



THD

Third Canadian General
Investment Trust Limited



Tradition
and value

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 Third Canadian General Investment Trust Limited in 1968, became its Vice-Chairman in 1988 and Chairman in 1989.

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

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED (THIRD), founded in 1928, is one of the oldest publicly listed closed-end funds in North America and certainly one of the most unusual.

Third's objective is to provide its investors with above-average returns comprised of a blend of current income and long-term capital appreciation through its investment in Canadian and international equities, funds, income trusts and related products. The fund qualifies as Canadian property for registered plans.

Third has been managed since 1956 by investment manager Morgan Meighen & Associates Limited (website: mmainvestments.com).

Net asset value per share (NAV) is calculated daily, and distributed via various news services in Canada, the U.S. and the U.K. NAV and market price information are published in the financial press in Canada on a daily basis and at the weekend in the United States.

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

TOP TEN INVESTMENTS

(Excluding cash)

(Portfolio details on page 11)

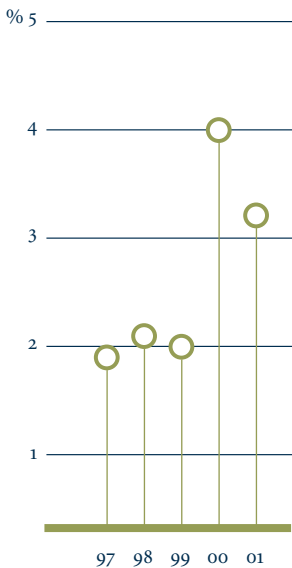
	%
Canadian General Investments, Limited	70.1
Canadian World Fund Limited	3.2
Asset Management Investment Company PLC	2.3
Sceptre Investment Counsel Limited	1.8
Rothmans Inc.	1.6
Danier Leather Inc.	1.0
Collins Stewart Holdings PLC	1.0
Viceroy Homes Limited	1.0
Pembina Pipeline Income Fund	0.9
Edinburgh Fund Managers Group PLC	0.8
Total	83.7



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

Powerful potential leverage in shares of CGI

MARKET YIELD*
Years 1997 to 2001



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

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED (THIRD) HAS ENJOYED SEVERAL YEARS OF STRONG PERFORMANCE FROM THE PORTION OF ITS PORTFOLIO WHICH IS ACTIVELY MANAGED FOR GROWTH AND HIGH INCOME.

It was also poised at the 2001 year-end to benefit from an uptrend in the market value of its long-term principal asset holdings, the warrants and shares of Canadian General Investments, Limited (CGI) and the shares of Canadian World Fund Limited (CWF). The investment in CGI, which comprised roughly 70% of the portfolio at year-end, showed a noticeable uplift in market value through the final quarter. Both the CGI shares and warrants present major leverage potential for Third.

For 2001, the actively managed assets greatly softened the principal asset decrease of 9.8%. The performance from this segment, which represented more than one-quarter of the overall year-end portfolio, also helped reduce the year-over-year net asset value decline to 5.4%, clearly outpacing the 13.9% decline of the TSE 300 Composite

Index as well as most other world markets. As well, these assets contributed to the payment of a \$0.15 extra dividend, which raised the market yield on Third's shares at December 31 to 3.3%.

PORTFOLIO ACTIVITY

The Canadian oil and gas income trusts, impressive contributors to growth in the first half of the year, went into a cyclical decline reflecting a reduction in gas and oil prices. We scaled back, but remain broadly committed to the income trust sector, reallocating the exposure into non-resource themes in this growing \$30 billion market capitalisation group. We expect that we will continue to hold most of these securities for substantial payouts and growth.

High income content helps offset volatility

In the U.K., we ended the year still well invested in investment management firms, which would benefit from a revival in take-over activity and trading. At the current year-end, we have fewer holdings than in prior years in the U.S., where markets have been unusual, experiencing the first two consecutive negative years since 1974. This reflects the despondency in global stock markets that have declined over 20% on average through the past year. The greater emphasis on Canadian funds still appears justified.

