

CANADIAN GENERAL
INVESTMENTS, LIMITED

CORPORATE INFORMATION

| | |
|---|--|
| OFFICE OF THE COMPANY | CANADIAN REGISTRAR AND TRANSFER AGENT |
| 110 Yonge Street, Suite 1601, Toronto, Ontario, Canada M5C 1T4 Telephone (416) 366-2931 1-800-207-0067 Fax (416) 366-2729 e-mail: cgifund@mma-investmgr.com website: www.mma-investmgr.com | Montreal Trust Company of Canada 151 Front Street W. 8th Floor Toronto, Ontario, Canada M5J 2N1 Tel: (416) 981-9633 Fax: (416) 981-9800 e-mail: mmamail@montrealtrust.com |

| | |
|--|---|
| STOCK EXCHANGE LISTINGS | U.K. TRANSFER AGENT |
| The Toronto Stock Exchange Trading Symbols: Common shares CGI Preferred shares CGI.PRA Warrants CGI.WT | CIBC Mellon Trust Company Balfour House 390 High Road Ilford, Essex IG1 1NQ Tel: 0181-478-1888 |

| | |
|---|---|
| The London Stock Exchange Reuters Symbols: Common shares CGIq.L Warrants CGI%q.L | To change your address, eliminate multiple mailings, or for other shareholder account inquiries, please contact transfer agent as applicable. |
|---|---|

The Corporation calculates and releases its net asset value per share (NAV) on a daily basis. The NAV is published in various media in Canada, the United States and the United Kingdom. The Corporation will provide a list of its weekly top 10 portfolio holdings (priced at market), together with current discount and market return information to any interested party upon request.

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

This Plan offers a unique low-cost opportunity for shareholders to increase their holdings in the Corporation, one of Canada's largest closed-end funds. Please contact the Plan administrator Montreal Trust Company of Canada for details.

STATEMENT OF INVESTMENTS
September 30, 1999

| NUMBER OF SHARES OR PAR VALUE | COST | MARKET VALUE |
|-----------------------------------|---------------|---------------|
| | (000's) | |
| Communications & Media | | |
| 50,000 | \$ 1,544 | \$ 1,138 |
| 100,000 | 2,223 | 2,940 |
| 80,000 | 2,341 | 2,840 |
| 100,000 | 2,675 | 2,485 |
| 75,000 | 1,773 | 5,010 |
| 100,000 | 1,122 | 4,040 |
| 290,000 | 4,971 | 4,625 |
| | <u>16,649</u> | <u>23,078</u> |
| Conglomerates | | |
| 200,000 | 4,705 | 4,160 |
| | <u>4,705</u> | <u>4,160</u> |
| Consumer Products | | |
| 200,000 | 1,431 | 4,700 |
| 70,000 | 4,416 | 3,658 |
| 275,000 | 4,790 | 5,225 |
| 200,000 | 5,120 | 7,680 |
| 200,000 | 2,524 | 2,950 |
| 125,000 | 4,075 | 4,500 |
| | <u>22,356</u> | <u>28,713</u> |
| Financial Services | | |
| 180,000 | 6,082 | 11,250 |
| 200,000 | | |
| | 4,786 | 2,840 |
| 126,692 | 935 | 2,502 |
| 225,000 | 4,050 | 3,926 |
| 35,000 | 1,715 | 2,132 |
| 200,000 | 6,433 | 3,803 |
| 240,000 | 6,895 | 6,828 |
| 122,000 | 2,798 | 2,227 |
| | <u>33,694</u> | <u>35,508</u> |
| Forest Products | | |
| 200,000 | 5,499 | 3,340 |
| 120,000 | 2,537 | 2,856 |
| 250,000 | 2,386 | 2,188 |
| 100,000 | 2,185 | 1,860 |
| | <u>12,607</u> | <u>10,244</u> |
| Gold & Precious Metals | | |
| 98,850 | 1,265 | 2,274 |
| 214,600 | 4,466 | 5,580 |
| 38,000 | | |
| | - | 695 |
| | <u>5,731</u> | <u>8,549</u> |

