



Canadian General Investments,
Limited

long term
growth
and income

ANNUAL REPORT 2001

CANADIAN GENERAL INVESTMENTS, LIMITED (ESTABLISHED IN 1930)
THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED (ESTABLISHED IN 1928)
CANADIAN WORLD FUND LIMITED (ESTABLISHED IN 1994)



*It is with great sadness that we recognize the loss of our Chairman and fellow director
E. Louise Morgan nee Dalzell of New Annan, P.E.I.*

E. LOUISE MORGAN passed away – too early – on December 21, 2001 after nearly half a century of service. She joined our closed-end fund family in 1955 when the late Colonel Maxwell C.G. Meighen appointed her as secretary to himself, his father the Hon. Arthur Meighen, former Prime Minister of Canada, and also as Corporate Secretary of the closed-end trusts. She was elected to the Board of Canadian General Investments, Limited in 1982, became its Vice-Chairman in 1988 and Chairman in 1993.

Louise guided the corporate and administrative activity of the trusts and the investment management group throughout the past five decades. Chief decision-maker until the very end, she was notable for her skills, dedication, quickness of mind, her strength and high personality. Her dedication to and conviction about the benefits of the closed-end structure were evident in all her business dealings and continue to be a guiding principle of the Company.

In private life, and as President of the Catherine and Maxwell Meighen Foundation, she was a generous benefactor of cultural and community services. She was committed to helping people with autism and was a keen fund-raiser for Kerry's Place Autism Services. As an active member of the Canadian Opera Company, she served on a number of Committees. Always proud of her roots, she was Honorary Chieftain of the College of Piping and Celtic Performing Arts in P.E.I., as depicted in the above portrait.

Never one to stand on ceremony, her genuine concern and understanding in dealing with people will be missed by us all.

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 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 investment manager Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

Net asset value per share is calculated daily, distributed via various news services, and is published in the financial media in Canada, the United States and the United Kingdom. Market prices are published daily in Canada and the U.K. and at the weekend in the U.S.

CGI's shares and warrants are traded through stock brokers and listed on the Toronto Stock Exchange (symbols: common shares – CGI, preference shares – CGI.PR.A, and warrants – CGI.WT). On the London Stock Exchange, Reuters symbols are: common shares – CGIq.L and warrants – CGI%q.L. CGI is the only active internationally listed closed-end Canadian equities fund.

CGI is a founding member of the Closed-End Fund Association (CEFA) in North America (website: www.cefa.com).

TOP TEN INVESTMENTS

(Excluding cash and short-term investments)

(Portfolio details on pages 13 to 14)

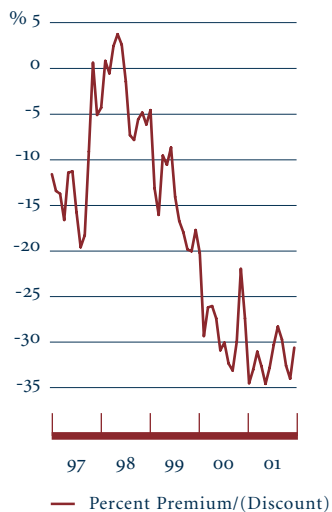
| | % |
|--------------------------------|-------------|
| Inco Limited | 5.2 |
| Corby Distilleries Limited | 3.0 |
| Suncor Energy, Inc. | 2.6 |
| Astral Media Inc. | 2.4 |
| Canadian Oil Sands Trust | 2.2 |
| Royal Bank of Canada | 2.2 |
| Husky Energy Inc. | 2.1 |
| Bombardier Inc. | 2.1 |
| The Bank of Nova Scotia | 2.1 |
| PanCanadian Energy Corporation | 2.0 |
| Total | 25.9 |



Vanessa L. Morgan, *Chairman* and
Michael A. Smedley, *President*

A Canadian portfolio rich in Canadian and world leaders

PREMIUM/(DISCOUNT)
TO NAV
(fully diluted)
Years 1997 to 2001



THE TWO YEARS TO DECEMBER 31, 2001 HAVE BEEN A COMFORT ZONE EXPERIENCE FOR CANADIAN GENERAL INVESTMENTS, LIMITED (CGI) IN TERMS OF ASSET PROTECTION THROUGH A STORMY PERIOD GENERALLY CHARACTERIZED AS A BEAR MARKET.

The cash dividend yield of 5.3% on the year-end market price also served our shareholders well in 2001, putting the Corporation's shares on par with traditional income stocks.

Through most of the past year, after the poor start by the market, CGI advanced steadily in performance vs. the benchmark TSE 300 Total Return Index. In the final quarter bullish phase for the market, CGI's year-to-date net asset value (NAV) return, with distributions reinvested, improved from -13.7% at September 30, 2001 to -1.5% for the full year, well outperforming the -4.2% average return of Canadian equity mutual funds. The TSE trailed badly, at -12.6% for the year. CGI also finished well ahead of most world markets, including the main U.S. indices.

PRICE UPLIFT

In the fourth quarter CGI experienced a steady improvement in its own stock price and a sharp uplift in the final days of trading. This was accomplished despite the December dividend payments of \$0.31 to common shareholders.

The discount to NAV at which the common shares trade has persisted around the 30% level. A narrowing in the differential may occur over time should the portfolio continue to outperform the benchmark. We recall that the shares traded at NAV in the late-nineties [see Premium/(Discount) to NAV graph].

Special growth situations

PORTFOLIO EVENTS

In the latest quarter we maintained our **Communications & Media** weighting and increased our investment in the strong **Consumer Products** sector. Connors Bros. Income Fund units and Rothmans Inc. were bought, both being excellent operations with strong distribution policies that are so attractive in these times of low interest rates. Corby Distilleries Limited has become the portfolio's top equity holding. The company, distributor of 10 of the top 25 brands in Canada in a combination of spirits and wines, has proven its success with its expanded marketing activity.

CGI stayed well invested in **Financial Services**, though below the index weighting, and continued to add names other than the traditional banks. The latest inclusion was E-L Financial Corporation, an undervalued owner of insurance companies. We also have built positions in Home Capital Group Inc. which has a strong record in first mortgage lending and issuing first time Visa cards. Kingsway Financial Services Inc. is a specialist insurer, particularly in the non-standard auto sector. SEAMARK Asset Management Ltd. is an investment counsellor which was taken public last year. All of these stocks have appreciated since acquisition.

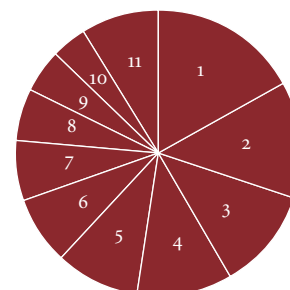
In **Gold & Precious Metals** we added to Aber Diamond Corporation, which is undertaking an impressive, rich diamond mine project in the Northwest Territories. A site visit by the Manager took place in October 2001 and commercial production is expected in 2003.

In the final quarter, we boosted the total weighting in **Industrial Products** and we started positioning again in Nortel Networks Corporation. Technology as a sub-sector in our opinion is bottoming out, generating gains more selectively and more slowly than in the previous year. We are maintaining our positive view of Bombardier Inc., a major holding for many years.

Merchandising was increased with the inclusion of recent market arrival Shoppers Drug Mart Corporation and The Forzani Group Ltd. Shoppers, overwhelmingly dominant in its retail grouping in Canada, broke out above its issue price at year-end and we anticipate further improvement. Forzani, a well managed growth company, is a major player in the sports and fitness sector.