The “Other” segment of the portfolio continues to hold some securities for growth rather than income and, at the year-end, is represented by three funds positioned in the China, Russia and India growth regions.

PORTFOLIO ADDITIONS

In Canada, Connor Bros. Income Fund units proved to be a successful addition in the latest quarter. Connors, spun out from the George Weston group, represents a stable leadership operation in the sardine processing and distribution industry and is expected to provide an annual cash yield of up to 13%. When the dividend on Sherritt International Corporation common shares was omitted, reflecting the current decline of revenues from nickel production in Cuba, we substituted the company’s 6% coupon debentures, which provided a yield of nearly 8% at the discounted year-end market price.

In the U.K., we purchased UK Coal PLC, a high-income generating security yielding in excess of 12% at year-end. UK Coal is also considered attractive for land holdings from which value might be realised when coal production is wound down in future years.

OUTLOOK

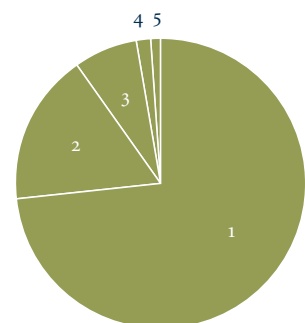
Unless a general major setback in the Canadian equities market and a surge in interest rates occur, we believe Third is positioned to extend its solid performance in both long term and actively managed assets.

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.

“Signed”	“Signed”
Vanessa L. Morgan <i>Chairman</i>	Michael A. Smedley <i>President</i>
February 7, 2002	February 7, 2002

WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET
December 31, 2001



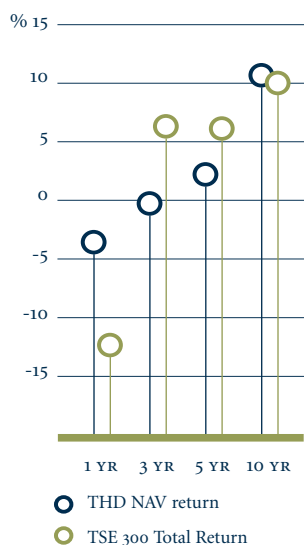
1	Principal Assets	73.3%
2	Canadian-Listed	16.9%
3	U.K.-Listed	7.1%
4	U.S.-Listed	1.6%
5	Other	1.1%

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 dividends at month-end closing prices

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 net asset values

While market indices generally showed double-digit losses, the share price of Third Canadian General Investment Trust Limited (Third) increased by 1.5% year-over-year. The discount from net asset value (NAV) at which Third's shares trade narrowed to 30.0% at the end of 2001 from 34.7% at year-end 2000, moving in a range of 17.7% to 34.7% through the year. Third's net assets and NAV declined by 5.4% to \$93,698,000 and \$19.50, respectively in 2001, primarily as a result of bearish market conditions through the first nine months.

As Third is a closed-end fund that seeks long-term growth and income, it measures its return on the basis of growth of its net assets. Third's NAV return, with distributions reinvested, for 2001 was -3.1%, compared with -12.6% for the TSE 300 Total Return Index..

FINANCIAL PERFORMANCE

Total investment income for 2001, comprised of dividends, interest and other income, increased by 25.2% to \$4,108,000 from \$3,281,000 in 2000, enhanced by additional interest and other income received from income trusts, which have been a large component of the Canadian-listed segment of Third's portfolio for several years. These trusts, representing 26.7% of Third's actively managed portfolio at year-end, operate in businesses including oil and gas, cold storage, real estate and manufacturing. Additional dividends were also received from Canadian General Investments, Limited (CGI) as Third's holdings in CGI increased due to receipt of a special \$1.40 stock dividend paid by CGI in December 2000. Dividends from CGI represented

58.2% and 60.3% of total dividend income for 2001 and 2000, respectively.

Third's expenses decreased by 5.7% to \$1,585,000, largely attributable to lower interest costs and reduced management fees. Interest charges on bank borrowings used to fund leverage benefited from falling interest rates in 2001, thereby reducing the weighted average interest rate to 4.4% at year-end 2001 from 6.7% at year-end 2000. Third's borrowings were constant at \$15 million throughout both years.