STATEMENT OF INVESTMENTS
September 30, 1999 (cont'd)

| NUMBER OF SHARES OR PAR VALUE | COST | MARKET VALUE |
|-------------------------------|---------------|---------------|
| | (000's) | |
| Industrial Products | | |
| 250,000 | \$ 3,815 | \$ 4,037 |
| 140,000 | 1,519 | 3,990 |
| 200,000 | 1,241 | 4,870 |
| 600,000 | | |
| | 2,450 | 2,910 |
| 215,700 | 3,230 | 3,818 |
| 88,000 | 3,211 | 4,378 |
| 130,000 | 4,050 | 4,186 |
| 205,000 | | |
| | 3,120 | 1,548 |
| 75,000 | 2,499 | 3,105 |
| 30,000 | | |
| | 3,784 | 5,002 |
| 178,000 | 2,330 | 2,643 |
| 74,000 | | |
| | 3,017 | 2,808 |
| 90,000 | 5,459 | 6,750 |
| 100,600 | 3,377 | 3,174 |
| 95,000 | 2,256 | 2,758 |
| 10,000 | 1,493 | 1,360 |
| 55,000 | | |
| | 5,401 | 4,194 |
| 80,000 | 1,165 | 3,648 |
| 107,500 | 4,162 | 6,005 |
| 230,000 | 1,744 | 3,588 |
| 200,000 | 2,764 | 2,680 |
| 170,000 | 3,009 | 1,955 |
| 100,000 | 1,881 | 2,250 |
| | <u>66,977</u> | <u>81,657</u> |
| Merchandising | | |
| 78,200 | | |
| | 2,961 | 2,768 |
| 94,181 | 2,701 | 3,452 |
| 230,000 | 2,657 | 2,990 |
| | <u>8,319</u> | <u>9,210</u> |
| Metals & Minerals | | |
| 75,000 | 3,434 | 3,457 |
| 300,000 | 3,471 | 1,140 |
| 6,000,000 | 784 | 840 |
| 150,000 | 2,613 | 3,217 |
| 61,750 | 3,826 | 3,858 |
| 220,000 | | |
| | 2,246 | 2,387 |
| 331,900 | 3,848 | 1,351 |
| 315,000 | 6,276 | 6,316 |
| 466,000 | 2,331 | 979 |
| 1,000,000 | | |
| | 1,000 | 1,080 |
| | <u>29,829</u> | <u>24,625</u> |

STATEMENT OF INVESTMENTS
September 30, 1999 (cont'd)

| NUMBER OF SHARES OR PAR VALUE | COST | MARKET VALUE |
|---|---------------|---------------|
| | (000's) | |
| Oil & Gas | | |
| 147,400 | \$ 251 | \$ 125 |
| 350,000 | 2,173 | 3,430 |
| 200,000 | 2,639 | 2,940 |
| 150,000 | | |
| | 1,971 | 3,135 |
| 100,000 | | |
| | 1,949 | 2,665 |
| 100,000 | 2,464 | 50 |
| 90,000 | 1,457 | 2,767 |
| 225,000 | 3,629 | 5,062 |
| 70,000 | 2,291 | 2,184 |
| 200,000 | 3,153 | 4,450 |
| 150,000 | 720 | 70 |
| 300,000 | 2,609 | 4,050 |
| 200,000 | 1,324 | 4,190 |
| 115,000 | 2,386 | 6,440 |
| 270,000 | 2,241 | 2,592 |
| | <u>31,257</u> | <u>44,150</u> |
| Pipelines | | |
| 66,200 | 2,257 | 2,102 |
| 263,000 | 6,603 | 5,063 |
| 140,000 | 4,153 | 3,843 |
| | <u>13,013</u> | <u>11,008</u> |
| Transportation & Environment | | |
| 300,000 | 3,198 | 3,015 |
| | <u>3,198</u> | <u>3,015</u> |
| Utilities | | |
| 140,000 | 3,126 | 10,220 |
| 78,308 | 3,327 | 2,400 |
| 100,000 | 2,342 | 4,000 |
| 90,000 | 4,074 | 3,064 |
| 157,900 | 2,359 | 2,708 |
| 75,000 | 2,909 | 1,703 |
| 200,000 | | |
| | 5,046 | 5,000 |
| 2,200,000 | | |
| | 2,200 | 2,191 |
| 125,000 | 2,591 | 2,381 |
| | <u>27,974</u> | <u>33,667</u> |