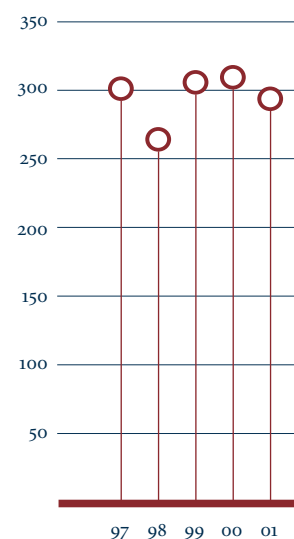
Metals & Minerals stayed much the same in weighting. Inco Limited, now one of few large companies in the sector, and looking strong, is our largest portfolio name when the convertible U.S. dollar denominated preferred stock is included.

WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET
December 31, 2001



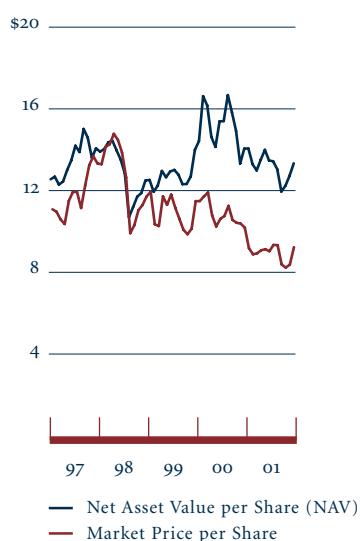
| | | |
|----|------------------------|-------|
| 1 | Financial Services | 16.9% |
| 2 | Oil & Gas | 13.2% |
| 3 | Consumer Products | 11.5% |
| 4 | Industrial Products | 10.8% |
| 5 | Communications & Media | 9.5% |
| 6 | Utilities | 7.7% |
| 7 | Merchandising | 6.8% |
| 8 | Preferred Shares | 5.9% |
| 9 | Metals & Minerals | 4.9% |
| 10 | Gold & Precious Metals | 4.0% |
| 11 | Other Sectors | 8.8% |

NET ASSETS
as at December 31
(in millions of dollars)



Strong income generation

COMPARISON OF
MARKET PRICE TO NAV
(fully diluted)
Years 1997 to 2001



Oil & Gas values declined through the retreat in fuel pricing. Some pruning of assets took place but we continue to maintain our above market weighting based on our longer term positive view and a probable continuation of takeover activity.

Utilities investment has increased, mainly by an interest in Microcell Telecommunications Inc., which has been strengthened by a subscription to the recent successful rights issue. This fourth ranking player in the cell phone industry has the first GSM/GPRS phone system in Canada. Microcell has been reporting good operating results and has recently completed a successful round of financing.

By year-end we had built the total preferred shares segment of the portfolio to almost \$21 million, or a 5.9% portfolio weighting, to take advantage of strong dividend yields.

THE FUTURE

We shall continue with our selective stock-picking activity, seeking to bring rewards to the portfolio regardless of whether or not the market is labeled a bull or a bear. Our

methodology will continue to be wide ranging with investment in all types of successful companies with promising and powerful business models, established values, recovery and takeover situations or simply long term growth and income.

In our view, the Canadian economy is likely to match a quite flat U.S. experience at current levels, but we could continue to outpace our major trading partner, at times. Cyclical and rotational activity and special situations will provide opportunity for an active manager in a liquid, low interest rate investment scene.

BOARD OF DIRECTORS

Jonathan A. Morgan was appointed to the Board in December 2001, succeeding E. Louise Morgan. Concurrently, Vanessa L. Morgan was elected Chairman of the Board.

| | |
|--------------------------------------|--|
| <i>"Signed"</i> | <i>"Signed"</i> |
| Vanessa L. Morgan <i>Chairman</i> | Michael A. Smedley <i>President</i> |
| February 7, 2002 | February 7, 2002 |

Although a strong fourth quarter saw the net assets of Canadian General Investments, Limited (CGI) increase by 12.7% to \$298,546,000 at December 31, 2001, they remained down 4.7% from the year-end 2000 value of \$313,309,000. By comparison, CGI's benchmark, the TSE 300 Total Return Index, was down 12.6% for the year, despite having experienced a similar rebound during the quarter, as markets came off of the lows that were reached subsequent to the events of September 11. Interestingly, of the TSE's fourteen industry groupings, all but three (Communications & Media, Utilities and Industrial Products) posted positive returns for the year.

Underweighting of **Industrial Products**, particularly technology, was the main contributor to the Corporation's portfolio out-performance of the TSE. The Industrial Products sector was the hardest hit grouping in the TSE 300, down by 49.2% for 2001. At December 31, 2001, this sector represented only 10.8% of CGI's portfolio, compared to a weighting of 19.4% in the TSE 300. The Manager's bottom-up investment strategy has also resulted in significant underweighting of **Financial Services** as well as overweighting of **Consumer Products** and **Communications & Media**.

Throughout most of the year, the largest groups in CGI's portfolio were **Financial Services** and **Oil & Gas**, with December 31, 2001 weightings of 16.9% and 13.2%, respectively.

NET ASSETS

Fully diluted net asset value per share (NAV) at year-end was \$13.34, down from \$14.06 at December 31, 2000.

The net realized gain on investments was \$11,304,000 compared to \$33,785,000 in 2000. During 2001, some of the more significant gains were realized on sales of Bombardier Inc., Gulf Canada Resources Limited and Suncor Energy, Inc. Offsetting gains to some extent were losses realized primarily in the technology sub-sector, notably on sales of Nortel Networks Corporation. This was a marked reversal of 2000, when significant gains were realized on Nortel. Overall, CGI had gross realized capital gains of \$16,208,000 on its Nortel position during the two year period ended December 31, 2001.

Market performance and the realization of gains resulted in a decline of \$17,666,000 in unrealized appreciation of investments, versus a decline of \$23,655,000 in 2000.

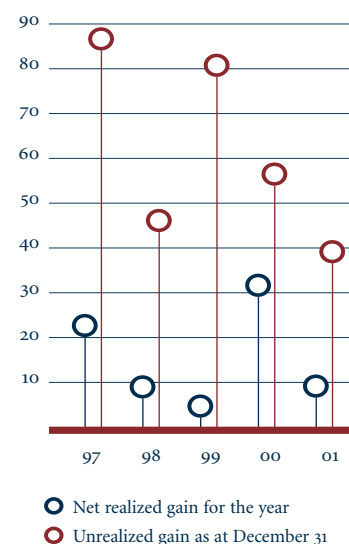
NAV GROWTH

CGI's fully-diluted NAV return with distributions reinvested for 2001 was -1.5%, compared with -12.6% for the TSE 300 Total Return Index.

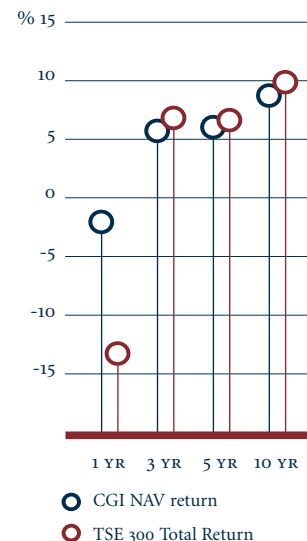
Although a closed-end fund's value is best represented by NAV growth, the return to an investor is dependent upon the company's market price. The difference between the share price and the NAV is referred to as the "discount".

