

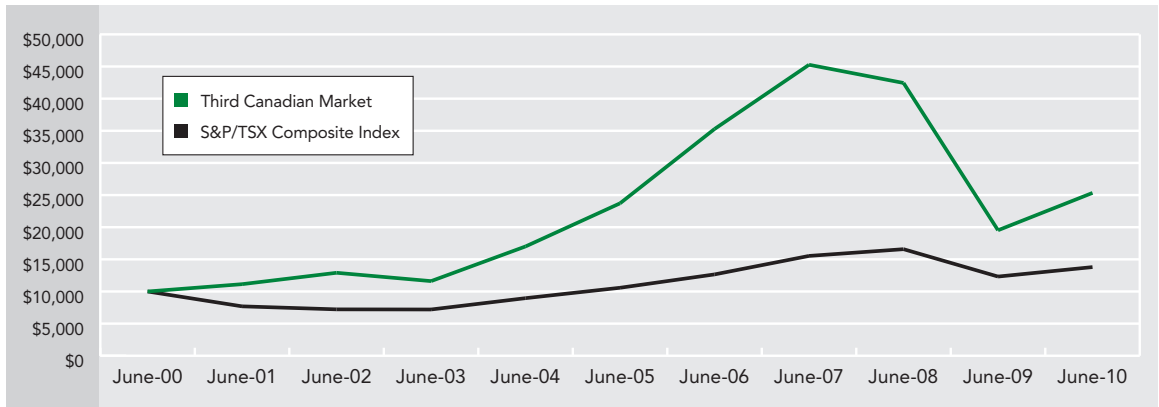


# CORPORATE PROFILE

**Third Canadian General Investment Trust Limited (Third Canadian)**, founded in 1928, is one of the oldest publicly listed closed-end funds in North America and certainly one of the most unusual. Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of long-term capital appreciation and current income through investment in its principal assets and otherwise directly in Canadian and international financial instruments including equities, funds and related products.

Third Canadian has been managed since 1956 by Morgan Meighen & Associates Limited (website: [www.mmainvestments.com](http://www.mmainvestments.com)).

## Growth of a \$10,000 Investment – 10 years to June 30, 2010



The graph above is presented to illustrate the benefit of a long-term investment in THD's common shares. A \$10,000 investment in THD common shares would have grown to over \$25,000 over the 10-year period ended June 30, 2010. This equates to a compound annual average growth rate of 9.7%. By comparison, a \$10,000 investment in the benchmark S&P/TSX Composite Index would have grown to nearly \$14,000 or a compound average annual growth rate of 3.3%.

*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 in the Company's most recent Annual Report to Shareholders.*

*The Company is an investment fund, and as such, this Interim 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

## GENERAL COMMENTARY

Third Canadian's net asset value per share (NAV) fell 6.7% in the second quarter on a total return basis. This was worse than the -5.5% total return posted by the benchmark S&P/TSX Composite Index. Although still negative, Third Canadian's market return was somewhat better than both its NAV and its benchmark, declining 2.4% in the same period. Year to date, the numbers look much the same, as the NAV fell 3.3%, the benchmark declined 2.5%, and the shares rose 6.8%.

Markets were extremely volatile in the second quarter, which included the one-day 'flash crash' in May and the still unresolved European sovereign debt crises. The stimulus money injected into economies around the world is starting to be withdrawn. Governments' abilities to inject more money into the system are severely constrained and some countries have embarked instead on austerity programs to bring their finances back under control. It is unclear whether the recovery will continue without it or if there will be a double-dip recession.

Canada has been better positioned than most mature, industrialized economies to ride out the crisis, but it is a comparatively small, open economy and is, therefore, not immune to the troubles of its trading partners. It is unclear how Canada's main trading partner, the United States, will fare. The signals are mixed and some particularly disquieting statistics were published in the quarter just ended. Meanwhile, China, which has continued to grow at an astonishing pace, recently revised some of its growth statistics downward. Although they remained robust, it was enough to unsettle markets, as investors worried that China would seek to temper its growth, in order to ease inflationary pressures.

## OUTLOOK

Clearly, the world continues to face severe challenges to its growth and prosperity and we fear more crises ahead. The Manager will focus on its core, bottom-up stock picking methodology which, in combination with the principal assets, will help Third Canadian weather the current state of affairs and to build value for its shareholders.

Vanessa L. Morgan  
*Chairman*

Jonathan A. Morgan  
*President & CEO*

## INVESTMENT COMMENTARY

Major global equity markets took a negative turn in the second quarter as investors grew increasingly concerned as to whether the global economic recovery was sustainable. Eurozone fiscal problems escalated and heightened systemic, economic and currency risks. It has become evident that solutions have to be sought, perhaps with tough austerity measures to rein in debt. As economic growth expectations have been tempered, equity valuations are declining and stocks are falling.

The S&P/TSX Composite Index (S&P/TSX) followed the world trend, reflecting acceleration of the selling process late in the quarter and, for the first time in five consecutive quarters, produced a negative return, declining 5.5% and pushing the Index into an overall year-to-date loss of 2.5% on a total return basis. Third Canadian's NAV, with dividends reinvested, trended with the benchmark with losses of 6.7% and 3.3% for the quarter and year-to-date periods, respectively.

## PRINCIPAL ASSETS

The fortunes of Third Canadian remain heavily dependent on its main principal asset holding, Canadian General Investments, Limited (CGI). Against the above-noted negative market backdrop, CGI's market return year to date was -3.6%, but still showed a gain of 29.8% over 12 months. This major asset formed 64.1% of Third Canadian's portfolio at June 30 and will be the performance defining factor for the Company in the second half of 2010.