STATEMENT OF INVESTMENTS
September 30, 1999 (cont'd)

| NUMBER OF SHARES OR PAR VALUE | COST | MARKET VALUE |
|-------------------------------|--------------|--------------|
| | (000's) | |
| Preferred Shares | | |
| 155,000 | \$ 3,404 | \$ 3,681 |
| 69,000 | 1,404 | 1,139 |
| 425,000 | | |
| | 969 | 1,356 |
| | <u>5,777</u> | <u>6,176</u> |

Total Investments
- September 30, 1999 \$282,086 \$323,760

Total Investments
- September 30, 1998 \$209,384 \$228,398

Changes from June 30, 1999
* New Holdings
+ Increased Holdings

INVESTMENT PORTFOLIO
TEN LARGEST INVESTMENTS
September 30, 1999

| Company | Market Value (000's) | % of Market Value of Total Investment Portfolio |
|--|----------------------|---|
| CT Financial Services Inc. | \$11,250 | 3.5 |
| BCE, Inc. | 10,220 | 3.2 |
| Dia Met Minerals Ltd. | 7,854 | 2.4 |
| Imasco Limited | 7,680 | 2.4 |
| Telesystem International Wireless Inc. | 7,191 | 2.2 |
| Falconbridge Limited | 6,898 | 2.1 |
| The Toronto Dominion Bank | 6,828 | 2.1 |
| Nortel Networks Corporation | 6,750 | 2.1 |
| Suncor Energy, Inc. | 6,440 | 2.0 |
| Noranda Inc. | 6,316 | 1.9 |
| Totals | <u>\$77,427</u> | <u>23.9</u> |

CANADIAN
GENERAL
INVESTMENTS,
LIMITED



SEPTEMBER 30, 1999
THIRD QUARTER
REPORT

REPORT TO SHAREHOLDERS

CGI's portfolio continues to deliver good longer term results, although it has underperformed in the short term. In the quarter ended September 30, the portfolio retreated and resulted in a small year-to-date loss in net assets of 0.8%, compared with a gain of 7.3% for the TSE 300 Composite Index – both numbers well down from their highs. The twelve month picture was more positive with a 12.4% net asset gain compared with 23.9% for the TSE 300 Composite Index.

Markets have become increasingly volatile. A particular difficulty for Canadian equity fund managers has been the extraordinary upward march of BCE Inc. and its subsidiary interest, Nortel Networks Corporation. These two companies contributed 7.0% of the 7.3% year-to-date performance and have a combined weighting approaching 19% of the TSE 300 Composite Index. The Globe & Mail reported on October 14 that most Canadian equity mutual funds were up less than 5.2% and that the majority had less than a 5.8% weighting in Nortel. CGI's combined weighting in BCE and Nortel at September 30 was 5.3%, but the Fund's total exposure in technology-linked stocks was well over 10% of the portfolio including exceptional performers BCE Emergis Inc., JDS Uniphase Canada Limited and Research in Motion Limited.

CGI's share price has declined 13.8% year to date and is down 2.1% over the twelve month period. CGI's discount, as with all closed-end funds has played an important role in share price return, almost doubling to 23.3% from 12.1% a year ago.

FINANCIAL

Net assets at \$269,343,000 were close to par with the year-end value of \$271,658,000 although it was a retrenchment from the mid year value of \$284,476,000. Per share net asset value was \$14.60 at the end of the quarter, \$13.66 fully diluted. The impact of the Corporation's \$60,000,000 preference share issue in October 1998 continued to be felt with total assets at September 30, 1999 showing a value of \$331,172,000, an increase of \$91,321,000, or 38.1% over last year.