The Corporation's common stock had a closing price of \$9.25 at year-end 2001, resulting in a discount to fully-diluted NAV of 30.7%. This compares to a closing price of \$10.20 and a discount of 27.5% at December 31, 2000.

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS
Years 1997 to 2001
(in millions of dollars)



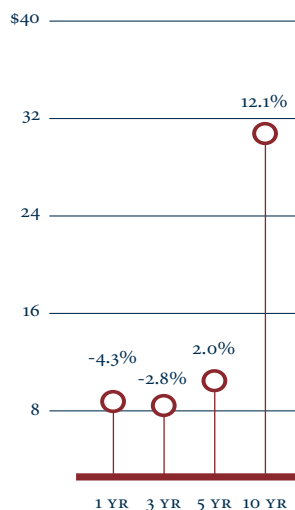
NAV RETURNS* VS TSE 300
For 1, 3, 5 and 10 years to December 31, 2001



* Compound average annual rates of return assuming reinvestment of distributions at month-end closing fully diluted net asset values

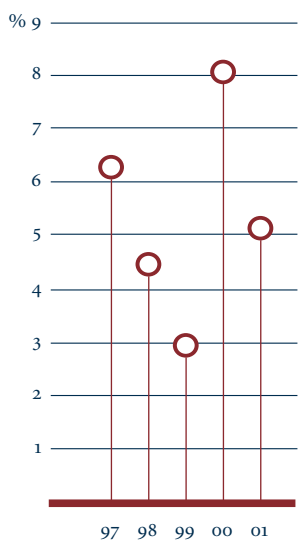
GROWTH OF A \$10,000 INVESTMENT*

For 1, 3, 5 and 10 years to December 31, 2001
(in thousands of dollars)



* Compound average annual rates of return assuming reinvestment of distributions at month-end closing prices

CASH DIVIDEND YIELD*



* Represents common share total per share cash distributions for the year as a percentage of the year-end closing market price.

OPERATIONS

On an after-tax basis, CGI had net investment income in 2001 of \$846,000, compared to a loss of \$1,789,000 in 2000.

Total investment income of \$6,929,000 in 2001 represented a 45.4% increase from last year. This increase reflected the shift to more defensive income generating stocks that began in late 2000.

Total expenses decreased by 7.4% to \$7,905,000 compared to the previous year's \$8,536,000. Management fees, the largest expense of the Corporation, decreased by 13.2% to \$3,762,000 from \$4,335,000 and represented the majority of the expense decrease. This fee is calculated quarterly at 1% per annum of the market value of CGI's investments adjusted for cash and portfolio accounts receivable and payable.

The management expense ratio (MER) for both 2001 and 2000 was 1.5%. In calculating MER, expenses exclude brokerage commissions, dividends on preference shares, amortization of deferred financing charges, and all income taxes.

The portfolio turnover rate was 78.8% in 2001 versus 82.6% in 2000. Higher activity than usual was experienced in both years largely as a result of the increased volatility of markets and a movement out of the technology sub-sector.

DIVIDENDS

Total cash dividends of \$10,032,000 were paid to common shareholders during 2001. This reflected the payment of four quarterly income dividends totalling \$0.24 per share, as well as two capital gains dividends totalling \$0.25 per share which were paid in December. By comparison, aggregate income and capital gains cash dividends of

\$15,815,000 and capital gains stock dividends of \$26,376,000 were paid to common shareholders in 2000.

Pursuant to CGI's status as an investment corporation, the payment of capital gains dividends enables the Corporation to recover taxes payable on its realized taxable capital gains.

WARRANTS

During the second quarter of 2001, CGI initiated a Normal Course Issuer Bid for outstanding warrants of the Corporation. CGI may purchase in the market, from time to time, if it is considered desirable, up to 5%, a maximum of 203,486, of its outstanding warrants during the period April 23, 2001 to April 22, 2002. In the period to December 31, 2001, CGI had bought in a total of 78,300 warrants for \$325,000. Purchase and cancellation of the warrants increases the fully diluted NAV of the Corporation.

On June 30, 2001, 10,095 warrants were exercised at \$6.94 per share for aggregate proceeds of \$70,000. On the first exercise date, June 30, 2000, 17,761 warrants were exercised for total proceeds of \$149,000. The remaining warrants continue to be exercisable on June 30 of each year until expiration in 2007.

As a result of cash dividends paid in excess of net income during 2001, the exercise price of the warrants has been reduced to \$6.50 per share.

LOOKING AHEAD

CGI's portfolio is well positioned to benefit from market improvements in a Canadian economic recovery, which many analysts are now expecting will occur in the second half of 2002.

MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Corporation. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Corporation 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 judgments. The significant accounting policies which management believes are appropriate for the Corporation are described in note 1 to the financial statements. Financial information used elsewhere in the Annual Report is consistent with that in 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 Directors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Corporation'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 this page.

"Signed"

Vanessa L. Morgan
Chairman

February 7, 2002

"Signed"

Michael A. Smedley
President

February 7, 2002

AUDITORS' REPORT

*To the Shareholders of
Canadian General Investments, Limited*

We have audited the accompanying statements of net assets of **Canadian General Investments, Limited** as at December 31, 2001 and 2000, and the statement of investments as at December 31, 2001, the statements of operations, retained earnings, unrealized gain on investments and changes in net assets for the years then ended, and the statements of financial highlights for each of the years in the five-year period ended December 31, 2001. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and 2000, and the results of its operations and the changes in its net assets for the years then ended and its financial highlights for each of the years in the five-year period ended December 31, 2001 in accordance with Canadian generally accepted accounting principles.

"PricewaterhouseCoopers LLP"

Chartered Accountants
Toronto, Ontario

January 21, 2002

STATEMENTS OF NET ASSETS

| <i>As at December 31, 2001 and 2000</i> | 2001 | 2000 |
|--|-------------------|------------|
| <i>(in thousands of dollars, except per share amounts)</i> | \$ | \$ |
| Assets | | |
| Investments (<i>note 1</i>) | 356,403 | 365,413 |
| Cash and short-term investments | 2,348 | 5,940 |
| Receivable on securities sold | 658 | – |
| Accrued interest and dividends | 609 | 610 |
| Income taxes recoverable | 783 | 777 |
| Deferred financing charge | 581 | 913 |
| | 361,382 | 373,653 |
| Liabilities | | |
| Payable on securities purchased | 2,536 | – |
| Accounts payable and accrued liabilities | 158 | 202 |
| Accrued dividends on preference shares | 142 | 142 |
| Preference shares (<i>note 3</i>) | 60,000 | 60,000 |
| | 62,836 | 60,344 |
| Net Assets | 298,546 | 313,309 |
| Shareholders' Equity | | |
| Common shares (<i>note 3</i>) | 127,256 | 127,186 |
| Unrealized gain on investments | 41,457 | 59,123 |
| Retained earnings | 129,833 | 127,000 |
| | 298,546 | 313,309 |
| Number of common shares outstanding | 20,475,692 | 20,465,597 |
| Number of warrants outstanding | 3,981,334 | 4,069,729 |
| Net asset value per common share – basic | 14.58 | 15.31 |
| Net asset value per common share – fully diluted | 13.34 | 14.06 |

Approved by the Board of Directors

“Albert E. Bates”

Director

“Michael A. Smedley”

