,145 | 23,185 |
| 70,000 | Marathon Petroleum Corporation | 6,217 | 6,830 |
| 275,000 | Pacific Rubiales Energy Corp. | 1,642 | 5,022 |
| 150,000 | Peyto Exploration & Development Corp. | 3,706 | 4,860 |
| 1,675,000 | Raging River Exploration Inc. | 7,902 | 11,223 |
| 1,500,000 | RMP Energy Inc. | 8,122 | 8,415 |
| 140,000 | Suncor Energy, Inc. | 5,382 | 5,209 |
| 175,000 | Tourmaline Oil Corp. | 5,280 | 7,814 |

| NUMBER OF SHARES | INVESTMENT | COST $ | FAIR VALUE $ |
|---|---|---|---|
| | | *(in thousands of dollars)* | |
| 226,000 | TransCanada Corporation | 6,260 | 10,956 |
| 788,661 | Whitecap Resources Inc. | 7,546 | 9,953 |
| | TOTAL ENERGY | **81,557** | **130,092** |
| | **FINANCIALS (21.9%)** (2012 - 21.4%) | | |
| | **Commercial Banks** | | |
| 275,000 | Bank of Montreal | 10,640 | 19,465 |
| 245,000 | Royal Bank of Canada | 10,190 | 17,488 |
| 130,000 | The Toronto-Dominion Bank | 5,599 | 13,012 |
| | **Consumer Finance** | | |
| 10,500 | MasterCard Incorporated, A | 7,360 | 9,330 |
| | **Diversified Financial Services** | | |
| 1,422,000 | Element Financial Corporation | 6,598 | 19,880 |
| 120,000 | TMX Group Limited | 4,117 | 6,120 |
| | **Insurance** | | |
| 7,200 | E-L Financial Corporation Limited | 2,640 | 5,112 |
| 575,000 | Manulife Financial Corporation | 9,982 | 12,046 |
| | **Real Estate Management & Development** | | |
| 616,900 | Brookfield Canada Office Properties | 3,827 | 16,218 |
| | **Thrifts & Mortgage Finance** | | |
| 254,500 | Genworth MI Canada Inc. | 5,141 | 9,310 |
| 175,000 | Home Capital Group Inc. | 8,687 | 14,086 |
| | **Capital Markets** | | |
| 76,900 | Economic Investment Trust Limited | 3,851 | 7,229 |
| | TOTAL FINANCIALS | **78,632** | **149,296** |
| | **HEALTH CARE (3.2%)** (2012 - 4.2%) | | |
| | **Health Care Technology** | | |
| 440,000 | Catamaran Corporation | 2,945 | 22,180 |
| | TOTAL HEALTH CARE | **2,945** | **22,180** |
| | **INDUSTRIALS (13.7%)** (2012 - 8.7%) | | |
| | **Airlines** | | |
| 2,000,000 | Air Canada, B SV | 10,301 | 14,820 |
| | **Construction & Engineering** | | |
| 450,400 | Aecon Group Inc. | 5,152 | 7,242 |
| 250,000 | Stantec Inc. | 11,089 | 16,465 |
| | **Machinery** | | |
| 55,000 | Caterpillar Inc. | 5,741 | 5,312 |
| | **Marine** | | |
| 372,000 | Algoma Central Corporation | 2,863 | 6,175 |
| | **Road & Rail** | | |
| 130,000 | Canadian Pacific Railway Limited | 7,180 | 20,872 |
| 450,000 | TransForce Inc. | 6,466 | 11,336 |

The accompanying notes are an integral part of these financial statements.