Investment income for the nine months was well ahead of 1998 with an increase of 26.7% while aggregate expenses rose 10.1%. On a before-tax basis, investment income for the period was negative for 1999 and 1998.

However, provision for recovery of income taxes resulted in net investment income of \$353,000 for 1999 versus a loss of \$128,000 last year. Unrealized portfolio appreciation stood at \$41,674,000 at the end of the period, compared to \$48,678,000 at year end. Net gain on investments amounted to \$7,840,000 for the nine month period, compared to \$12,326,000 for the same period last year.

TOP HOLDINGS

The portfolio top ten list continues to be headed by CT Financial Services Inc. followed by BCE, Inc. Up into third place is Dia Met Minerals Ltd. which is now the world's biggest single diamond miner outside the De Beers group. A newcomer is Imasco Limited, due to be acquired by BAT Plc early next year at a higher market price. Nortel Networks Corporation is now ranked and so is Noranda Inc.

We are overweight by nearly 29% in the oil and gas sector and by 84% in the metals and minerals sector. With global economic recovery and continued U.S. strength these resource sectors have excellent return potential.

OUTLOOK

The near future looks good for the Canadian stock market as the Asian and European regions recover, making resource sectors increasingly attractive. No slowdown is expected in our world class technology industries and the Canadian dollar continues to try to move upward. The return of the TSE 300 has outperformed the S&P 500, expressed in Canadian dollar terms, by a margin of roughly 7.6% year-to-date. With Canadian stocks arguably still priced in the market at lower values than U.S. companies, we could see Canada outperform for 1999.

E. Louise Morgan

E. Louise Morgan
Chairman

Michael A. Smedley

Michael A. Smedley
President

CGI has adopted the new financial statement reporting format recommended in a Canadian Institute of Chartered Accountants Research Report for investment funds. Prior year figures have been restated to reflect the new format.

STATEMENT OF NET ASSETS

(Unaudited)

| As at September 30, | 1999 | 1998 |
|--|------------------|------------------|
| | (000's) | |
| ASSETS | | |
| Investments | \$323,760 | \$228,398 |
| Cash and short-term investments | 2,310 | 965 |
| Receivable on securities sold | - | 1,729 |
| Accrued interest and dividends | 471 | 449 |
| Income taxes recoverable | 3,302 | 8,196 |
| Deferred financing charge | 1,329 | 114 |
| Total Assets | 331,172 | 239,851 |
| LIABILITIES | | |
| Payable on securities purchased | 1,626 | - |
| Accounts payable and accrued liabilities | 70 | 121 |
| Accrued dividends on preference shares | 133 | - |
| Preference shares | 60,000 | - |
| Total Liabilities | 61,829 | 121 |
| Net Assets | \$269,343 | \$239,730 |
| SHAREHOLDERS' EQUITY | | |
| Common shares | \$ 95,122 | \$ 84,481 |
| Unrealized gain on investments | 41,674 | 19,014 |
| Retained earnings | 132,547 | 136,235 |
| | \$269,343 | \$239,730 |
| Number of common shares outstanding | 18,441,872 | 18,441,872 |
| Net asset value per common share | | |
| - basic | \$14.60 | \$13.00 |
| Net asset value per common share | | |
| - fully diluted | \$13.66 | \$12.42 |

STATEMENT OF NET REALIZED GAIN ON INVESTMENTS

(Unaudited)

| Nine months ended September 30, | 1999 | 1998 |
|---|-----------------|------------------|
| | (000's) | |
| Proceeds from disposition of investments | \$ 123,263 | \$116,834 |
| Investments at cost, beginning of period | 262,876 | 202,700 |
| Investments purchased during the period | 130,836 | 105,247 |
| Investments at cost, end of period | (282,086) | (209,384) |
| Cost of investments disposed of during the period | 111,626 | 98,563 |
| Realized gain on disposition of investments before income taxes | 11,637 | 18,271 |
| Income taxes on realized net taxable capital gains | 3,797 | 5,945 |
| Net realized gain on investments | \$ 7,840 | \$ 12,326 |