Director

STATEMENTS OF OPERATIONS

| <i>For the years ended December 31, 2001 and 2000</i> | 2001 | 2000 |
|--|-----------------|----------|
| <i>(in thousands of dollars)</i> | \$ | \$ |
| Investment income | | |
| Dividends | 5,887 | 4,098 |
| Interest | 981 | 613 |
| Other | 61 | 53 |
| | 6,929 | 4,764 |
| Expenses | | |
| Management fees <i>(note 6)</i> | 3,762 | 4,335 |
| Dividends on preference shares | 3,240 | 3,240 |
| Amortization of deferred financing charge | 332 | 332 |
| Directors' fees | 108 | 108 |
| Other | 463 | 521 |
| | 7,905 | 8,536 |
| Investment loss before income taxes | (976) | (3,772) |
| Income tax recovery <i>(note 2)</i> | 1,822 | 1,983 |
| Net investment income (loss) for the year | 846 | (1,789) |
| Realized and unrealized gain (loss) on investments | | |
| Net realized gain on investments <i>(note 4)</i> | 11,304 | 33,785 |
| Change in unrealized appreciation of investments | (17,666) | (23,655) |
| Net gain (loss) on investments | (6,362) | 10,130 |
| Increase (decrease) in net assets resulting from operations | (5,516) | 8,341 |

STATEMENTS OF RETAINED EARNINGS

| <i>For the years ended December 31, 2001 and 2000</i> | 2001 | 2000 |
|--|----------------|---------|
| <i>(in thousands of dollars, except per share amounts)</i> | \$ | \$ |
| Retained earnings – Beginning of year | 127,000 | 126,688 |
| Add | | |
| Net investment income (loss) for the year | 846 | (1,789) |
| Net realized gain on investments | 11,304 | 33,785 |
| | 139,150 | 158,684 |
| Deduct | | |
| Distributions from net realized gain on investments – net of income taxes recoverable | 4,079 | 27,255 |
| Distributions from net investment income | 4,913 | 4,517 |
| Warrants repurchased | 325 | – |
| Recovery of refundable dividend tax on hand – net | – | (88) |
| | 9,317 | 31,684 |
| Retained earnings – End of year | 129,833 | 127,000 |
| Dividends per common share (note 5) | | |
| Regular | 0.24 | 0.24 |
| Capital gains | 0.25 | 2.00 |
| | 0.49 | 2.24 |

STATEMENTS OF UNREALIZED GAIN ON INVESTMENTS

| <i>For the years ended December 31, 2001 and 2000</i> | 2001 | 2000 |
|---|-----------------|----------|
| <i>(in thousands of dollars)</i> | \$ | \$ |
| Unrealized gain on investments – Beginning of year | 59,123 | 82,778 |
| Change in unrealized appreciation of investments | (17,666) | (23,655) |
| Unrealized gain on investments – End of year | 41,457 | 59,123 |

STATEMENTS OF CHANGES IN NET ASSETS

| <i>For the years ended December 31, 2001 and 2000</i> | 2001 | 2000 |
|---|-----------------|----------|
| <i>(in thousands of dollars)</i> | \$ | \$ |
| Increase (decrease) in net assets resulting from operations | (5,516) | 8,341 |
| Distributions to common shareholders (note 5) | | |
| Net investment income | (4,913) | (4,517) |
| Net realized gain on investments | (5,119) | (37,674) |
| | (10,032) | (42,191) |
| Income taxes recoverable on distributions from net realized gain on investments | 1,040 | 10,419 |
| Net decrease in refundable dividend tax on hand | – | 88 |
| | (8,992) | (31,684) |
| Capital stock transactions | | |
| Shares issued on reinvestment of distributions (note 3) | – | 26,376 |
| Shares issued on exercise of warrants (note 3) | 70 | 149 |
| Warrants repurchased (note 3) | (325) | – |
| | (255) | 26,525 |
| Increase (decrease) in net assets | (14,763) | 3,182 |
| Net assets – Beginning of year | 313,309 | 310,127 |
| Net assets – End of year | 298,546 | 313,309 |

STATEMENTS OF FINANCIAL HIGHLIGHTS

| <i>For the five years ended December 31, 2001</i> | 2001 | 2000 | 1999 | 1998 | 1997 |
|--|--------------|--------------|--------------|--------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Data per share – basic (note 7) | | | | | |
| Net asset value – Beginning of year | 15.31 | 15.17 | 13.29 | 15.03 | 12.73 |
| Income (loss) from investment operations | | | | | |
| Net investment income (loss) for the year | 0.04 | (0.09) | 0.02 | 0.03 | 0.12 |
| Net realized gain and unrealized gain (loss) on investments | (0.31) | 0.48 | 2.04 | (1.37) | 2.20 |
| | (0.27) | 0.39 | 2.06 | (1.34) | 2.32 |
| Distributions to investors | | | | | |
| From net investment income | (0.24) | (0.22) | (0.12) | (0.13) | (0.17) |
| From net realized gain on investments | (0.25) | (1.84) | (0.50) | (1.17) | (2.40) |
| | (0.49) | (2.06) | (0.62) | (1.30) | (2.57) |
| Income taxes recoverable on distributions from net realized gain on investments | 0.05 | 0.51 | 0.17 | 0.38 | 0.78 |
| Net decrease (increase) in refundable dividend tax on hand | – | – | – | 0.08 | (0.02) |
| | (0.44) | (1.55) | (0.45) | (0.84) | (1.81) |
| Capital stock transactions | | | | | |
| Shares issued on reinvestment of distributions | – | 1.29 | 0.27 | 0.77 | 1.79 |
| Shares issued on exercise of warrants | – | 0.01 | – | – | – |
| Warrants repurchased | (0.02) | – | – | – | – |
| | (0.02) | 1.30 | 0.27 | 0.77 | 1.79 |
| Other | | | | | |
| Payment pursuant to issuer bid litigation | – | – | – | (0.33) | – |
| Net asset value – End of year | 14.58 | 15.31 | 15.17 | 13.29 | 15.03 |
| Ratios/supplemental data | | | | | |
| Total net assets – End of year <i>(in thousands of dollars)</i> | 298,546 | 313,309 | 310,127 | 271,568 | 307,195 |
| Weighted average net assets <i>(in thousands of dollars)</i> | 296,335 | 337,302 | 278,372 | 281,604 | 292,932 |
| Management expense ratio <i>(note 7(b))</i> | 1.5% | 1.5% | 1.5% | 1.3% | 1.3% |
| Portfolio turnover rate <i>(note 7(c))</i> | 78.8% | 82.6% | 58.1% | 47.9% | 36.6% |
| Annual net asset value growth, with distributions reinvested <i>(note 7(d))</i> | (1.5)% | 6.0% | 14.9% | (7.5)% | 22.3% |