Third's net loss on investments for 2001 was \$5,825,000, compared to a net gain on investments of \$1,188,000 in 2000. This decrease is largely attributable to overall market performance reflected in the 2001 decrease in the unrealized appreciation of investments of \$6,872,000 as well as a reduction of \$1,506,000 in the capital gains cash dividends received (net of tax) from CGI.

The management expense ratio (MER) increased slightly to 0.8% from 0.7% for 2000 as a result of lower average monthly net assets during 2001. The MER calculation is based on all expenses, excluding brokerage commissions, interest and all income taxes. Portfolio turnover decreased to 13.6% in 2001 from 18.8% for 2000.

DIVIDENDS

Dividend payments to shareholders aggregated \$0.45 per share or \$2,163,000 in 2001, compared to \$0.55 per share or \$2,643,000 in 2000. Included in these figures are extra year-end dividend payments of \$0.15 and \$0.25 per share, respectively. Regular quarterly income dividends totalling \$0.30 per share remained constant in both years.

DISCOUNTS

Third trades at a “double discount” – reflecting its own discount to NAV and the discounted market prices of CGI and Canadian World Fund Limited (CWF) from their net asset values. At year-end 2001, CGI and CWF were trading at discounts of 30.7% and 32.0%, respectively, which resulted in Third’s “double discount” narrowing from 49.4% at year-end 2000 to 47.5% at year-end 2001. It is interesting to note that if CGI and CWF were not trading at discounts, Third’s NAV would be

approximately \$26.00. The “double discount” continues to be mainly influenced by CGI, which represented 70.1% of Third’s investment portfolio at year-end 2001. CGI is an actively managed Canadian equity fund with well-diversified holdings in the Canadian market. For 2001, CGI’s fully-diluted NAV return with distributions reinvested of -1.5% outperformed its benchmark, the TSE 300 Total Return Index, which declined by 12.6%. CGI’s top five sectors and top five equity holdings as of December 31, 2001 were as follows:

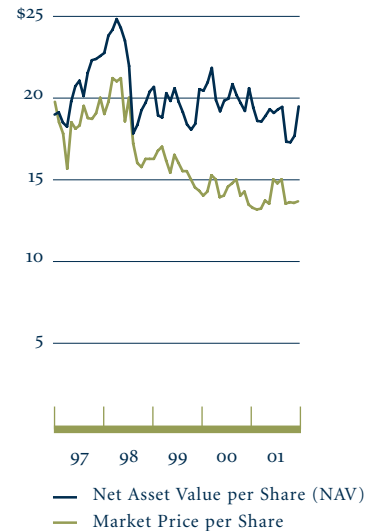
<i>Canadian General Investments, Limited</i>			
<i>Top 5 Sectors</i>	<i>% at market</i>	<i>Top 5 Investments</i>	<i>% at market</i>
Financial Services	16.9	Inco Limited	5.2
Oil & Gas	13.2	Corby Distilleries Limited	3.0
Consumer Products	11.5	Suncor Energy, Inc.	2.6
Industrial Products	10.8	Astral Media Inc.	2.4
Communications & Media	9.5	Canadian Oil Sands Trust	2.2
	61.9		15.4

PROSPECTS

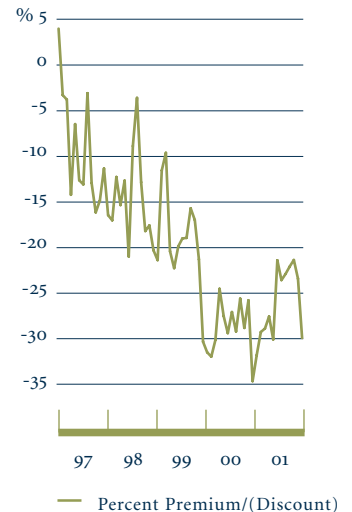
Third’s portfolio is positioned to benefit from any further improvement in equity markets in 2002, particularly in CGI’s share price. Continuing low interest rate levels

will also benefit Third’s income-oriented equities. It is the Manager’s view that there are at least several markets in the global scene that will outperform North America in the coming year.