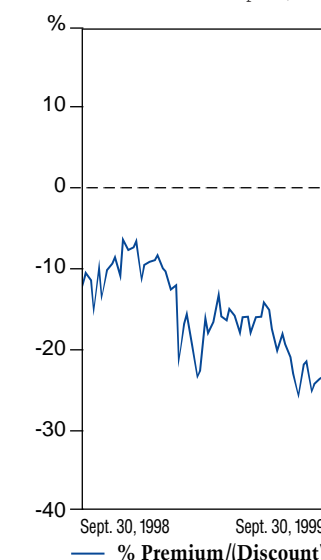
STATEMENT OF OPERATIONS

(Unaudited)

| Nine months ended September 30, | 1999 | 1998 |
|---|------------------|--------------------|
| | (000's) | |
| INVESTMENT INCOME | | |
| Dividends | \$ 4,154 | \$ 3,480 |
| Interest | 788 | 414 |
| Miscellaneous | 41 | 39 |
| Total investment income | 4,983 | 3,933 |
| EXPENSES | | |
| Management fees | 2,596 | 2,465 |
| Interest related to issuer bid litigation | - | 2,165 |
| Dividends on preference shares | 2,421 | - |
| Amortization of deferred financing charge | 249 | - |
| Directors' fees | 88 | 134 |
| Miscellaneous | 339 | 408 |
| Total expenses | 5,693 | 5,172 |
| Investment loss before income taxes | (710) | (1,239) |
| Income tax recovery | 1,063 | 1,111 |
| NET INVESTMENT INCOME (LOSS) | 353 | (128) |
| REALIZED AND UNREALIZED GAIN ON INVESTMENTS | | |
| Net realized gain on investments | 7,840 | 12,326 |
| Change in unrealized appreciation of investments | (7,004) | (69,672) |
| NET GAIN (LOSS) ON INVESTMENTS | 836 | (57,346) |
| INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS | \$ 1,189 | \$ (57,474) |
| STATEMENT OF CHANGES IN NET ASSETS | | |
| | (000's) | |
| Nine months ended September 30, | 1999 | 1998 |
| INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS | \$ 1,189 | \$ (57,474) |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income (loss) | (1,383) | (2,637) |
| From net realized gain on investments | (2,766) | (8,287) |
| Total distributions | (4,149) | (10,924) |
| Income taxes recoverable on distributions from net realized gain on investments | 902 | 2,704 |
| Net increase in refundable dividend tax on hand | (167) | (282) |
| Net distributions to common shareholders | (3,414) | (8,502) |
| CAPITAL SHARE TRANSACTIONS | | |
| Shares issued on reinvestment of distributions | - | 5,236 |
| OTHER | | |
| Payment pursuant to issuer bid litigation | - | (6,725) |
| DECREASE IN NET ASSETS | (2,225) | (67,465) |
| NET ASSETS - BEGINNING OF PERIOD | 271,568 | 307,195 |
| NET ASSETS - END OF PERIOD | \$269,343 | \$239,730 |
| DISTRIBUTIONS PER COMMON SHARE | | |
| Regular dividends | \$0.075 | \$0.150 |
| Capital gains dividends | \$0.150 | \$0.475 |
| | \$0.225 | \$0.625 |