As a cautionary measure by the Manager, cash raised at CGI was quite substantial relative to past practice for the portfolio. This provided some relief against the repetitive downward market trends. CGI's year-to-date and 12-month NAV returns at June 30 were -5.4% and a positive 20.7% compared to the S&P/TSX's -2.5% and plus 12.0%. This superior performance in the longer time frame would tend to fit the image of a traditional closed-end fund seeking and, historically, achieving long-term returns. More importantly for Third Canadian's valuations, CGI's market price returns, as reported above, were somewhat better for the corresponding time frames.

## LETTER TO SHAREHOLDERS – CONTINUED

Canadian World Fund Limited (CWF), the other principal asset, with a June 30 weighting of 3.9%, showed good resilience to the downward global forces in the first half of 2010. Its NAV return was 5.6% in the year-to-date period, strongly outpacing its benchmark Morgan Stanley Capital International All Country World Index return of -9.2% in Canadian dollar terms. Unfortunately, its market price in the past few months has not reflected this stellar performance and Third Canadian's portfolio recorded a decline of 7.9% on its CWF holding for the six months, despite a 17.5% gain over 12 months.

### NON-PRINCIPAL ASSETS

The non-principal assets total of \$57.7 million at June 30, 2010 represents about 32% of the portfolio, not much changed from year end. Rebuilt from its lows of March 2009, the consistency of this portion of the portfolio has been encouraging and has helped to create shareholder value.

After a relatively inactive trading period in the first quarter and in fast shifting market conditions, the Manager moved to lock in gains on upticks in good names like Consolidated Thompson Iron Mines Limited, Equinox Minerals Limited, Google Inc., Labrador Iron Mines Holdings Limited and Wynn Resorts, Limited. A bias to sales resulted in the building of cash levels in Third Canadian's portfolio. A portion of the cash was applied to a precautionary reduction of the debt facility. A cash reserve was retained in the portfolio, ready for opportunities.

Gold and precious metals stocks were outperformers in the quarter, as investors grew nervous of the deteriorating conditions in the world and took refuge in this sector. As a result, the gold subsector showed solid gains and was the biggest gainer of all groups in the S&P/TSX. Third Canadian's holding of Eldorado Gold Corp., with the best percentage return in the portfolio in the quarter at 55.4%, was understandably also a top performer in the S&P/TSX. Detour Gold Corporation, up 24.5%, also finished near the top of Third Canadian's list. One of few purchases in the quarter was in Alamos Gold Inc., a junior gold producer with consistently low cash costs, high gross margins and funding to capitalize on its strong growth prospects.

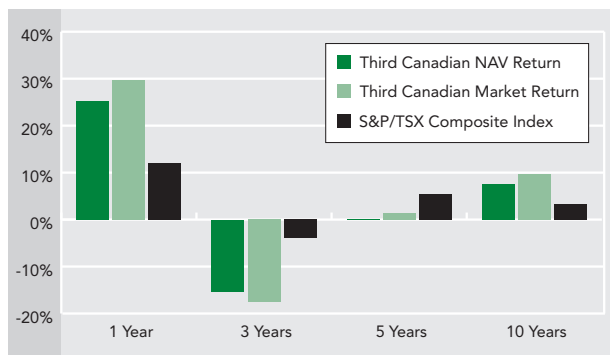
### GOING FORWARD

A recent press headline declared "world recovery under threat as growth slows, stimulus wanes". Global markets appear to agree with this summary, as they have entered into a period of adjustment, taking back gains and, we hope, consolidating at lower levels, all of which indicates that some forecasts of improvement were too optimistic. Markets will struggle and Third Canadian and all other investors probably should proceed cautiously until more widely beneficial conditions determine market behaviour.

Michael A. Smedley  
*CEO and Chief Portfolio Officer  
of the Manager*

D. Greg Eckel  
*Senior Vice-President  
of the Manager*

Compound Annual Returns for the  
Periods Ending June 30, 2010



# MANAGEMENT REPORT OF FUND PERFORMANCE

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### RESULTS OF OPERATIONS

#### Performance

Third Canadian General Investment Trust Limited's (Third Canadian or the Company) net asset value at June 30, 2010 was \$164,271,000, representing a 3.7% decrease from the \$170,559,000 at the end of 2009. Third Canadian's net asset value per share (NAV) at June 30, 2010 was \$34.18, down from \$35.49 at year end 2009. The NAV return, with dividends reinvested, for the six-month period to June 30, 2010 was -3.3%, compared with a -2.5% total return for the benchmark S&P/TSX Composite Index (S&P/TSX). This decrease can be attributed largely to the year-to-date market return of -3.8% in its principal asset segment.

The major principal asset holding of the Company, Canadian General Investments, Limited's (CGI) market return was -3.6% for the six-month period. CGI's value in Third Canadian's portfolio is based on its market price rather than its underlying NAV. Although CGI underperformed the benchmark on a NAV basis, the share price discount from its net asset value narrowed from 17.9% at year end 2009 to 16.4% at June 30, 2010.

Management fees, the Company's largest expense in the first six months of 2010, increased by 64.4% over 2009 to \$467,000, as a result of higher average portfolio market values. Interest, the Company's second largest expense in 2010 to date, increased to \$90,000 from \$11,000, as a result of a much higher average borrowing amount in 2010.

### RECENT DEVELOPMENTS

#### International Financial Reporting Standards

For fiscal years beginning on or after January 1, 2011, International Financial Reporting Standards (IFRS) will replace Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises.

Based on the Manager's analysis of the Company's current accounting policies and financial statement presentation under GAAP against IFRS, it does not expect the adoption of IFRS to have a material effect on Third Canadian'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, based on its analysis to date, the Manager believes that the changeover to

IFRS will not materially affect the Company's existing business arrangements.