COMPARISON OF MARKET PRICE TO NAV
Years 1997 to 2001



PREMIUM/(DISCOUNT)
TO NAV
Years 1997 to 2001



MANAGEMENT'S REPORT

The accompanying consolidated 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 and other sections of the Annual Report.

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 judgments. The significant accounting policies which management believes are appropriate for the Company 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 Company's external auditors, who are appointed by the shareholders, audited the consolidated 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.

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

AUDITORS' REPORT

*To the Shareholders of
Third Canadian General Investment Trust Limited*

We have audited the accompanying consolidated statements of net assets of **Third Canadian General Investment Trust Limited** as at December 31, 2001 and 2000, and the consolidated statement of investments as at December 31, 2001, the consolidated statements of operations, retained earnings, unrealized gain on investments and changes in net assets for the years then ended, and the consolidated 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 consolidated 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

CONSOLIDATED 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>	109,074	113,565
Cash	1,703	9,403
Accrued interest and dividends	329	235
Income taxes recoverable	1,513	–
	112,619	123,203
Liabilities		
Bank indebtedness <i>(note 3)</i>	14,994	14,919
Payable on securities purchased	–	568
Accounts payable and accrued liabilities	61	60
Income taxes payable	–	2,267
	15,055	17,814
Future income taxes on unrealized net capital gains	3,866	6,333
	18,921	24,147
Net Assets	93,698	99,056
Shareholders' Equity		
Capital stock <i>(note 4)</i>	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments	49,984	56,856
Retained earnings	34,529	33,015
	93,698	99,056
Number of shares outstanding	4,805,910	4,805,910
Net asset value per share	19.50	20.61

Approved by the Board of Directors

“Ronald D. Barnes”

Director

“Michael A. Smedley”

Director

CONSOLIDATED 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	3,147	2,796
Interest and other	961	485
	4,108	3,281
Expenses		
Management fees <i>(note 6)</i>	502	553
Interest <i>(note 3)</i>	902	951
Directors' fees	38	32
Other	143	144
	1,585	1,680
Investment income before income taxes	2,523	1,601
Income tax recovery <i>(note 2)</i>	107	128
Net investment income for the year	2,630	1,729
Realized and unrealized gain (loss) on investments		
Net realized loss on investments <i>(note 5)</i>	(464)	(938)
Change in unrealized appreciation of investments	(6,872)	(891)
Capital gains cash dividends received – net of income taxes of \$397 (2000 – \$1,195)	1,511	3,017
Net gain (loss) on investments	(5,825)	1,188
Increase (decrease) in net assets resulting from operations	(3,195)	2,917

CONSOLIDATED 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	33,015	31,850
Net investment income for the year	2,630	1,729
Net realized loss on investments	(464)	(938)
Capital gains cash dividends received – net of income taxes	1,511	3,017
	36,692	35,658
Deduct: Dividends	2,163	2,643
Retained earnings – End of year	34,529	33,015
Dividends per share	0.45	0.55

CONSOLIDATED 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	56,856	57,747
Decrease during the year	(9,339)	(12,908)
Decrease in provision for future income taxes	2,467	12,017
Unrealized gain on investments – End of year	49,984	56,856

CONSOLIDATED 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	(3,195)	2,917
Distributions to shareholders from net investment income	(2,163)	(2,643)
Increase (decrease) in net assets	(5,358)	274
Net assets – Beginning of year	99,056	98,782
Net assets – End of year	93,698	99,056