# Statement of Investment Portfolio (continued)

*As at December 31, 2013*

| NUMBER OF SHARES | INVESTMENT | COST $ | FAIR VALUE $ |
|---|---|---|---|
| | | *(in thousands of dollars)* | |
| | **Trading Companies & Distributors** | | |
| 375,000 | Russel Metals Inc. | 3,243 | 11,644 |
| | TOTAL INDUSTRIALS | **52,035** | **93,866** |
| | **INFORMATION TECHNOLOGY (6.4%)** (2012 - 4.8%) | | |
| | **Computers & Peripherals** | | |
| 14,000 | Apple Inc. | 3,714 | 8,351 |
| | **Internet Software & Services** | | |
| 265,000 | Yahoo! Inc. | 8,540 | 11,401 |
| | **IT Services** | | |
| 125,400 | MacDonald, Dettwiler and Associates Ltd. | 9,938 | 10,264 |
| | **Software** | | |
| 140,000 | Open Text Corporation | 8,343 | 13,650 |
| | TOTAL INFORMATION TECHNOLOGY | **30,535** | **43,666** |
| | **MATERIALS (12.2%)** (2012 - 22.3%) | | |
| | **Chemicals** | | |
| 275,000 | Methanex Corporation | 5,951 | 17,226 |
| | **Metals & Mining** | | |
| 110,000 | East Asia Minerals Corporation, wts 12/15/2016, unlisted | 15 | 1 |
| 325,000 | First Quantum Minerals Ltd. | 8,292 | 6,214 |
| 165,000 | Franco-Nevada Corporation | 4,007 | 7,090 |
| 96,000 | Imperial Metals Corporation | 667 | 1,534 |
| 395,000 | Labrador Iron Ore Royalty Corporation | 2,855 | 13,438 |
| 120,000 | Primero Mining Corp., wts 07/20/2015 | 222 | 72 |
| 375,000 | Tahoe Resources Inc. | 6,456 | 6,574 |
| | **Paper & Forest Products** | | |
| 300,000 | Canfor Corporation | 7,010 | 7,956 |
| 30,000 | Domtar Corporation | 1,436 | 3,010 |
| 290,000 | Norbord Inc. | 6,463 | 9,805 |
| 100,000 | West Fraser Timber Co. Ltd. | 8,940 | 10,319 |
| | TOTAL MATERIALS | **52,314** | **83,239** |
| | **TELECOMMUNICATION SERVICES (3.7%)** (2012 - 3.9%) | | |
| | **Diversified Telecommunication Services** | | |
| 220,000 | TELUS Corporation | 6,057 | 8,043 |
| | **Wireless Telecommunication Services** | | |
| 360,000 | Rogers Communications Inc., B NV | 5,047 | 17,305 |
| | TOTAL TELECOMMUNICATION SERVICES | **11,104** | **25,348** |

| NUMBER OF SHARES | INVESTMENT | COST $ | FAIR VALUE $ |
|---|---|---|---|
| | | *(in thousands of dollars)* | |
| | **UTILITIES (1.8%)** (2012 - 3.1%) | | |
| | **Electric Utilities** | | |
| 187,500 | Fortis Inc. | 5,052 | 5,706 |
| | **Independent Power Producers & Energy Traders** | | |
| 190,000 | Canadian Utilities Limited, A NV | 2,140 | 6,770 |
| | TOTAL UTILITIES | **7,192** | **12,476** |
| | TRANSACTION COSTS | (672) | - |
| | **TOTAL INVESTMENTS (98.7%)** | **383,948** | **673,870** |
| | **CASH (1.3%)** | **8,858** | **8,858** |
| | **INVESTMENT PORTFOLIO (100.0%)** | **392,806** | **682,728** |

NV: non-voting
SV: subordinate voting

Percentage amounts in brackets represent fair value as a percentage of the Investment Portfolio.

All comparative weightings as at December 31, 2012.

**RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS**

| | |
|---|---|
| INVESTMENT PORTFOLIO (128.0%) | 682,728 |
| PREFERENCE SHARES (-27.8%) | (148,210) |
| OTHER ASSETS AND LIABILITIES, NET (-0.2%) | (1,121) |
| **NET ASSETS (100.0%)** | **533,397** |

Percentage amounts in brackets represent fair value as a percentage of Net Assets.

The accompanying notes are an integral part of these financial statements.

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles (GAAP), include estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the year. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by Canadian General Investments, Limited (the Company).

### Valuation of investments

Publicly listed securities are valued at the most recent bid price. Unlisted securities that trade on an over-the-counter market and other securities, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), are valued using available sources of information and commonly used valuation techniques, using primarily observable inputs.