STATEMENT OF INVESTMENTS

December 31, 2001

| Number of Shares or Par Value | Investment – % of Total Market Value | Market Cost | Market Value |
|--|--|----------------|-----------------|
| <i>(in thousands of dollars)</i> | | | |
| COMMUNICATIONS & MEDIA – 9.5% | | | |
| 175,000 | Astral Media Inc. A | \$ 6,179 | \$ 8,400 |
| 100,000 | CHUM Limited B | 5,666 | 6,201 |
| 125,000 | Corus Entertainment Inc. B | 4,295 | 3,962 |
| 500,000 | Persona Inc. | 6,248 | 5,330 |
| 100,000 | SHAW Communications Inc. B | 561 | 3,378 |
| 291,700 | Torstar Corporation B | 6,054 | 6,476 |
| | | 29,003 | 33,747 |
| CONGLOMERATES – 0.8% | | | |
| 100,000 | Brascan Corporation A | 2,785 | 2,875 |
| | | 2,785 | 2,875 |
| CONSUMER PRODUCTS – 11.5% | | | |
| 50,000 | Biovail Corporation | 2,379 | 4,446 |
| 200,000 | Connors Bros. Income Fund* | 2,008 | 2,390 |
| 100,000 | Corby Distilleries Limited A | 5,004 | 6,555 |
| 70,000 | Corby Distilleries Limited B | 4,416 | 3,990 |
| 266,100 | Cott Corporation ⁺ | 4,793 | 6,785 |
| 90,300 | Labopharm Inc.* | 671 | 997 |
| 220,000 | MDS Inc. | 6,267 | 4,158 |
| 100,000 | Molson Inc. A | 1,677 | 2,800 |
| 219,700 | PanGeo Pharma Inc.* | 655 | 659 |
| 145,800 | Rothmans Inc.* | 4,341 | 4,352 |
| 40,000 | Shire Acquisition Inc., exchangeable shares | 3,032 | 2,340 |
| 161,100 | Sleeman Breweries Ltd. | 1,547 | 1,568 |
| | | 36,790 | 41,040 |
| FINANCIAL SERVICES – 16.9% | | | |
| 100,000 | Bank of Montreal | 3,300 | 3,590 |
| 150,000 | The Bank of Nova Scotia | 6,533 | 7,344 |
| 313,500 | C.I. Fund Management Inc. ⁺ | 4,114 | 3,728 |
| 95,000 | Canada Life Financial Corporation | 4,360 | 4,207 |
| 30,000 | Canadian Imperial Bank of Commerce* | 1,661 | 1,645 |
| 100,000 | Canadian Western Bank | 2,955 | 2,850 |
| 45,000 | Clarica Life Insurance Company | 1,795 | 2,365 |
| 15,000 | E-L Financial Corporation Limited* | 3,001 | 3,038 |
| 309,000 | Guardian Capital Group Ltd. A | 2,209 | 3,677 |
| 183,000 | Home Capital Group Inc. B ⁺ | 1,810 | 2,040 |

| Number of Shares or Par Value | Investment – % of Total Market Value | Market Cost | Market Value |
|---|--|----------------|-----------------|
| <i>(in thousands of dollars)</i> | | | |
| 117,200 | Industrial-Alliance Life Insurance Company | \$ 4,458 | \$ 5,467 |
| 188,300 | Kingsway Financial Services Inc. ⁺ | 2,907 | 3,766 |
| 150,000 | Royal Bank of Canada | 5,779 | 7,774 |
| 231,300 | SEAMARK Asset Management Ltd. | 3,630 | 4,291 |
| 135,100 | Sun Life Financial Services of Canada Inc. ⁺ | 4,808 | 4,587 |
| | | 53,320 | 60,369 |
| GOLDS & PRECIOUS METALS – 4.0% | | | |
| 145,500 | Aber Diamond Corporation ⁺ | 1,897 | 2,917 |
| 125,000 | Franco-Nevada Mining Corporation Limited | 2,637 | 2,944 |
| 38,000 | Franco-Nevada Mining Corporation Limited wts | 87 | 285 |
| 60,000 | Newmont Mining Corporation ⁺ | 1,878 | 1,826 |
| 485,100 | Teck Cominco Limited B | 6,765 | 6,171 |
| | | 13,264 | 14,143 |
| INDUSTRIAL PRODUCTS – 10.8% | | | |
| 84,500 | BCE Emergis Inc. | 3,477 | 3,853 |
| 300,000 | Bombardier Inc. B | 1,991 | 4,950 |
| 550,000 | CAE Inc. ⁺ | 6,424 | 6,364 |
| 61,600 | CryptoLogic Inc. | 2,515 | 1,731 |
| 200,000 | DuPont Canada Inc. A | 2,433 | 5,270 |
| 276,600 | Heroux-Devtek Inc. | 2,958 | 2,766 |
| 175,000 | Intertape Polymer Group Inc. | 4,555 | 2,319 |
| 250,000 | Nortel Networks Corporation ⁺ | 2,724 | 2,975 |
| 1,000,000 | Nortel Networks Corporation conv. deb. 144A 4.25% due September 1, 2008* | 1,494 | 1,490 |
| 55,100 | Research in Motion Limited ⁺ | 1,484 | 2,082 |
| 157,800 | SNC-Lavalin Group Inc. ⁺ | 3,454 | 4,560 |
| | | 33,509 | 38,360 |
| MERCHANDISING – 6.8% | | | |
| 440,000 | Extencicare Inc. A | 2,875 | 2,310 |
| 250,000 | The Forzani Group Ltd.* | 2,484 | 3,825 |
| 40,000 | Four Seasons Hotels Inc. | 3,741 | 2,987 |
| 58,600 | George Weston Limited | 4,199 | 6,059 |
| 150,000 | Metro Inc. A | 3,274 | 5,351 |
| 200,000 | Shoppers Drug Mart Corporation ⁺ | 3,600 | 3,758 |
| | | 20,173 | 24,290 |

STATEMENT OF INVESTMENTS (continued)