CONSOLIDATED STATEMENTS OF FINANCIAL HIGHLIGHTS

<i>For the five years ended December 31, 2001</i>	2001	2000	1999	1998	1997
	\$	\$	\$	\$	\$
Data per share (note 7)					
Net asset value – Beginning of year	20.61	20.55	20.41	22.57	18.46
Income (loss) from investment operations					
Net investment income for the year	0.55	0.36	0.38	0.49	0.76
Net realized gain (loss) and unrealized gain (loss) on investments	(1.21)	0.25	0.06	(1.77)	3.75
	(0.66)	0.61	0.44	(1.28)	4.51
Distributions to investors					
From net investment income	(0.45)	(0.55)	(0.30)	(0.35)	(0.40)
Other					
Payment pursuant to issuer bid litigation	–	–	–	(0.53)	–
Net asset value – End of year	19.50	20.61	20.55	20.41	22.57
Ratios/supplemental data					
Total net assets – End of year <i>(in thousands of dollars)</i>	93,698	99,056	98,782	98,096	108,483
Weighted average monthly net assets <i>(in thousands of dollars)</i>	89,963	97,220	93,550	104,507	98,303
Management expense ratio <i>(notes 6 and 7(b))</i>	0.8%	0.7%	0.8%	0.8%	0.9%
Portfolio turnover rate <i>(note 7(c))</i>	13.6%	18.8%	8.6%	10.9%	22.2%
Annual net asset value growth, with distributions reinvested <i>(note 7(d))</i>	(3.1)%	3.0%	2.2%	(8.1)%	24.6%

CONSOLIDATED 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>			
PRINCIPAL ASSETS – 73.3%			
7,629,811	Canadian General Investments, Limited	\$ 20,969	\$ 70,576
1,526,578	Canadian General Investments, Limited wts	–	5,877
1,120,211	Canadian World Fund Limited	5,601	3,529
		<u>26,570</u>	<u>79,982</u>
CANADIAN-LISTED – 16.9%			
17,200	Aliant Inc.	568	516
70,000	ARC Energy Trust	641	847
70,000	Atlas Cold Storage Income Trust	670	763
75,000	Chemtrade Logistics Income Fund	829	881
100,000	Conoco Canada Resources Limited pfd. series A	441	430
75,000	Connors Bros. Income Fund*	747	896
14,400	Corby Distilleries Ltd. B	484	821
43,000	CPL Long Term Care Real Estate Investment Trust	561	611
90,000	Danier Leather Inc.	972	1,116
25,950	Enerplus Resources Fund	566	642
33,600	First Capital Realty Inc.	519	435
9,800	Inco Limited pfd. series E	675	724
30,000	North West Company Fund	454	487
237,800	Novicourt Inc.	562	426
10,000	PanCanadian Energy Corporation	461	413
85,000	Pembina Pipeline Income Fund*	849	961
60,000	Rothmans Inc.	1,310	1,791
132,400	Sceptre Investment Counsel Limited A	2,463	1,993
600,000	Sherritt International Corporation conv. deb. 6% due December 15, 2006*	463	462
35,200	Shiningbank Energy Income Fund	126	492
50,000	TimberWest Forest Corp.	574	650
25,000	TransAlta Corporation	635	540
164,700	Viceroy Homes Limited A	889	1,039
85,000	Viking Energy Royalty Trust	346	546
		<u>16,805</u>	<u>18,482</u>

Number of Shares or Par Value	Investment – % of Total Market Value	Market Cost	Market Value
<i>(in thousands of dollars)</i>			
U.K.-LISTED – 7.1%			
42,000	Aberdeen Asset Management PLC	\$ 556	\$ 388
800,000	Asset Management Investment Company PLC	3,262	2,529
120,000	Collins Stewart Holdings PLC	921	1,084
80,000	Edinburgh Fund Managers Group PLC ⁺	812	919
1,000,000	Govett High Income Investment Trust PLC	816	371
1,875	The Lindsell Train Investment Trust PLC	440	515
75,765	London Stock Exchange PLC	439	740
50,000	Premier Asset Management PLC	215	206
92,500	Singer & Friedlander Group PLC	680	485
235,000	UK Coal PLC [*]	461	475
		<u>8,602</u>	<u>7,712</u>
U.S.-LISTED – 1.6%			
10,000	General American Investors Company, Inc.	508	533
42,100	Morgan Stanley Dean Witter Emerging Markets Debt Fund, Inc.	467	496
40,000	Templeton Emerging Markets Income Fund, Inc.	673	679
		<u>1,648</u>	<u>1,708</u>
OTHER – 1.1%			
28,000	The China Heartland Fund Ltd.	444	427
13,000	Fleming Russia Securities Fund Ltd.	326	362
20,000	The India I.T. Fund Limited	829	401
		<u>1,599</u>	<u>1,190</u>
TOTAL INVESTMENTS – 100.0%			
	– December 31, 2001	<u>\$55,224</u>	<u>\$109,074</u>
	– December 31, 2000	<u>\$50,376</u>	<u>\$113,565</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2001 and 2000