Although it was originally anticipated that the Company would be adopting IFRS in its fiscal year beginning January 1, 2011, in June 2010, the Canadian Accounting Standards Board (AcSB) published an Exposure Draft, *Adoption of IFRSs by Investment Companies*, that proposes to defer the adoption of IFRS by investment companies, as defined in Accounting Guideline 18, for an additional year to January 1, 2012. Third Canadian is an investment company and, accordingly, will consider the deferral of IFRS should this Exposure Draft be issued as a final accounting standard. In the event there is a deferral, the Company's first set of financial statements prepared in accordance with IFRSs would be for the semi-annual period ended June 20, 2012, which will provide corresponding comparative financial information for 2011, including an opening statement of net assets as at January 1, 2011.

#### Harmonized Sales Tax

Effective July 1, 2010, Ontario provincial sales tax (PST) is harmonized with the federal goods and services tax (GST), resulting in a federally administered harmonized sales tax (HST) of 13%. Management fees and certain other service costs of the Company, which were previously subject to the 5% GST, but not the 8% PST, are now subject to the new HST. Since the Company is not able to recover this tax, the 8% difference will represent an additional cost to Third Canadian.

### RELATED PARTY TRANSACTIONS

The Company is managed by Morgan Meighen & Associates Limited (MMA), a company under common control with Third Canadian and its principal assets. 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".

At the end of the period, Third Canadian's principal assets consist of common shares of CGI and Canadian World Fund Limited (CWF). Third Canadian has ownership interests in CGI and CWF of approximately 37% and 31%, respectively. Third Canadian, CGI and CWF are all TSX-listed closed-end investment funds. CGI is also listed on the London Stock Exchange.

## 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 six months ended June 30, 2010 and the prior five financial years. Per share data is derived from the Company's audited annual financial statements and unaudited interim 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 <sup>(1)</sup>

	Six months ended June 30, 2010	2009	2008	2007	2006	2005
<b>Net assets, beginning of period</b>	\$ 35.44	\$ 22.42	\$ 62.37	\$ 55.69	\$ 45.71	\$ 31.78
<b>Increase (decrease) from operations:</b>						
Total revenue	0.30	0.62	0.89	0.93	1.07	0.91
Total expenses	(0.15)	(0.21)	(0.81)	(0.82)	(0.60)	(0.43)
Income tax recovery	-	(0.01)	0.01	0.15	0.02	-
Realized gains (losses) for the period <sup>(2)</sup>	0.39	(0.01)	(5.18)	3.06	7.42	1.46
Unrealized gains (losses) for the period	(1.85)	13.13	(34.47)	4.55	3.33	12.69
<b>Total increase (decrease) from operations</b>	(1.31)	13.52	(39.56)	7.87	11.24	14.63
<b>Dividends paid to shareholders:</b>						
Taxable dividends <sup>(3)</sup>	(0.15)	(0.50)	(0.30)	(1.20)	(1.10)	(0.75)
Net decrease (increase) in refundable dividend tax on hand	(0.04)	-	(0.09)	-	-	0.05
<b>Net assets, end of period <sup>(4)</sup></b>	\$ 33.94	\$ 35.44	\$ 22.42	\$ 62.37	\$ 55.85	\$ 45.71

(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 financial period.

(2) Includes capital gains dividend received – net of income taxes.

(3) Dividends were paid in cash.

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

## Ratios and Supplemental Data

	Six months ended					
	June 30, 2010	2009	2008	2007	2006	2005
Total net asset value (000's) <sup>(1)</sup>	\$ 164,271	\$ 170,559	\$ 108,481	\$ 299,981	\$ 268,433	\$ 219,701
Number of shares outstanding <sup>(1)</sup>	4,805,910	4,805,910	4,805,910	4,805,910	4,805,910	4,805,910
Management expense ratio <sup>(2) (3) (8)</sup>	3.82%	4.31%	4.81%	4.02%	4.32%	4.39%
Trading expense ratio <sup>(4) (5) (8)</sup>	0.25%	0.35%	0.36%	0.33%	0.31%	0.37%
Portfolio turnover rate <sup>(6) (7)</sup>	5.60%	12.24%	22.91%	18.76%	22.63%	10.23%
Net asset value per share	\$ 34.18	\$ 35.49	\$ 22.57	\$ 62.42	\$ 55.85	\$ 45.71
Closing market price <sup>(1)</sup>	\$ 28.00	\$ 26.37	\$ 20.28	\$ 48.60	\$ 47.66	\$ 38.96

(1) This information is provided as at the end of the financial period shown.

(2) Management expense ratio (MER) is based on total expenses (including leverage costs and Third Canadian's proportionate share of the expenses of CGI and CWF but 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 and Third Canadian's proportionate share of the expenses of CGI and CWF, Third Canadian's MERs were as follows: 2010 (to June 30, annualized) – 0.73%, 2009 – 0.69%, 2008 – 0.81%, 2007 – 0.63%, 2006 – 0.75%, 2005 – 0.68%.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs, including Third Canadian's proportionate share of such costs of CGI and CWF, expressed as an annualized percentage of daily average net asset value during the period.

(5) Excluding Third Canadian's proportionate share of commissions and other portfolio transaction costs of CGI and CWF, Third Canadian's trading expense ratios were as follows: 2010 (to June 30, annualized) – 0.05%, 2009 – 0.07%, 2008 – 0.15%, 2007 – 0.11%, 2006 – 0.09%, 2005 – 0.06%.

(6) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of a 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.

(7) The Company's portfolio turnover rates, excluding the principal asset segment of the portfolio, were as follows: 2010 (to June 30) – 17.19%, 2009 – 42.25%, 2008 – 56.00%, 2007 – 52.43%, 2006 – 40.47%, 2005 – 41.28%.

(8) Ratios for the six months ended June 30, 2010 have been annualized.