| Number of Shares or Par Value | Investment – % of Total Market Value | Market Cost | Market Value | Number of Shares or Par Value | Investment – % of Total Market Value | Market Cost | Market Value |
|--|---|----------------|-----------------|-------------------------------------|---|-------------------|-------------------|
| (in thousands of dollars) | | | | (in thousands of dollars) | | | |
| METALS & MINERALS – 4.9% | | | | UTILITIES – 7.7% | | | |
| 100,500 | Cameco Corporation | \$ 3,634 | \$ 3,945 | 100,000 | Canadian Utilities Limited A | \$ 2,342 | \$ 4,975 |
| 74,800 | Fording Inc. | 2,265 | 2,117 | 300,000 | Emera Inc. | 5,000 | 5,022 |
| 200,000 | Inco Limited | 5,476 | 5,410 | 100,000 | Manitoba Telecom Services Inc. | 2,915 | 3,470 |
| 200,000 | Inco Limited wts 8/21/06 | 1,584 | 1,210 | 1,652,582 | Microcell Telecommunications Inc. B ⁺ | 7,177 | 6,362 |
| 350,000 | Labrador Iron Ore Royalty Income Fund | 4,090 | 4,805 | 121,500 | TELUS Corporation A ⁺ | 2,458 | 2,825 |
| | | <u>17,049</u> | <u>17,487</u> | 225,000 | TransAlta Corporation | 4,595 | 4,860 |
| | | | | | | <u>24,487</u> | <u>27,514</u> |
| OIL & GAS – 13.2% | | | | PREFERRED SHARES – 5.9% | | | |
| 70,000 | Bonavista Petroleum Ltd.* | 1,980 | 1,890 | 100,000 | Bombardier Inc., pfd series B ⁺ | 2,395 | 2,425 |
| 204,300 | Canadian Oil Sands Trust | 7,258 | 7,866 | 425,000 | Conoco Canada Resources Limited pfd. series A ⁺ | 1,534 | 1,827 |
| 460,000 | Husky Energy Inc.† | 8,599 | 7,576 | 50,800 | Great-West Lifeco Inc. pfd. series C | 1,404 | 1,359 |
| 726,000 | Meota Resources Corp. | 3,384 | 2,381 | 161,750 | Inco Limited pfd. series E ⁺ | 10,720 | 11,953 |
| 170,000 | PanCanadian Energy Corporation ⁺ | 3,291 | 7,021 | 70,000 | Investors Group Inc., pfd series A ⁺ | 1,813 | 1,772 |
| 175,000 | Petro-Canada | 3,317 | 6,879 | 60,000 | Quebecor World Inc., pfd series 4 ⁺ | 1,518 | 1,542 |
| 100,000 | Precision Drilling Corporation | 4,742 | 4,106 | | | <u>19,384</u> | <u>20,878</u> |
| 400,000 | Promax Energy Inc. | 637 | 240 | | | | |
| 175,000 | Suncor Energy, Inc. | 2,393 | 9,170 | | | | |
| | | <u>35,601</u> | <u>47,129</u> | | | | |
| PAPER & FOREST PRODUCTS – 1.5% | | | | TOTAL INVESTMENTS – 100.0% | | | |
| 220,000 | Abitibi-Consolidated Inc. | 2,698 | 2,558 | – December 31, 2001 | | \$ 314,946 | \$ 356,403 |
| 374,100 | Concert Industries Ltd. | 2,402 | 2,675 | – December 31, 2000 | | <u>\$ 306,290</u> | <u>\$ 365,413</u> |
| | | <u>5,100</u> | <u>5,233</u> | | | | |
| PIPELINES – 2.8% | | | | | | | |
| 110,000 | Enbridge Inc. | 3,532 | 4,774 | | | | |
| 263,000 | TransCanada PipeLines Limited | 6,603 | 5,226 | | | | |
| | | <u>10,135</u> | <u>10,000</u> | | | | |
| REAL ESTATE – 0.5% | | | | | | | |
| 95,700 | BPO Properties Limited ⁺ | 1,724 | 1,914 | | | | |
| | | <u>1,724</u> | <u>1,914</u> | | | | |
| TRANSPORTATION & ENVIRONMENT – 3.2% | | | | | | | |
| 150,000 | Canadian Pacific Railway | 5,160 | 4,815 | | | | |
| 175,500 | CP Ships | 3,723 | 3,010 | | | | |
| 151,400 | Westjet Airlines Ltd.† | 3,739 | 3,599 | | | | |
| | | <u>12,622</u> | <u>11,424</u> | | | | |

Changes from September 30, 2001: * New Holdings; † Increased Holdings

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Valuation of investments

Market values of securities are based on closing market quotations.

No provision is made for future income taxes on the unrealized gain on investments since such taxes would be recoverable upon payment of capital gains dividends by the company (*note 2*).

Investment transactions

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

Dividend and interest income

Dividend income is recorded on the ex-dividend date and interest income is recognized as earned.

Foreign exchange

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

Deferred financing charge

Preference share issuance costs are amortized on a straight-line basis over a five-year period commencing from date of issue.

2 TAXATION AND REFUNDABLE CAPITAL GAINS TAX

The company qualifies as an investment corporation under Section 130 of the Income Tax Act (Canada) and is subject to a reduced rate of tax on its investment income other than dividends received from taxable Canadian corporations and net taxable capital gains. The company's provision for income taxes is determined as follows:

| Statements of operations | <i>Years ended December 31,</i> | |
|---|----------------------------------|---------|
| | 2001 | 2000 |
| | \$ | \$ |
| | <i>(in thousands of dollars)</i> | |
| Recovery of income taxes based on combined Canadian federal and provincial income tax rates | (407) | (1,658) |
| Increase (decrease) in taxes resulting from | | |
| Dividends from taxable Canadian companies | (2,455) | (1,801) |
| Dividends on preference shares | 1,352 | 1,424 |
| Other | (312) | 52 |
| Actual recovery of income taxes | (1,822) | (1,983) |

NOTES TO FINANCIAL STATEMENTS (continued)

| Net realized gain on investments (note 4) | Years ended December 31, | |
|--|---------------------------|---------|
| | 2001 | 2000 |
| | \$ | \$ |
| | (in thousands of dollars) | |
| Provision for income taxes based on combined Canadian federal and provincial income tax rates | 5,928 | 20,474 |
| Increase (decrease) in taxes resulting from | | |
| Non-taxable portion of net capital gains | (2,964) | (7,254) |
| Differences arising from use of different cost bases for tax and accounting purposes and other items | 12 | (86) |
| Reduced corporate surtax for investment corporations | (80) | (335) |
| Actual provision for income taxes | 2,896 | 12,799 |

Income taxes are paid by the company on net capital gains realized at the rate of approximately 21%. These taxes are recoverable by the company, as long as it continues to qualify as an investment corporation. The company has refundable capital gains tax of approximately \$800,000 at December 31, 2001 (2000 – \$600,000) which is refundable upon payment of capital gains dividends of approximately \$4,200,000 (2000 – \$3,200,000). This potential recovery has not been recorded in the company's accounts.

The company is also subject to a special tax of 33 $\frac{1}{3}$ % 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 \$1.00 for each \$3.00 of such dividends paid. There was no amount eligible for refund at December 31, 2001 and 2000.

In accordance with the Income Tax Act (Canada) (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 with whom the shareholder is related, has a greater than 25% shareholding. The company has had specified shareholders since June 20, 1996. The specified shareholder section of the Act generally allows 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 at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the company other than through certain specified transactions.

3 CAPITAL STOCK, NET INVESTMENT INCOME PER SHARE AND NET ASSET VALUE PER SHARE

Common shares

The company is authorized to issue an unlimited number of common shares.

The changes in common shares were as follows:

| | 2001 | | 2000 | |
|-----------------------------|------------------|---------------------------|------------------|---------------------------|
| | Number of shares | Amount \$ | Number of shares | Amount \$ |
| | | (in thousands of dollars) | | (in thousands of dollars) |
| Balance – Beginning of year | 20,465,597 | 127,186 | 18,812,617 | 100,661 |
| Stock dividends (note 5) | – | – | 1,635,219 | 26,376 |
| Exercise of warrants | 10,095 | 70 | 17,761 | 149 |
| Balance – End of year | 20,475,692 | 127,256 | 20,465,597 | 127,186 |

The weighted average number of shares outstanding during the year ended December 31, 2001 was 20,470,714. The weighted average number of shares outstanding during the year ended December 31, 2000, as adjusted retroactively for the stock dividends (note 5), was 20,456,051.

Preference shares

The company is authorized to issue in series a class of preference shares of which 2,400,000, 5.40% cumulative, redeemable Class A preference shares, Series 1 (the Series 1 Shares) were outstanding during the years ended December 31, 2001 and 2000.

On and after October 5, 2003 to October 4, 2008, the company may redeem for cash all, but not less than all of the Series 1 Shares upon payment of a redemption price equal to the higher of the Yield Price (as defined) and \$25.00 per share together with accrued and unpaid dividends to the date of redemption. The company can redeem in whole or in part and the holder may require the company to redeem the Series 1 Shares on or after October 5, 2008 at \$25.00 per share.