### Investment transactions

Investment transactions are recorded on the trade date. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis. The Company recognizes realized gains (losses) on investments and the net change in unrealized gains on investments in the statements of operations. Within shareholders' equity, net realized gains (losses) on investments are accumulated in retained earnings, while net changes in unrealized gain on investments, a component of retained earnings, are accumulated and separately presented as unrealized gain on investments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. These costs are expensed and are included in the Statements of Operations.

### Investment income

Dividend income is recorded on the ex-dividend date. Interest income and securities lending revenue are recognized as earned.

### Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

### Future income taxes

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the investment portfolio and its adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of the Company's portfolio exceeds its ACB, a future tax liability arises. Since capital gains taxes payable by the Company are refundable under the relevant provisions of the Income Tax Act (Canada) (the Act), the future tax liability is fully offset by these future refundable taxes. Conversely, when the ACB exceeds the fair values of the portfolio, a future tax asset is generated. In such cases, a full valuation allowance is taken to offset this asset given the uncertainty that such future tax assets will ultimately be realized.

## 2 BANK INDEBTEDNESS

On May 28, 2013, the Company entered into a credit agreement giving it access to a revolving term credit facility of $75.0 million, comprising bankers' acceptances and prime loans, subject to specified covenants, with interest based on the prime rate. The purpose of the credit facility was to fund the redemption of the Class A preference shares, Series 2. The $75.0 million drawn down on May 29, 2013 was repaid in full on May 30, 2013 and the credit facility cancelled.

## 3 CAPITAL STOCK

### Common shares

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2013, there are 20,861,141 (2012 - 20,861,141) common shares issued and outstanding.

### Preference shares

The Company is authorized to issue, in series, a class of preference shares of which the following are outstanding:

| Class A preference shares | 2013 Number of shares | 2012 Number of shares | Stated amount per share $ | Cumulative annual dividend rate % | Date of issue | 2013 Amount $ (in thousands of dollars) | 2012 Amount $ (in thousands of dollars) |
|---|---|---|---|---|---|---|---|
| Series 2 | - | 3,000,000 | 25.00 | 4.65 | November 3, 2003 | - | 75,000 |
| Series 3 | 3,000,000 | 3,000,000 | 25.00 | 3.90 | March 3, 2006 | 75,000 | 75,000 |
| Series 4 | 3,000,000 | - | 25.00 | 3.75 | May 30, 2013 | 75,000 | - |
| | | | | | | 150,000 | 150,000 |
| | Deferred issuance costs (net of amortization of $88) | | | | | 1,790 | - |
| | | | | | | 148,210 | 150,000 |

On May 30, 2013, the Company completed a public offering of 3,000,000, 3.75% cumulative, redeemable Class A preference shares, Series 4 for net proceeds of $73,122,000. Issuance costs associated with the offering are amortized using the effective interest rate method with amortization expense recorded in Interest and financing charges in the Statements of Operations.

The Company may redeem for cash, the following series, in whole or in part, at the following prices during the defined periods:

| | $26.00 | $25.75 | $25.50 | $25.25 | $25.00 |
|---|---|---|---|---|---|
| Series 3 | - | - | June 15, 2013 to June 14, 2014 | June 15, 2014 to June 14, 2015 | June 15, 2015 and thereafter (1) |
| Series 4 | June 15, 2018 to June 14, 2019 | June 15, 2019 to June 14, 2020 | June 15, 2020 to June 14, 2021 | June 15, 2021 to June 14, 2022 | June 15, 2022 and thereafter (2) |

(1) The holders may require the Company to redeem the Series 3 shares on or after June 15, 2016 for a cash price of $25.00 per share.

(2) The holders may require the Company to redeem the Series 4 shares on or after June 15, 2023 for a cash price of $25.00 per share.