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the company and its three wholly owned subsidiaries, 1013229 Ontario Limited, 1013230 Ontario Limited and 1013231 Ontario Limited.

Valuation of investments

Market values of securities are based on closing market quotations.

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.

Future income taxes

The company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using rates expected to apply to the taxable income in the years in which the temporary differences are expected to be settled on the company's unrealized appreciation of investments.

2 TAXATION

The company is subject to income taxes as a public corporation and accordingly, taxable dividends receivable from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The company's provision for income taxes is made up as follows:

Consolidated statements of operations	<i>Years ended December 31,</i>	
	2001	2000
	\$	\$
	<i>(in thousands of dollars)</i>	
Provision for income taxes based on combined Canadian federal and provincial income tax rate	1,050	704
Decrease in taxes resulting from		
Dividends from taxable Canadian companies	(962)	(831)
Other items	(195)	(1)
Actual recovery of income taxes	(107)	(128)

Consolidated net realized loss on investment (note 5)	Years ended December 31,	
	2001	2000
	\$	\$
	<i>(in thousands of dollars)</i>	
Recovery of income taxes based on combined Canadian federal and provincial income tax rate	(258)	(625)
Decrease (increase) in taxes resulting from		
Non-taxable portion of allowable capital losses	129	141
Other	(27)	–
Actual recovery of income taxes	<u>(156)</u>	<u>(484)</u>

The company and its wholly owned subsidiaries are also subject to a special tax of up to 33½% 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. There was no refundable tax on hand at December 31, 2001.

The effective tax rate for the company's future income taxes on its unrealized net capital gains is approximately 15% (2000 – 18%).

3 BANK INDEBTEDNESS

The company has a credit facility of CAN\$22.0 million and US\$3.7 million, with interest either at a quoted one-year rate or based on the prime bankers' acceptance rate. The company must comply with specified covenants during the term of the loan. The bank indebtedness has a combined weighted average interest rate of 4.37% (2000 – 6.67%), and includes CAN\$9.1 million for a term to June 25, 2002.

4 CAPITAL STOCK

The company is authorized to issue 60,000 First, Preferred Shares, Series A and an unlimited number of common shares. As at December 31, 2001 and 2000, there are 4,805,910 common shares issued and outstanding.

5 CONSOLIDATED NET REALIZED LOSS ON INVESTMENTS

The consolidated net realized loss on investments was as follows:

	2001	2000
	\$	\$
	<i>(in thousands of dollars)</i>	
Proceeds from disposition of investments	14,700	25,863
Investments at cost – Beginning of year	50,376	54,003
Investments purchased during the year	20,168	23,658
Investments at cost – End of year	(55,224)	(50,376)
Cost of investments disposed of during the year	<u>15,320</u>	<u>27,285</u>
Realized loss on disposition of investments		
before income taxes	(620)	(1,422)
Income tax recovery on allowable capital losses (note 2)	156	484
Net realized loss on investments	<u>(464)</u>	<u>(938)</u>

6 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited (MMA) for services received in connection with the management of the company's financial accounts and investment portfolio. Management fees are calculated on a quarterly basis at the annual rate of 1.0% of consolidated net asset value, excluding tax liabilities, bank indebtedness and the holdings of the principal assets and at the rate of 0.2% of the market value of the principal assets.