## MANAGEMENT FEES

The Company pays a management fee that is calculated monthly at 1.0% per annum of the consolidated net asset value (adjusted to include future income taxes, any tax liabilities and any borrowings as part of consolidated net asset value) of the Company (calculated without regard to the value of any securities owned by the Company or its subsidiaries in any company or other entity whose investment portfolio is managed by the Manager). The Manager is also entitled to receive an administration fee of 0.2% per annum of the market value of the securities owned by the Company or its subsidiaries in any company or other entity whose investment portfolio is managed by the Manager. 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 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 Third Canadian.

## PAST PERFORMANCE

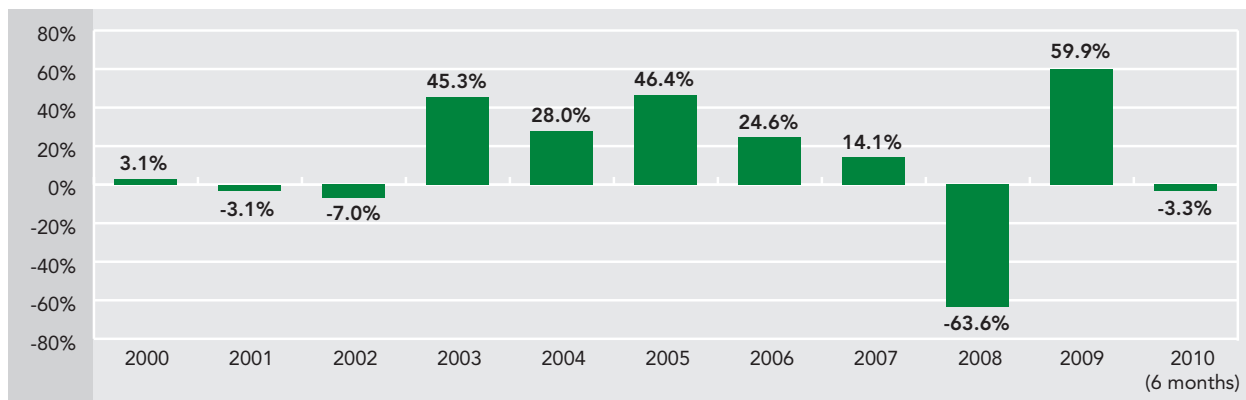
The performance information shown assumes that all dividends paid by Third Canadian were reinvested in additional shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that could have reduced 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, as well as interim performance for the six months ended June 30, 2010, 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 financial period would have grown or decreased by the last day of each financial period.

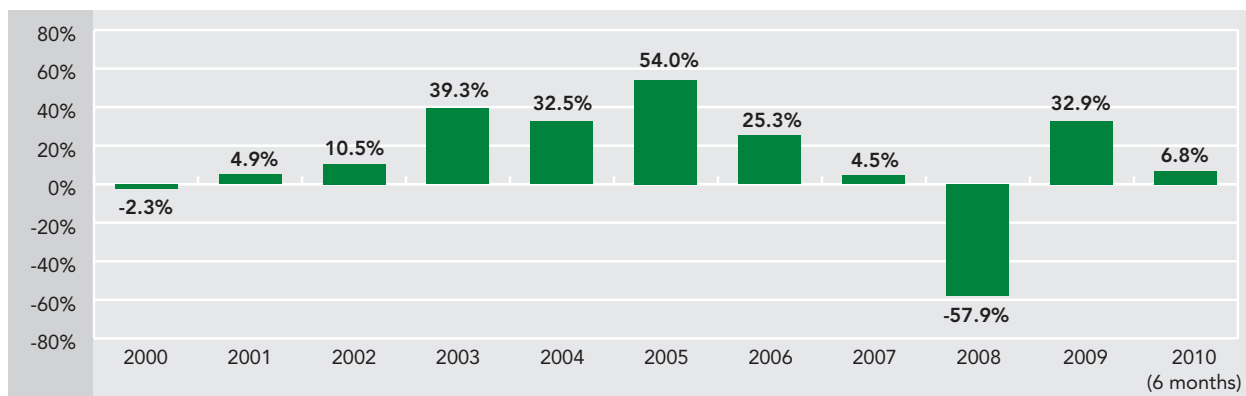
The bar chart below illustrates Third Canadian's net asset value per share return, with dividends reinvested at net asset value per share.

### Net Asset Value Return



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

### Market Value Return



## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2010

### Top 25 Holdings

Issuer	Country	Sector	% of Net Asset Value*	% of Investment Portfolio
Canadian General Investments, Limited**	Canada	Principal Assets	70.4	64.1
Canadian World Fund Limited**	Canada	Principal Assets	4.3	3.9
BMTC Group Inc.	Canada	Canadian Equities	2.2	2.0
Cash	Canada	Cash & Cash Equivalents	2.1	1.9
Eldorado Gold Corporation	Canada	Canadian Equities	1.9	1.8
Baidu, Inc.	China/Hong Kong	Foreign Equities	1.6	1.5
Home Capital Group Inc.	Canada	Canadian Equities	1.6	1.5
Ag Growth International Inc.	Canada	Canadian Equities	1.6	1.4
ATCO Ltd.	Canada	Canadian Equities	1.5	1.3
Labrador Iron Ore Royalty Income Fund	Canada	Canadian Equities	1.4	1.3
Equinox Minerals Limited	Canada	Canadian Equities	1.3	1.2
Novo Nordisk A/S	Denmark	Foreign Equities	1.3	1.2
Crescent Point Energy Corp.	Canada	Canadian Equities	1.2	1.1
Wynn Resorts, Limited	U.S.A.	Foreign Equities	1.2	1.1
Detour Gold Corporation	Canada	Canadian Equities	1.2	1.1
Major Drilling Group International	Canada	Canadian Equities	1.1	1.0
Waterfurnace Renewable Energy Inc.	Canada	Canadian Equities	1.1	0.9
Alamos Gold Inc.	Canada	Canadian Equities	1.0	0.9
Brigham Exploration Company	U.S.A.	Foreign Equities	1.0	0.9
Wild Stream Exploration Inc.	Canada	Canadian Equities	1.0	0.9
Diamond Estates Wines & Spirits Ltd.	Canada	Canadian Equities	1.0	0.9
Compass Minerals International, Inc.	U.S.A.	Foreign Equities	0.9	0.8
MasterCard, Inc.	U.S.A.	Foreign Equities	0.9	0.8
Orbit Garant Drilling Inc.	Canada	Canadian Equities	0.8	0.8
Big Lots, Inc.	U.S.A.	Foreign Equities	0.8	0.8
			104.4*	95.1
Total Net Asset Value* (\$000's)				\$ 164,271
Total Investment Portfolio* (\$000's)				\$ 180,319