## 4 RETAINED EARNINGS

The changes in retained earnings for the year were as follows:

| *(in thousands of dollars)* | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Retained earnings, beginning of year | 101,292 | 100,240 |
| Net realized gain on investments, net of transaction costs | 30,262 | 16,052 |
| Net investment income | 704 | 192 |
| Dividends paid from net realized gain on investments, net of income taxes recoverable of $2,060 (2012 - $2,143) | (8,370) | (8,705) |
| Dividends paid from net investment income | (5,423) | (5,007) |
| Increase in refundable income taxes on net realized gain on investments (note 6) | (2,741) | (905) |
| Increase in refundable dividend tax on hand (note 6) | (817) | (575) |
| Retained earnings, end of year | 114,907 | 101,292 |

## 5 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited (the Manager), a corporation under common control with the Company, for services received in connection with the management of the Company's financial accounts and investment portfolio, among other services. Management fees are calculated monthly at 1% per annum of the fair value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month.

Third Canadian General Investment Trust Limited (Third Canadian), a private corporation under common control with the Company, has an approximate 37% ownership interest in the Company. As a result of its ownership position in the Company, Third Canadian received dividends from net investment income of $1,984,000 (2012 - $1,831,000) and dividends from net realized gain on investments of $3,815,000 (2012 - $3,968,000).

## 6 TAXATION

The Company qualifies as an investment corporation under Section 130 of the Act and, as such, is subject to a reduced rate of income tax on its net investment income other than dividends received from taxable Canadian corporations. The Company's provision for income taxes during the year is determined as follows:

| *(in thousands of dollars)* | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Recovery of income taxes on net investment income** | | |
| Provision for income taxes based on combined Canadian federal and provincial income tax rate | 186 | 51 |
| Increase (decrease) in income taxes resulting from: | | |
| Dividends from taxable Canadian companies | (3,662) | (3,325) |
| Dividends on preference shares | 1,603 | 1,699 |
| Income tax rate differential for investment corporations | (919) | (773) |
| Other | - | 62 |
| Recovery of income taxes | (2,792) | (2,286) |
| Applied to reduce refundable income taxes on net realized gain on investments | 2,792 | 2,286 |
| Recovery of income taxes | - | - |
| **Refundable income taxes on net realized gain on investments** | | |
| Provision for income taxes based on combined Canadian federal and provincial income tax rate | 8,177 | 4,348 |
| Increase (decrease) in income taxes resulting from: | | |
| Non-taxable portion, net realized gain on investments | (4,089) | (2,174) |
| Differences arising from use of different cost bases for income tax and accounting purposes and other items | (413) | (34) |
| Income tax rate differential for investment corporations | 1,858 | 1,051 |
| Recovery applied from investment income | (2,792) | (2,286) |
| Increase in refundable income taxes on net realized gain on investments | 2,741 | 905 |

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 20%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. As at December 31, 2013, the Company has federal refundable capital gains taxes on hand of approximately $686,000 (2012 - $302,000), which are refundable on payment of capital gains dividends of approximately $4.9 million (2012 - $2.2 million) and Ontario refundable capital gains taxes on hand of approximately $576,000 (2012 - $380,000), which are refundable on payment of capital gains dividends of approximately $10.0 million (2012 - $6.6 million). This potential recovery has not been recorded by the Company.

The Company is also subject to a special tax of 33-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of $1 for each $3 of such dividends paid. The Company has refundable dividend tax on hand of approximately $1,401,000 as at December 31, 2013 (2012 – $575,000).

In accordance with the Act, a corporation can qualify as an investment corporation if certain tests are satisfied. One of the tests is that the corporation cannot have specified shareholders. A specified shareholder is generally a shareholder, who, along with certain persons to whom the shareholder is considered to be related, has a greater than 25% shareholding. The Company has had specified shareholders since June 20, 1996. The specified shareholder rules of the Act generally allow the Company to maintain its investment corporation status as long as it does not have any specified shareholders other than those specified shareholders existing on June 20, 1996. In addition, the specified shareholders as at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

## 7 FINANCIAL INSTRUMENTS

The Company is a closed-end equity fund focussed on medium to long-term investments in primarily Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains/losses and appropriate income-generating instruments. The Company may invest in foreign securities that are typically not expected to exceed 25%, in aggregate, of the portfolio's fair value.