Warrants

The company has 3,981,334 warrants outstanding that are exercisable on June 30 each year, commencing June 30, 2000 and ending on June 30, 2007. On June 30, 2001, the second exercise date, 10,095 warrants were exercised for total proceeds of \$70,000 (2000 – 17,761 warrants, \$149,000). As at December 31, 2001, each warrant entitles the holder to subscribe for a common share at a price of \$6.94 (2000 – \$7.75) per share, subject to adjustment based on the warrant indenture. Upon approval of the audited financial statements for 2001 by the Board of Directors, in accordance with the warrant indenture, the exercise price will be reduced to \$6.50 (2000 – \$6.94) per share as a result of cash dividends paid in excess of net income in each year.

During the year, the company filed a Notice of Intention to Commence a Normal Course Issuer Bid for issued and outstanding warrants of the company. Pursuant to the Notice of Intention, the company may purchase in the market from time to time, if it is considered desirable, up to 5.00%, being up to a maximum of 203,486 of its outstanding warrants during the period April 23, 2001 to April 22, 2002. In 2001, the company bought 78,300 of its warrants for cancellation.

Net investment income per share and net asset value per share

The calculation of net investment income per share is based on the weighted average number of shares outstanding and the calculation of net asset value per share is based on the number of shares outstanding at the end of the year.

4 NET REALIZED GAIN ON INVESTMENTS

The net realized gain on investments was as follows:

| | 2001 | 2000 |
|--|----------------------------------|-----------|
| | \$ | \$ |
| | <i>(in thousands of dollars)</i> | |
| Proceeds from disposition of investments | 286,097 | 349,776 |
| Investments at cost – Beginning of year | 306,290 | 278,617 |
| Investments purchased during the year | 280,553 | 330,865 |
| Investments at cost – End of year | (314,946) | (306,290) |
| Cost of investments disposed of during the year | 271,897 | 303,192 |
| Realized gain on disposition of investments | | |
| before income taxes | 14,200 | 46,584 |
| Income taxes on realized net taxable capital gains (<i>note 2</i>) | 2,896 | 12,799 |
| Net realized gain on investments | 11,304 | 33,785 |

5 COMMON SHARE DIVIDENDS AND RECOVERABLE CAPITAL GAINS INCOME TAXES

The following common share dividends were paid during the years indicated:

| | 2001 | 2000 |
|--|----------------------------------|--------|
| | \$ | \$ |
| | <i>(in thousands of dollars)</i> | |
| Regular dividends | | |
| Cash dividends \$0.24 (2000 – \$0.24) per share | 4,913 | 4,517 |
| Capital gains dividends | | |
| Cash dividends of \$0.25 (2000 – \$0.60) per share | 5,119 | 11,298 |
| Stock dividends of \$nil (2000 – \$1.40) per share | – | 26,376 |
| | 5,119 | 37,674 |
| Total dividends paid (2000 – \$42,191,000, including cash dividends of \$15,815,000) | 10,032 | 42,191 |

The income taxes recoverable on capital gains dividends paid were as follows:

| | 2001 | 2000 |
|----------------------------------|----------------------------------|--------|
| | \$ | \$ |
| | <i>(in thousands of dollars)</i> | |
| On capital gains cash dividends | 1,040 | 3,126 |
| On capital gains stock dividends | – | 7,293 |
| | 1,040 | 10,419 |

6 RELATED PARTY INFORMATION

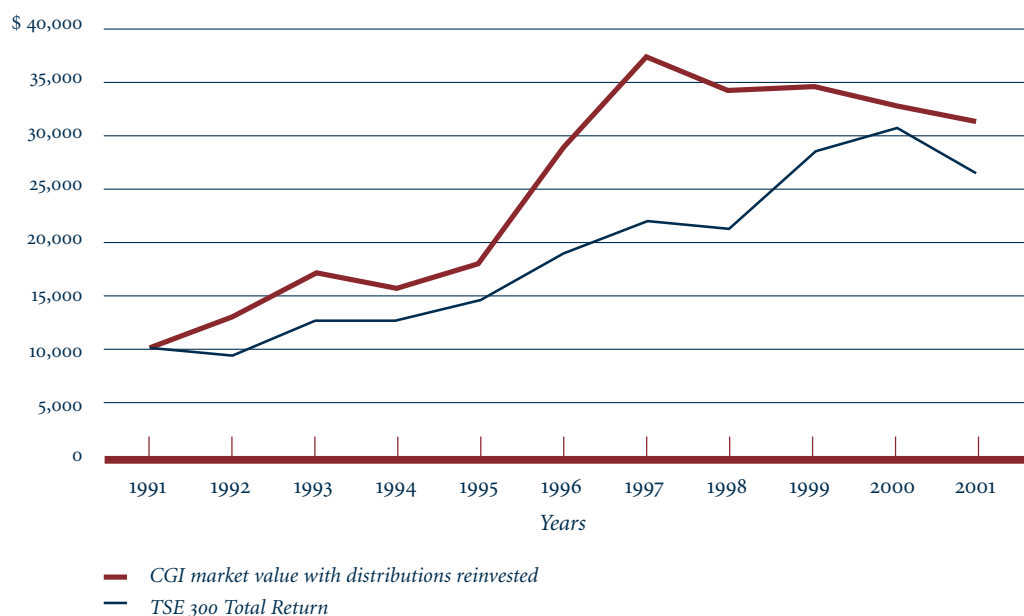
Management fees are paid monthly to Morgan Meighen & Associates Limited, a corporation under common control with the company, for services received in connection with the management of the company's financial accounts and investment portfolio. Management fees are computed quarterly at 1% per annum of the market 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 published financial statements of the company as at the last day of the immediately preceding quarter-year period.

7 FINANCIAL HIGHLIGHTS

Explanatory notes

- a) All data per share, except opening and closing net asset values, are based on the average number of shares outstanding during the year.
- b) The management expense ratio is calculated based on all expenses of the company (other than brokerage commissions, dividends on preference shares, amortization of deferred financing charge, interest related to issuer bid litigation and all income taxes) expressed as a percentage of the average monthly net assets of the company.
- c) The portfolio turnover rate is calculated by dividing the lesser of purchases or sales of securities, excluding securities having maturity dates at acquisition of one year or less, by the weighted average value of the portfolio securities held during the year.
- d) Annual net asset value growth is calculated based on the change in fully diluted net asset value per share with reinvestment of distributions at month-end closing fully diluted net asset values.

ILLUSTRATION OF A TEN YEAR INVESTMENT OF \$10,000
CANADIAN GENERAL INVESTMENTS, LIMITED (CGI) vs TSE 300 TOTAL RETURN



| <i>Years Ending December 31</i> | <i>Market Value of Original Shares</i> | <i>Cumulative Market Value of Dividends Re-invested</i> | <i>Total Market Value</i> |
|-------------------------------------|--|---|-------------------------------|
| 1991 | \$ 10,000 | \$ 0 | \$ 10,000 |
| 1992 | 12,791 | 492 | 13,283 |
| 1993 | 16,047 | 1,165 | 17,212 |
| 1994 | 13,140 | 2,796 | 15,936 |
| 1995 | 14,128 | 4,020 | 18,148 |
| 1996 | 19,954 | 8,499 | 28,453 |
| 1997 | 21,837 | 15,404 | 37,241 |
| 1998 | 18,139 | 15,979 | 34,118 |
| 1999 | 17,442 | 17,090 | 34,532 |
| 2000 | 14,233 | 18,549 | 32,782 |
| 2001 | 12,907 | 18,461 | 31,368 |

The indicated market rates of return in the chart and table above reflect the change in market price, assuming reinvestment of distributions at month-end closing prices. They do not take into account commissions or any income taxes that may be payable by a shareholder that would have reduced returns. Market prices change frequently and past performance may not be repeated.