\* Total Net Asset Value represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains (\$6.3 million), leverage in the form of bank indebtedness (\$10.0 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased, of \$208,000.

\*\* Investments in TSX-listed closed-end investment funds under common control with the Company. CGI is focussed on medium to long-term investments in Canadian corporations. CWF invests globally in securities of primarily publicly traded growth companies. Information on these funds is available at [www.sedar.com](http://www.sedar.com) or by visiting the Manager's web site at [www.mmmainvestments.com](http://www.mmmainvestments.com).

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 Manager's web site at [www.mmmainvestments.com](http://www.mmmainvestments.com), 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

# MANAGEMENT REPORT OF FUND PERFORMANCE – CONTINUED

## SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)

As at June 30, 2010

### Portfolio Breakdown

	% of Net Asset Value *	% of Investment Portfolio
Principal Assets**	74.7	68.0
Canadian Equities	24.5	22.3
Foreign Equities	8.4	7.6
Cash & Cash Equivalents	2.1	1.9

\* Total Net Asset Value represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains (\$6.3 million), leverage in the form of bank indebtedness (\$10.0 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased, of \$208,000.

\*\* Investments in TSX-listed closed-end investment funds under common control with the Company. CGI is focussed on medium to long-term investments in Canadian corporations. CWF invests globally in securities of primarily publicly traded growth companies. Information on these funds is available at [www.sedar.com](http://www.sedar.com) or by visiting the Manager's web site at [www.mmmainvestments.com](http://www.mmmainvestments.com).

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## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

**The auditors of the Company have not reviewed these consolidated interim financial statements.**

Shareholders of the Company appoint an independent auditor to audit the Company's annual consolidated financial statements. Applicable securities laws require that if an auditor has not reviewed the Company's interim financial statements, this must be disclosed in an accompanying notice.

# CONSOLIDATED STATEMENTS OF NET ASSETS

<i>As at June 30, 2010 and December 31, 2009</i> <i>(in thousands of dollars, except per share amounts)</i>	<b>June 30, 2010</b> <b>Unaudited</b> <b>\$</b>	<b>December 31, 2009</b> <b>Audited</b> <b>\$</b>
<b>Assets</b>		
Investments at fair value (cost - \$76,457; 2009 - \$77,549)	175,310	186,544
Cash	3,452	380
Receivable on securities sold	928	-
Interest and dividends receivable	93	140
Miscellaneous receivable	132	129
Income taxes recoverable	177	-
	180,092	187,193
<b>Liabilities</b>		
Bank indebtedness (note 2)	10,002	9,001
Accounts payable and accrued liabilities	128	128
Payable for securities purchased	720	-
Income taxes payable	-	403
Future income taxes on unrealized gain on investments	6,127	7,364
	16,977	16,896
	163,115	170,297
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments, net of future income taxes	92,726	101,631
Retained earnings (note 3)	61,204	59,481
	163,115	170,297
<b>Number of shares outstanding</b>	4,805,910	4,805,910
<b>Net assets per share</b> (note 8)	33.94	35.44

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

# CONSOLIDATED STATEMENTS OF OPERATIONS

For the six months ended June 30 (Unaudited)  
(in thousands of dollars, except per share amounts)

	2010 \$	2009 \$
<b>Investment income</b>		
Dividends	1,312	1,204
Interest and other	145	174
Securities lending revenue (note 7)	11	-
	1,468	1,378
<b>Expenses</b>		
Management fees	467	284
Interest (note 2)	90	11
Directors' fees and expenses	44	41
Listings and regulatory costs	35	32
Audit fees	19	20
Security holder reporting costs	11	12
Legal fees	8	8
Independent review committee fees and expenses	7	7
Custodial fees	4	-
Capital taxes	2	7
Investor relations	1	1
Other	36	19
	724	442
<b>Investment income before income taxes</b>	744	936
<b>Income tax recovery</b> (note 4)	10	-
<b>Net investment income</b>	734	936
<b>Realized and unrealized gains (losses) on investments</b>		
Net realized gain (loss) on investments, net of income tax provision (recovery) of \$nil (2009 - \$nil) (note 4)	1,933	(3,682)
Change in unrealized gain on investments, net of decrease (increase) in future income taxes of \$1,237 (2009 - \$(4,152))	(8,905)	28,980
Transaction costs on purchase and sale of investments	(46)	(51)
<b>Net gain (loss) on investments</b>	(7,018)	25,247
<b>Increase (decrease) in net assets resulting from operations for the period</b>	(6,284)	26,183
<b>Increase (decrease) in net assets resulting from operations per share</b> (based on 4,805,910 (2009 - 4,805,910) weighted-average shares outstanding during the period)	(1.31)	5.45