In the normal course of operations, the Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (defined as interest rate risk, currency risk and other price risk). In general, the Manager seeks to minimize the potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio managers, by daily monitoring of the Company's positions and market events, and by diversifying the investment portfolio within the policies and guidelines set by the Board of Directors of the Company, in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate, security selection is the primary criterion for managing risk. In order to attempt to mitigate risk, depending on conditions, the Manager also considers other criteria such as asset class, industry, country and currency.

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main exposure to credit risk may consist of investments in debt instruments, including short-term securities, bonds, preferred shares, amounts due from brokers as well as securities on loan as part of the Company's securities lending program. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments, as presented on the statement of investment portfolio represents the maximum credit risk exposure as at December 31, 2013. This also applies to other assets, as these have a short term to settlement. As at December 31, 2013 and 2012, the Company had no investments in debt instruments.

All transactions in securities are settled/paid for on delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Company's custodian has received payment. Payment is made on a purchase once the securities have been received by the Company's custodian. The trade will fail if either party fails to meet its obligation.

Credit risk with respect to the Company's securities lending program is considered minimal given the nature of the collateral, as well as the indemnification provided by the agent administering the program (note 10).

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the Company is a publicly traded, closed-end investment fund with a fixed number of common shares outstanding, unlike an open-ended mutual fund or exchange-traded fund, it is not exposed to the liquidity risk associated with daily cash redemptions of securities. However, as part of a leverage strategy, the Company currently has two series of Class A preference shares outstanding: Series 3 for $75 million with a redemption date of June 15, 2016 and Series 4 for $75 million with a redemption date of June 15, 2023. Included in the Series 3 and Series 4 preference share provisions is a restriction, which precludes payment of a common share dividend unless, after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times.

Liquidity risk is managed by investing the majority of the Company's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions to maintain liquidity. Restricted and unlisted securities, if any, are identified in the statement of investment portfolio. Leverage decisions, whether such leverage is in the form of bank borrowings or bond or preference share issues from treasury, are at the discretion of the Company's Board of Directors.

All financial liabilities, other than the preference shares, of the Company as at December 31, 2013 and 2012 fall due within twelve months.

**Market risk**

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Although the Company may invest in interest-bearing financial instruments, the substantial majority of the Company's financial assets and financial liabilities are non-interest-bearing or have short maturities. As a result, the Company is not subject to significant amounts of risk on its investments due to fluctuations in the prevailing levels of market interest rates.

As at December 31, 2013 and 2012, the Company had no investments in debt instruments.

The Company's two series of Class A preference shares outstanding both have fixed coupon rates. While they themselves are not subject to interest rate risk, any new issues, whether or not in connection with the redemption date of an existing series, will be subject to the prevailing interest rate environment at that time.

Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's functional and reporting currency. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Company's policy is not to enter into any hedging arrangements.

As at December 31, 2013, the Company had a 9.6% (2012 - 6.5%) weighting in foreign currencies. As at December 31, 2013, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio as at December 31, 2013, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $3,284,000 or approximately 0.6% of total net assets (2012 - $1,958,000 or approximately 0.4% of total net assets).

Other price risk:

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to an individual investment or its issuer, or by factors affecting all similar instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager aims to moderate this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well diversified portfolio. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's equity and debt (if any) instruments are susceptible to other price risk arising from uncertainty about future prices of the instruments.

The statement of investment portfolio groups the securities by industry sector.

As at December 31, 2013, a 5% increase or decrease in market prices in the investment portfolio, with all other variables held constant, would have resulted in the net assets of the Company increasing or decreasing, respectively, by approximately $33,694,000 or approximately 6.3% of total net assets (2012 - $29,877,000 or approximately 6.6% of total net assets).