TEN YEAR PERFORMANCE SUMMARY

| | Net Assets (ooo's) | Net Assets Per Share | Net Assets Per Share | Net Investment Income (Loss) | Net Investment Income (Loss) | Dividends Per Share | Dividends Per Share | Market Value of Share | | |
|------|-----------------------|-------------------------|-------------------------|---------------------------------|---------------------------------|------------------------|------------------------|--------------------------|---------|---------|
| | | (Basic) | (Fully diluted) | (ooo's) | Per Share | (Income) | (Capital Gains) | High | Low | Close |
| 1992 | \$ 252,082 | \$ 7.76 | | \$ 6,905 | \$ 0.21 | \$ 0.239 | | \$ 7.45 | \$ 5.01 | \$ 6.40 |
| 1993 | 320,881 | 9.88 | | 7,132 | 0.22 | 0.239 | | 8.38 | 6.05 | 8.03 |
| 1994 | 186,040 | 9.10 | | 2,635 | 0.12 | 0.143 | \$ 0.800 | 9.08 | 6.40 | 6.52 |
| 1995 | 206,805 | 10.11 | \$ 9.98 | 4,060 | 0.20 | 0.157 | 0.052 | 7.80 | 6.17 | 7.07 |
| 1996 | 260,338 | 12.73 | 12.16 | 3,822 | 0.18 | 0.157 | 1.030 | 10.91 | 7.07 | 10.83 |
| 1997 | 307,195 | 15.03 | 14.07 | 2,394 | 0.12 | 0.173 | 2.400 | 14.32 | 9.47 | 13.34 |
| 1998 | 271,568 | 13.29 | 12.50 | 624 | 0.03 | 0.129 | 1.165 | 15.05 | 9.10 | 11.73 |
| 1999 | 310,127 | 15.17 | 13.98 | 447 | 0.02 | 0.122 | 0.496 | 13.30 | 9.52 | 11.50 |
| 2000 | 313,309 | 15.31 | 14.06 | (1,789) | (0.09) | 0.221 | 1.840 | 12.79 | 8.80 | 10.20 |
| 2001 | 298,546 | 14.58 | 13.34 | 846 | 0.04 | 0.240 | 0.250 | 10.15 | 7.75 | 9.25 |

Per share figures have been restated to reflect the 1992 2 for 1 stock split, the 1996 3 for 1 stock split, the 1996 1 for 11.8682 capital gain stock dividend (issue price of \$16.62), the June 1997 1 for 22.3021 capital gain stock dividend (issue price of \$17.85), the December 1997 1 for 12.9298 capital gain stock dividend (issue price of \$19.40), the June 1998 1 for 59.95795 capital gain stock dividend (issue price of \$18.01), the December 1998 1 for 24.68567 capital gain stock dividend (issue price of \$14.82), the December 1999 1 for 49.79647 capital gain stock dividend (issue price of \$14.94) and the December 2000 1 for 11.51551 capital gain stock dividend (issue price of \$16.13).

CLOSED-END FUNDS SIMPLY UNDERSTOOD

- Fixed number of shares
- Usually listed and traded on a stock exchange
- Bought and sold through investment dealers and brokers
- Commission charges only
- Trade usually below real value
- May pay cash and/or stock dividends
- Often have dividends and dividend reinvestment plans
- May employ leverage

CORPORATE INFORMATION

CANADIAN GENERAL INVESTMENTS, LIMITED

BOARD OF DIRECTORS

Albert E. Bates

(Consultant and Corporate Director)

M. Paul Bloom

(President, Bloom Investment Counsel Inc. [Investment Management])

James G. Cook

(Barrister and Solicitor)

Carl S. Hutman

(Private Investor)

Nicholas L. Majendie

*(Senior Vice-President and Director
Canaccord Capital Corporation
[Investment Dealers])*

Jonathan A. Morgan

*(Senior Vice-President and Director,
Morgan Meighen & Associates Limited
[Investment Management])*

Vanessa L. Morgan

(Chairman of the Corporation)

Michael A. Smedley

(President of the Corporation)

AUDIT COMMITTEE

Albert E. Bates

James G. Cook

Carl S. Hutman

CORPORATE GOVERNANCE COMMITTEE

Albert E. Bates

Nicholas L. Majendie

Jonathan A. Morgan

OFFICERS

Vanessa L. Morgan

Chairman

Michael A. Smedley

President

Colin Smith

Secretary-Treasurer

Frank Fuernkranz

Assistant-Treasurer

ANNUAL MEETING OF

SHAREHOLDERS

The Annual General Meeting of the shareholders of Canadian General Investments, Limited will be held at 2:00 p.m. (Toronto time) Tuesday, April 2, 2002 in Room A, 4th Floor, The Toronto Board of Trade, 77 Adelaide Street West, First Canadian Place, Street Level (Adelaide Street entrance), Toronto, Ontario, M5X 1C1.

OFFICE OF THE COMPANY

110 Yonge Street, Suite 1601

Toronto, Ontario, Canada M5C 1T4

Telephone: (416) 366-2931

Toll Free: 1-866-443-6097

Fax: (416) 366-2729

e-mail: cgifund@mmainvestments.com

website: www.mmainvestments.com

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, 11th Floor

Toronto, Ontario, Canada M5J 2Y1

Telephone: (416) 981-9633

Toll Free: 1-800-663-9097

Fax: (416) 981-9507

e-mail: mmamail@computershare.com

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

U.K. TRANSFER AGENT

CIBC Mellon Trust Company

Balfour House

390 High Road

Ilford, Essex IG1 1NQ

Telephone: 020 8478 1888

U.K. STOCKBROKER

Teather & Greenwood Limited

15 St. Botolph Street

London EC3A 7QR

Telephone: 020 7426 9000

Fax: 020 7426 9595

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

PUBLICATION

Fully-diluted net asset value per share (NAV) and/or market price, market return, and discount information are published daily/weekly in various media in Canada, the United States and the United Kingdom. These include: Globe and Mail, National Post, New York Times, Wall Street Journal, Barron's, Financial Times, and Daily Telegraph.

The Corporation posts ongoing top 10 portfolio investments (priced at market), together with current discount and market return information on its website. Similar information is available directly from the Corporation upon request.

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbols:

Common Shares CGI

Preference Shares CGI.PR.A

Warrants CGI.WT

The London Stock Exchange

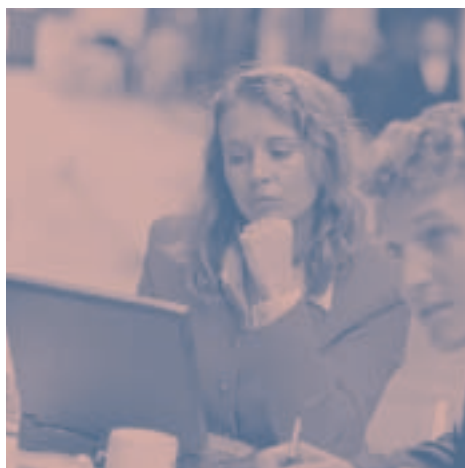
Reuters Symbols:

Common Shares CGIq.L

Warrants CGI^wq.L

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

The Plan, administered by the Corporation's 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 Corporation pays administrative charges. 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.



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