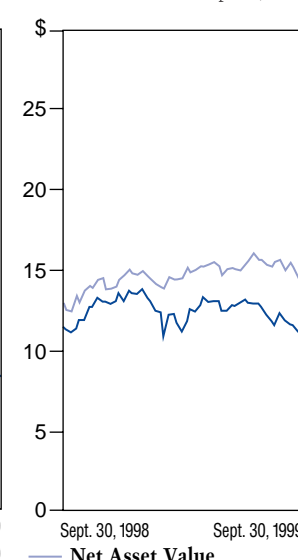
PREMIUM/(DISCOUNT) TO NAV

Twelve months ended Sept. 30, 1999



COMPARISON OF MARKET PRICE TO BASIC NAV

Twelve months ended Sept. 30, 1999

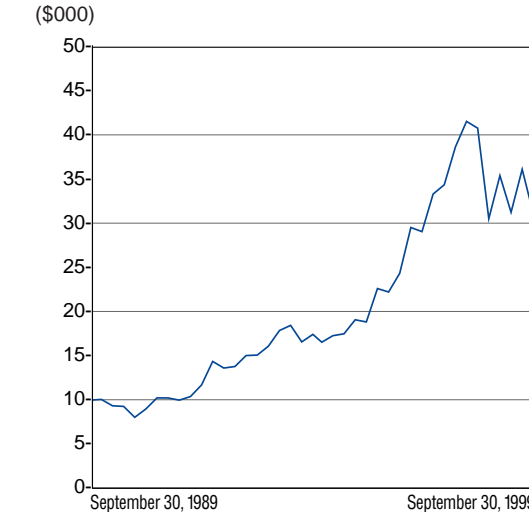


* RATES OF RETURN

For periods ended September 30, 1999

| 1YR | 3YR | 5YR | 10YR |
|------|------|-------|-------|
| 1.8% | 8.5% | 11.1% | 12.0% |

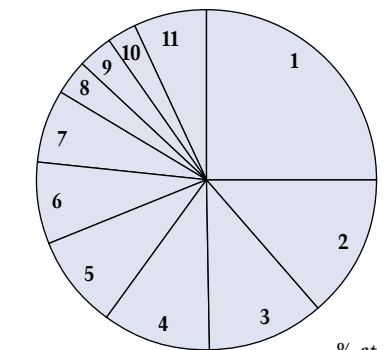
*GROWTH OF A \$10,000 INVESTMENT OVER 10 YEARS



* An investment in the Corporation's common shares, assuming reinvestment of distributions at month-end closing prices.

WEIGHTING OF PORTFOLIO INVESTMENTS SECTOR ANALYSIS

September 30, 1999



| | % at Market |
|--------------------------|-------------|
| 1 Industrial Products | 25.2 |
| 2 Oil & Gas | 13.6 |
| 3 Financial Services | 11.0 |
| 4 Utilities | 10.4 |
| 5 Consumer Products | 8.9 |
| 6 Metals & Minerals | 7.6 |
| 7 Communications & Media | 7.1 |
| 8 Pipelines | 3.4 |
| 9 Forest Products | 3.2 |
| 10 Merchandising | 2.8 |
| 11 Other Sectors | 6.8 |

YEAR 2000

The "Year 2000" issue refers to the possibility that on January 1, 2000 some computer systems may function improperly because they use two digits to identify the year, rather than four.

MMA Investment Managers Limited (the "Manager") provides critical portfolio record keeping and accounting services to the Corporation. The Manager has provided assurance that its systems are Year 2000 compliant. The Corporation is continuing to monitor the work being performed on the relevant computer systems of all its key service vendors. The Corporation's contingency planning for Year 2000 issues is dependent upon the contingency planning of these key vendors. With respect to new vendors, only those that are Year 2000 compliant are being accepted by the Corporation and the Manager.

With respect to portfolio investments, the Corporation is not aware of any investee company not taking appropriate steps to mitigate their risk to the Year 2000 issue. The financial condition of investee companies may be affected by systems failures, remediation costs, and overall economic uncertainties.

There continues to be uncertainty as to how the capital markets will be affected in the year 2000, particularly because of the widespread use of computers in the world economy. While the Corporation believes that it is taking appropriate action to address the Year 2000 issue, all investors – including investors in the Corporation – may be adversely affected by events beyond their control or expectation. It is also possible that the markets for securities in which the Corporation invests may be adversely affected by computer failures, which may result in liquidity issues and settlement problems.