Sensitivity analyses are provided for information purposes only. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

**Fair value measurements**

The Company classifies its investments within a fair value hierarchy, based on the inputs used in their fair value measurement. The hierarchy of inputs is summarized below:

Level 1: Unadjusted quoted prices at the measurement date in active markets for identical assets

Level 2: Directly or indirectly observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar assets in markets that are not active

Level 3: Inputs for the assets that are not based on observable market data

The following table indicates the fair value hierarchy of the inputs used in valuing the Company's investments at December 31, 2013 and 2012 (in thousands of dollars):

| **December 31, 2013** *(in thousands of dollars)* | **Quoted Prices in Active Markets (Level 1)** **$** | **Significant Other Observable Inputs (Level 2)** **$** | **Significant Unobservable Inputs (Level 3)** **$** | **Total** **$** |
|---|---|---|---|---|
| Equity investments | 673,869 | 1 | - | 673,870 |

| **December 31, 2012** *(in thousands of dollars)* | **Quoted Prices in Active Markets (Level 1)** **$** | **Significant Other Observable Inputs (Level 2)** **$** | **Significant Unobservable Inputs (Level 3)** **$** | **Total** **$** |
|---|---|---|---|---|
| Equity investments | 596,624 | 923 | - | 597,547 |

Investments are classified as held for trading and carried at fair value. All other financial instruments of the Company, which may include cash, receivable on securities sold or payable on securities purchased, interest and dividends receivable, accounts payable and accrued liabilities, accrued dividends on preference shares and preference shares, are classified as loans and receivables or financial liabilities, as applicable, and are carried at amortized cost which approximates their fair value.

During the year ended December 31, 2013, $1,197,000 (2012 - $1,107,000) was transferred from Level 2 to Level 1 following the expiration of restrictions on trading for those securities.

## 8 SUPPLEMENTAL CASH FLOW INFORMATION

Included in the net increase in cash during the year are the following:

| *(in thousands of dollars)* | 2013 $ | 2012 $ |
|---|---|---|
| Preference share dividends and interest paid | 6,136 | 6,413 |
| Income taxes paid (recovered) - net | (803) | (2,599) |

## 9 CAPITAL MANAGEMENT

The Company considers capital to be composed of its shareholders' equity, as well as its outstanding preference shares. The balances are as follows:

| *(in thousands of dollars)* | 2013 $ | 2012 $ |
|---|---|---|
| Shareholders' equity | 533,397 | 454,782 |
| Preference shares | 148,210 | 150,000 |
| | 681,607 | 604,782 |

The Company's primary objective when managing its capital is to ensure that activities are carried out in accordance with the investment objective of the Company, as described in note 7. In addition, the Company monitors its adherence to the provisions of the preference shares. In particular, included in the provisions is a dividend payment restriction, which provides that the Company shall not pay a dividend on its common shares unless after giving effect thereto, the ratio of assets to obligations (both as defined in the preference shares' provisions) exceeds 2.5 times. All common share dividend payments made in 2013 and 2012 were in compliance with this provision.

## 10 SECURITIES LENDING

The Company participates in a securities lending program with its custodian, CIBC Mellon Trust Company. Collateral is held by the custodian as agent for the Company and generally comprises Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit ratings, and other short-term securities, of at least 105% of the fair value of securities on loan. In the event that any of the loaned securities are not returned to the Company and the value of the collateral held is less than the fair value of the securities not returned, the custodian shall indemnify the Company for any such shortfall.

The Company had loaned securities with a fair value of $67,634,000 as at December 31, 2013 (2012 - $88,697,000) and the custodian held collateral of $72,601,000 (2012 - $94,662,000). Collateral held is primarily composed of Provincial and Federal government bonds and bank depository notes.

## 11 COMPARISON OF NET ASSET VALUE PER SHARE AND NET ASSETS PER SHARE

In accordance with Section 3.6(1) of National Instrument 81-106, the Company's net asset value per share, the net assets per share, calculated in accordance with Canadian GAAP for financial reporting purposes, and an explanation of the differences between such amounts, are required disclosures in the notes to the financial statements. For investments that are traded in an active market, Canadian GAAP requires that bid prices be used in the fair value of instruments, rather than the use of the last traded price, as currently used for the purpose of determining net asset value. This change accounts for the difference between net asset value and net assets.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Net asset value per share | 25.65 | 21.87 |
| Canadian GAAP adjustment | (0.08) | (0.07) |
| Net assets per share | 25.57 | 21.80 |

# Frequently Asked Questions

### What is Canadian General Investments?

CGI is a publicly listed closed-end equity fund, founded in 1930, focused on medium to long-term investments in Canadian corporations.