Included in dividend income is \$1,831,000 (2000 – \$1,685,000) and included in net gain (loss) on investments are capital gains cash dividends of \$1,908,000 (2000 – \$4,212,000) from Canadian General Investments, Limited (CGI) in which the company has an approximate 37% ownership interest. The company did not receive capital gains stock dividends from CGI in 2001 (2000 – 609,342 shares).

The company has an approximate 27% ownership interest in Canadian World Fund Limited (CWF). MMA, CGI and CWF are corporations under common control with the company.

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, interest including interest on issuer bid litigation and 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 monthly value of the portfolio securities held during the year.
- d) Annual net asset value growth is calculated based on the change in net asset value per share with reinvestment of distributions at month-end closing net asset values.

ILLUSTRATION OF A TEN YEAR INVESTMENT OF \$10,000

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED (THD) VS TSE 300 TOTAL RETURN



Years Ending December 31	Market Value of Original Shares	Cumulative Market Value of Dividends Re-invested	Total Market Value
1991	\$ 10,000	\$ 0	\$ 10,000
1992	12,722	489	13,211
1993	15,000	1,055	16,055
1994	14,833	1,490	16,323
1995	16,333	2,080	18,413
1996	23,467	3,526	26,993
1997	26,667	4,659	31,326
1998	21,667	4,298	25,965
1999	19,067	4,223	23,290
2000	17,933	4,847	22,780
2001	18,200	5,683	23,883

The indicated market rates of return in the chart and table above reflect the change in market price, assuming reinvestment of dividends 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 (000's)	Net Assets Per Share	Net Investment Income (000's)	Net Investment Income Per Share	Aggregate Dividends Per Common Share	Market Value Per Share		
						High	Low	Close
1992	\$ 85,010	\$ 9.98	\$ 2,800	\$ 0.33	\$ 0.342	\$ 10.17	\$ 7.54	\$ 9.54
1993	102,472	12.05	2,896	0.34	0.342	11.83	9.83	11.25
1994	60,573	12.60	1,397	0.26	0.300	13.38	10.25	10.88
1995	64,920	13.51	1,520	0.32	0.300	14.00	11.00	12.25
1996	88,700	18.46	2,021	0.42	0.300	18.50	12.50	17.60
1997	108,483	22.57	3,661	0.76	0.400	20.50	15.00	20.00
1998	98,096	20.41	2,350	0.49	0.350	22.00	15.00	16.25
1999	98,782	20.55	1,852	0.38	0.300	17.00	13.80	14.30
2000	99,056	20.61	1,729	0.36	0.550	17.50	13.00	13.45
2001	93,698	19.50	2,630	0.55	0.450	15.50	13.00	13.65

Per share figures for years prior to 1994 have been restated to reflect the 1994 6 for 1 split.

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

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

BOARD OF DIRECTORS

Ronald D. Barnes

(President, Barmac Capital Management Inc. [Investment Management])

Albert E. Bates

(Consultant and Corporate Director)

Carl S. Hutman

(Private Investor)

Jonathan A. Morgan

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

Vanessa L. Morgan

(Chairman of Canadian General Investments, Limited [Closed-end Investment Company])

Michael A. Smedley

(President of Canadian General Investments, Limited [Closed-end Investment Company])

AUDIT COMMITTEE

Ronald D. Barnes

Albert E. Bates

Carl S. Hutman

CORPORATE GOVERNANCE COMMITTEE

Ronald D. Barnes

Albert E. Bates

Jonathan A. Morgan

OFFICERS

Vanessa L. Morgan

Chairman

Michael A. Smedley

President

Colin Smith

Secretary-Treasurer

Frank Fuernkranz

Assistant-Treasurer

OFFICE OF THE COMPANY

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website: www.mmainvestments.com

AUDITORS

PricewaterhouseCoopers LLP

Toronto

BANKERS

Royal Bank of Canada

Toronto

SOLICITORS

Blake, Cassels & Graydon LLP

Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada

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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.

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Trading Symbol: THD

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

PUBLICATION

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

The Company 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 Company upon request.

ANNUAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of the shareholders of Third Canadian General Investment Trust Limited will be held at 11:00 a.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.



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