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

# CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30 (Unaudited)  
(in thousands of dollars)

	2010 \$	2009 \$
<b>Increase (decrease) in net assets resulting from operations for the period</b>	(6,284)	26,183
Dividends paid to shareholders from net investment income	(721)	(721)
Increase in refundable dividend tax on hand	(177)	(153)
<b>Increase (decrease) in net assets during the period</b>	(7,182)	25,309
<b>Net assets, beginning of period</b>	170,297	107,753
<b>Net assets, end of period</b>	163,115	133,062

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30 (Unaudited)  
(in thousands of dollars)

	2010 \$	2009 \$
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net investment income	734	936
Purchase of investments	(10,752)	(17,220)
Proceeds of disposition of investments	13,569	9,804
Transaction costs on purchase and sale of investments	(46)	(51)
Net change in non-cash balances related to operations	(536)	4,198
	2,969	(2,333)
<b>Financing activities</b>		
Increase in bank indebtedness	1,001	4,000
Dividends paid to shareholders from net investment income	(721)	(721)
Increase in refundable dividend tax on hand	(177)	(153)
	103	3,126
<b>Net increase in cash during the period</b> (note 6)	3,072	793
<b>Cash, beginning of period</b>	380	1,256
<b>Cash, end of period</b>	3,452	2,049

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

# CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2010

Number	Investment	Cost \$	Fair Value \$
<i>(in thousands of dollars)</i>			
<b>PRINCIPAL ASSETS (67.9%) (2009 - 68.7%)</b>			
7,629,811	Canadian General Investments, Limited	20,969	114,447
2,240,422	Canadian World Fund Limited	12,602	7,080
<b>TOTAL PRINCIPAL ASSETS</b>		<b>33,571</b>	<b>121,527</b>
<b>CANADIAN EQUITIES (22.4%) (2009 - 24.4%)</b>			
72,500	Ag Growth International Inc.	1,235	2,537
100,000	Alamos Gold Inc.	1,719	1,633
50,000	ATCO Ltd., I NV	1,953	2,375
186,800	BMTC Group Inc., A SV	1,965	3,549
140,000	Consolidated Thompson Iron Mines Limited	511	1,014
55,000	Crescent Point Energy Corp.	1,896	2,044
140,000	Daylight Energy Ltd.	980	1,250
85,000	Detour Gold Corporation	1,592	2,009
526,315	Diamond Estates Wines & Spirits Ltd., unlisted	2,000	1,589
165,800	Eldorado Gold Corporation	1,861	3,163
580,000	Equinox Minerals Limited	835	2,146
50,000	GENIVAR Income Fund, units	852	1,275
62,500	Home Capital Group Inc.	1,772	2,636
53,000	Labrador Iron Ore Royalty Income Fund, units	1,592	2,263
82,000	Major Drilling Group International Inc.	1,488	1,779
400,000	Orbit Garant Drilling Inc.	1,516	1,364
170,000	Painted Pony Petroleum Ltd., A	1,000	1,056
109,800	RuggedCom Inc.	1,944	1,276
225,000	Trinidad Drilling Ltd.	1,159	1,134
600,000	Tuscany International Drilling	921	660
300,000	Tuscany International Drilling, warrants 10/16/2011	40	9
64,500	Waterfurnace Renewable Energy Inc.	1,100	1,674
280,000	Wild Stream Exploration Inc.	1,373	1,582
<b>TOTAL CANADIAN EQUITIES</b>		<b>31,304</b>	<b>40,017</b>

Number	Investment	Cost \$	Fair Value \$
<i>(in thousands of dollars)</i>			
<b>FOREIGN EQUITIES (7.7%) (2009 - 6.7%)</b>			
37,000	Baidu, Inc., ADR	1,685	2,670
40,000	Big Lots, Inc.	1,558	1,362
100,000	Brigham Exploration Company	1,773	1,631
30,000	Carnival Corporation & plc	1,309	963
20,000	Compass Minerals International, Inc.	1,595	1,488
7,000	MasterCard Incorporated, A	1,518	1,482
25,000	Novo Nordisk A/S, ADR	1,089	2,150
25,000	Wynn Resorts, Limited	1,171	2,020
<b>TOTAL FOREIGN EQUITIES</b>		<b>11,698</b>	<b>13,766</b>
TRANSACTION COSTS		(116)	-
TOTAL INVESTMENTS (98.0%)		76,457	175,310
CASH & CASH EQUIVALENTS (1.9%)		3,452	3,452
NET RECEIVABLE ON SECURITIES SOLD (0.1%)		208	208
<b>INVESTMENT PORTFOLIO (100%)</b>		<b>80,117</b>	<b>178,970</b>

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

All 2009 comparative weightings are as at December 31, 2009.

## RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS:

INVESTMENT PORTFOLIO (109.7%)	178,970
FUTURE INCOME TAXES ON UNREALIZED GAIN ON INVESTMENTS (-3.8%)	(6,127)
BANK INDEBTEDNESS (-6.1%)	(10,002)
OTHER ASSETS AND LIABILITIES, NET (0.2%)	274
<b>NET ASSETS (100.0%)</b>	<b>163,115</b>

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2010 (Unaudited)

These unaudited interim consolidated financial statements do not include all of the disclosures contained in the audited consolidated financial statements and accordingly should be read in conjunction with the December 31, 2009 audited consolidated financial statements which are available at [www.sedar.com](http://www.sedar.com) or from the Company.

## 1 ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited interim consolidated financial statements conform to those presented in the Company's December 31, 2009 audited consolidated financial statements.

## 2 BANK INDEBTEDNESS

The Company has a revolving credit facility of \$15.0 million, comprising bankers' acceptances and term loans, with interest either at a quoted one-year rate plus 30 basis points or based on the prime bankers' acceptance rate (plus 90 basis points). The Company must comply with specified covenants during the terms of the loans.

The bank indebtedness has a combined weighted-average interest rate of 1.63% per annum as at June 30, 2010 (2009 – 1.00% per annum) and is repayable over various maturity dates in 2010. Accrued interest is included in bank indebtedness.