### What is CGI's objective?

CGI's objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains and appropriate income generating instruments.

### Does CGI employ leverage?

At December 31, 2013, CGI had two series of TSX-listed preferred shares outstanding, consisting of the $75 million 3.90% Series 3 issue and the $75 million 3.75% Series 4 issue, which add leverage to the portfolio.

### CGI has investment corporation status. What is this and how does it benefit me?

Qualification as an investment corporation under the Income Tax Act (Canada) essentially provides CGI with the same tax advantages as a Canadian mutual fund and closed-end funds in the U.S. and U.K. (i.e. capital gains tax is paid only once, by the investor, upon payment of the distribution by the company). This reduces double taxation at the corporate and shareholder levels, translating into higher returns for shareholders. The capital gains refund mechanism enables CGI to recover taxes on realized net capital gains through the payment of capital gains dividends. Most years, this has enabled CGI to provide a dividend yield superior to that of most common shares on the TSX. In addition, this status allows CGI to benefit from a reduced tax rate on certain investment income, as well as to borrow at favourable rates by making a tax election that is beneficial to preferred shareholders without negatively impacting common shareholders.

### What is the dividend policy?

Subsequent to year-end, the Board of Directors of the Company advanced a change in its approach to common share dividend payments. Henceforth, it is the Board's intention, when prudent, for CGI to provide its common shareholders with steady to rising quarterly dividends. The capital gains facility, whereby the Company is able to recoup capital gains taxes owing or payable when it distributes capital gains dividends to its common shareholders, would continue to be used, but the year-end special dividend would be de-emphasized and more of the annual distributions would be paid to common shareholders in the form of the four quarterly dividends. The Board believes this change should provide common shareholders with greater reliability as to their expected dividend income and potentially greater scope for share price appreciation.

### How much are CGI's management fees?

CGI pays a management fee that is calculated and paid monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable.

### What is CGI's Management Expense Ratio (MER)?

As a public company, CGI is responsible for numerous corporate costs, including management fees, dividends on preference shares, investor relations, listing and regulatory costs. CGI's MER is based on all of these expenses as a percentage of daily average net assets during the year. CGI's Management Report of Fund Performance discloses the MER calculated as prescribed, as well as excluding leverage costs (ie, dividends on preference shares and amortization of deferred financing charges). CGI's MER for 2013 was 2.95% including leverage costs and 1.66%, excluding these costs.

### Is CGI appropriate for me?

The Board and Management envisage that the typical investor in CGI is interested in long-term capital growth and income from a portfolio of almost exclusively Canadian equities. Investors in CGI should be willing to tolerate a moderate level of volatility in normal markets. CGI offers the opportunity to purchase a widely diversified, performance-oriented portfolio of Canadian equities in one stock, which is actively managed by a team of experienced managers and overseen by a Board of Directors. It is the only closed-end Canadian equity fund company listed internationally.

### Is CGI eligible for registered plans?

CGI is a fully qualified investment for Canadian registered plans.

### How can I buy CGI?

CGI's shares are traded through stock brokers and are listed on the Toronto Stock Exchange (symbols: common shares – CGI; preferred shares – CGI.PR.C and CGI.PR.D) and the London Stock Exchange (symbol: common shares – CGI). For the common shares, Bloomberg symbols are CGI CN and CGI LN; the Reuters symbols are CGI.TO and CGIq.L.

# Corporate Information
## CANADIAN GENERAL INVESTMENTS, LIMITED

### BOARD OF DIRECTORS
James F. Billett
*President, J.F. Billett Holdings Ltd.*

James G. Cook
*Barrister and Solicitor*

Jonathan A. Morgan
*President & CEO of the Corporation*

Vanessa L. Morgan
*Chairman of the Corporation*

R. Neil Raymond
*President, Feejay Corporation Canada Ltd.*

Michael A. Smedley
*Executive Vice-President & Chief Investment Officer, Morgan Meighen & Associates Limited*

Richard O'C. Whittall
*President, Watershed Capital Holdings Inc.*

### AUDIT COMMITTEE
James F. Billett (Chairman)
James G. Cook
Richard O'C. Whittall

### CORPORATE GOVERNANCE COMMITTEE
James G. Cook
Jonathan A. Morgan
R. Neil Raymond (Chairman)

### INDEPENDENT DIRECTORS COMMITTEE
James F. Billett
James G. Cook (Chairman)
R. Neil Raymond
Richard O'C. Whittall

### OFFICERS
Vanessa L. Morgan
*Chairman*

Jonathan A. Morgan
*President & CEO*

Frank C. Fuernkranz, CPA, CA, CFA
*Secretary - Treasurer & CFO*

Christopher J. Esson, CPA, CA, CFA
*Assistant-Treasurer*

### OFFICE OF THE COMPANY
10 Toronto Street
Toronto, Ontario, Canada M5C 2B7
Telephone: (416) 366-2931
Toll Free: 1-866-443-6097
Fax: (416) 366-2729
e-mail: cgifund@mmainvestments.com
website: www.canadiangeneralinvestments.ca

### MANAGER
Morgan Meighen & Associates Limited
Toronto

### AUDITORS
PricewaterhouseCoopers LLP
Toronto

### BANKERS
Bank of Montreal
Toronto

### SOLICITORS
Blake, Cassels & Graydon LLP
Toronto

### CANADIAN REGISTRAR AND TRANSFER AGENT
Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario, Canada M5J 2Y1
Telephone:
Canada & U.S.: 1-800-564-6253
Overseas: 1-514-982-7555
Fax:
Canada & U.S.: 1-888-453-0330
Overseas: 1-416-263-9394
website: www.computershare.com/investor

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

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### U.K. TRANSFER AGENT
Computershare Investor Services PLC
P.O. Box 82
The Pavilions, Bridgwater Road
Bristol, BS99 6ZY United Kingdom
Telephone: 0870 702 0003
Fax: 0870 703 6101
website: www.computershare.com/investor

### U.K. STOCKBROKER
Panmure Gordon & Co.
One New Change,
London, EC4M 9AF
Telephone: 020 7886 2500
website: www.panmure.com

### STOCK EXCHANGE LISTINGS
The Toronto Stock Exchange
*Trading Symbols:*

| | |
|---|---|
| Common Shares | CGI |
| Preference Shares, | |
| Series 3 | CGI.PR.C |
| Series 4 | CGI.PR.D |

The London Stock Exchange
*Trading Symbol:*

| | |
|---|---|
| Common Shares | CGI |

### 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 U.K.

The Company posts ongoing top 10 portfolio investments (priced at market), together with current NAV and market return information on its website. CGI also posts its top 25 holdings on its website on a quarterly basis. Similar information is available directly from the Company upon request.

### DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN
The Plan, administered by the Company's Canadian Transfer Agent, offers an efficient method of acquiring additional shares. As well as with reinvested dividends, shareholders may purchase additional shares for cash (minimum $100 – maximum $5,000) every quarter. Shares are purchased on the open market, with participants paying the average cost while the Company pays all administrative charges, including commissions. The Plan may be used for self-directed RRSPs. Also, a number of Canadian brokers offer dividend reinvestment plans to CGI shareholders. Note: U.S. shareholders are eligible for the dividend reinvestment segment of the plan only.

### ANNUAL MEETING OF SHAREHOLDERS
The Annual General Meeting of shareholders of Canadian General Investments, Limited will be held at 2:00pm (Toronto time), Wednesday, April 16, 2014 at Twenty Toronto Street Conferences and Events, Salon 2, 2nd Floor, 20 Toronto Street, Toronto, Ontario, Canada, M5C 2B8.

Telephone: (416) 869-1048
website: www.20toronto.ca

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

Managed by:

MORGAN MEIGHEN
& ASSOCIATES
Investment Management


**CANADIAN GENERAL INVESTMENTS, LIMITED**

**10 Toronto Street, Toronto, Ontario, Canada M5C 2B7**
**Telephone: (416) 366-2931 Toll Free: 1-866-443-6097 Fax: (416) 366-2729**
**e-mail: cgifund@mmainvestments.com**
**website: www.canadiangeneralinvestments.ca**



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