During the first six months of 2010, the Company utilized between \$9.0 million and \$14.0 million (2009 between \$nil and \$4.0 million) of its revolving credit facility.

## 3 RETAINED EARNINGS

The changes in retained earnings for the six months ended June 30 were as follows:

<i>(in thousands of dollars)</i>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Retained earnings, beginning of period	59,481	60,039
Net investment income	734	936
Net realized gain (loss) on investments, net of income tax provision (recovery)	1,933	(3,682)
Transaction costs on purchase and sale of investments	(46)	(51)
Net increase in refundable dividend tax on hand	(177)	(153)
	61,925	57,089
Dividends paid to shareholders from net investment income	(721)	(721)
Retained earnings, end of period	61,204	56,368

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 4 TAXATION

The Company, as a public corporation, is subject to income taxes on its net investment income and net realized gain (loss) on investments at the rates of approximately 32% (2009 - 33%) and 16% (2009 - 17%), respectively. Taxable dividends receivable from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The Company's recovery of income taxes on net investment income and provision for (recovery of) income taxes on net realized gain (loss) on investments during the period are determined as follows:

<i>(in thousands of dollars)</i>	<b>2010</b> \$	<b>2009</b> \$
<b>Provision for income taxes on net investment income</b>		
Provision for income taxes based on combined Canadian federal and provincial income tax rate	238	309
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(396)	(379)
Income tax rate differential	12	-
Applied to reduce future income taxes on unrealized capital gain on investments	146	70
Withholding taxes	10	-
Income tax provision	10	-

<i>(in thousands of dollars)</i>	<b>2010</b> \$	<b>2009</b> \$
<b>Provision for (recovery of) income taxes on net realized gain (loss) on investments</b>		
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rates	618	(1,216)
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of net realized gain on investments	(309)	608
Income tax rate differential	(23)	-
Applied to reduce future income taxes on unrealized capital gain on investments	(276)	617
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(10)	(9)
Income tax provision	-	-

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 for the Company is the difference between the fair value of investments in its portfolio and their adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of investments is greater than their ACB, a future income tax liability arises. When the ACB of investments is greater than their fair value, a future income tax asset is created. The effective income tax rate for future income taxes on the principal assets is approximately 13% (2009 - 15%) and 15% on the other investments in the portfolio (2009 - 15%).

As at June 30, 2010, the Company has non-capital loss carry-forwards of approximately \$3,381,000. These can be offset against income in future years and expire in 2028. The Company also has capital losses of approximately \$6,009,000, which can be utilized against future capital gains and are not subject to expiry. In addition, the Company has approximately \$1,014,000 of Ontario Corporate Minimum Tax (CMT) credits available that can be used to reduce Ontario income taxes payable in excess of a minimum tax. These credits will begin to expire in 2025.

The Company is also subject to a special tax of up to 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 \$613,000 as at June 30, 2010 (2009 - \$588,000).

## 5 FINANCIAL INSTRUMENTS

The Company is a closed-end investment fund. Its objective is to provide its investors with above-average returns, comprised of a blend of long-term capital appreciation and current income through investment in its principal assets, CGI and CWF, and otherwise directly in Canadian and international financial instruments, including equities, funds and related products.

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, Morgan Meighen & Associates Limited (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 of the Company in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate with respect to the non-principal assets, security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, the Manager considers other criteria such as asset class, industry, country and currency. Through its investments in the principal assets, the Company may be indirectly exposed to financial instruments risks. While the principal assets represent the major portion of the Company's portfolio, they are, themselves, diversified funds and, as such, do not result in the Company being exposed to a high degree of concentration in the securities of any one issuer when looked through. The principal assets had a weighting of 67.9% of the Company's investment portfolio at June 30, 2010 (December 31, 2009 - 68.7%).

### 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 and preferred shares, as well as amounts due from brokers. 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 consolidated statement of investment portfolio, represents the maximum credit risk exposure as at June 30, 2010. This also applies to other assets, as these have a short term to settlement. As at June 30, 2010, the Company had no investments in debt instruments (December 31, 2009 - \$nil).

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 7).

### **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, 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 a revolving credit facility of \$15.0 million (note 2).

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 consolidated statement of investment portfolio. Investments in principal assets, representing 67.9% (December 31, 2009 - 68.7%) of the investment portfolio, are considered long-term holdings. Leverage decisions, whether 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 of the Company as at June 30, 2010 and December 31, 2009 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 June 30, 2010 and December 31, 2009, the Company had no investments in debt instruments.

The Company's revolving credit facility is subject to interest rates at a quoted one-year rate or based on the prime bankers' acceptance rate, which exposes the Company to interest rate risk, as any new borrowings will be subject to the prevailing interest rate environment at that time. As at June 30, 2010, with a 1% increase or decrease in interest rates, net assets would have a corresponding decrease or increase of approximately \$71,000 over a one year period (December 31, 2009 - \$64,000).

#### Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's 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. Securities trading in foreign markets are also exposed to currency risk, as the price in local terms in the foreign market is converted to Canadian dollars to determine fair value. The Company's policy is not to enter into any hedging arrangements.

As at June 30, 2010, the Company's investment portfolio had a direct 7.9% (December 31, 2009 - 7.2%) weighting in securities denominated in U.S. dollars. The Company had no securities denominated in other currencies at period end (December 31, 2009 - \$nil).

As at June 30, 2010, had the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$578,000 or approximately 0.4% of net total assets (December 31, 2009 - \$563,000 or approximately 0.3% 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 moderates 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 of non-principal assets. 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 consolidated statement of investment portfolio groups the securities by principal and non-principal assets. Non-principal assets are subdivided into Canadian and foreign equities.

As at June 30, 2010, 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 \$7,608,000 or approximately 4.7% of total net assets (December 31, 2009 - \$7,975,000 or approximately 4.7% 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 measurement**

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

The following tables indicates the fair value hierarchy of the inputs used in valuing the Company's investments at June 30, 2010 and December 31, 2009:

<b>June 30, 2010</b> <i>(in thousands of dollars)</i>	<b>Quoted Prices in Active Markets (Level 1)</b> \$	<b>Significant Other Observable Inputs (Level 2)</b> \$	<b>Significant Unobservable Inputs (Level 3)</b> \$	<b>Total</b> \$
Equity Investments	173,721	-	1,589	175,310

<b>December 31, 2009</b> <i>(in thousands of dollars)</i>	<b>Quoted Prices in Active Markets (Level 1)</b> \$	<b>Significant Other Observable Inputs (Level 2)</b> \$	<b>Significant Unobservable Inputs (Level 3)</b> \$	<b>Total</b> \$
Equity Investments	184,507	-	2,037	186,544

All other financial instruments of the Company, which may include cash, receivable on securities sold or payable on securities purchased, interest and dividends receivable, income taxes recoverable or payable, accounts payable and accrued liabilities and bank indebtedness, are carried at amortized cost, which approximates their fair value.

During the periods ended June 30, 2010 and December 31, 2009, there were no investments transferred between Level 1 and Level 2.

During the period ended June 30, 2010, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

<i>(in thousands of dollars)</i>	<b>2010</b> \$
Level 3 balance, beginning of period	2,037
Change in unrealized gain/loss on investments	(448)
Level 3 balance, end of period	1,589
Change in unrealized gain/loss on investments, net of decrease (increase) in future income taxes of \$61	(387)

### 6 SUPPLEMENTAL CASH FLOW INFORMATION

Included in the net increase in cash during the period are the following amounts:

<i>(in thousands of dollars)</i>	<b>2010</b> \$	<b>2009</b> \$
Interest paid	89	11
Income taxes paid (recovered) – net	767	(3,936)

## 7 SECURITIES LENDING

Due to concern regarding uncertainty in global financial markets, the Company had temporarily suspended its participation in the securities lending program in 2008. In March 2010, the Company reinitiated the program and at June 30, 2010, the Company had loaned securities with a fair value of \$4,372,000 and the custodian held collateral of \$4,638,000.

## 8 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 consolidated 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.

	June 30, 2010 \$	December 31, 2009 \$
Net asset value per share	34.18	35.49
Canadian GAAP adjustment	(0.24)	(0.05)
Net assets per share	33.94	35.44

# FREQUENTLY ASKED QUESTIONS

## **WHAT IS THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED?**

Third Canadian, founded in 1928, is one of the oldest publicly listed closed-end equity funds in North America.

## **WHAT IS THIRD CANADIAN'S OBJECTIVE?**

Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of long-term capital appreciation and current income through investment in its principal assets and otherwise directly in Canadian and international financial instruments including equities, funds and related products.

## **WHAT ARE THIRD CANADIAN'S PRINCIPAL ASSETS?**

The majority of Third Canadian's portfolio is comprised of investments in Canadian General Investments, Limited (CGI) and Canadian World Fund Limited (CWF), which are TSX listed closed-end investment funds under common control with Third Canadian. CGI is focussed on medium to long-term investments in Canadian corporations, while CWF invests globally in securities of primarily publicly traded growth companies. At June 30, 2010, these holdings represented 67.9% of the total investment portfolio.

## **DOES THIRD CANADIAN EMPLOY LEVERAGE?**

Yes. Third Canadian has a revolving credit facility of \$20 million, comprising bankers' acceptances and term loans, with interest either at a quoted one-year rate plus 30 basis points or based on the prime bankers' acceptance rate (plus 75 basis points). At June 30, 2010, Third Canadian had outstanding borrowings of \$10 million.

## **WHAT IS THE DIVIDEND POLICY?**

Third Canadian's dividend policy is determined by the Board of Directors. Over the past several years, the Company has paid regular quarterly income dividends of \$0.06 per share on March 15, June 15, September 15 and December 15. On a periodic basis, the Board considers the payment of an extra dividend taking into account the current year's performance, and the desire to provide some degree of yield consistency over time to the Company's shareholders. Third Canadian paid an extra dividend of \$0.20 per share on December 30, 2009, resulting in a yield of 1.9% based on the year-end price.

## **WHAT IS THIRD CANADIAN'S MANAGEMENT EXPENSE RATIO (MER)?**

As a public company, Third Canadian is responsible for numerous corporate costs, including management fees, interest, investor relations, listing and regulatory costs. Third Canadian's MER is based on total expenses (excluding commissions and other portfolio transaction costs) as a percentage of daily average net assets during the year. As Third Canadian invests in Canadian General Investments, Limited (CGI) and Canadian World Fund Limited (CWF), which are investment funds, total expenses also include Third Canadian's proportionate share of the expenses of CGI and CWF. Third Canadian's MER for the six months ended June 30, 2010 was 3.82% (annualized). Excluding leverage costs (ie. interest on bank borrowings) and the Company's proportionate share of expenses of CGI and CWF, Third Canadian's MER was 0.73% (annualized).

## **IS THIRD CANADIAN APPROPRIATE FOR ME?**

The Board and Management envisage that the typical investor in Third Canadian is interested in long-term capital appreciation with income as a secondary objective. Investors of Third Canadian should be willing to tolerate moderate market volatility.

## **IS THIRD CANADIAN ELIGIBLE FOR REGISTERED PLANS?**

Third Canadian is a fully qualified investment for Canadian registered plans.

## **HOW CAN I BUY THIRD CANADIAN?**

Third Canadian's shares are traded through stock brokers and are listed on the Toronto Stock Exchange (symbol: THD).

FOUNDED IN 1928

*Managed by:*



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