

CONSOLIDATED STATEMENT OF INVESTMENTS  
September 30, 1999

NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
<b>Principal Assets</b>		
6,882,268 Canadian General Investments, Limited	\$ 17,488	\$ 77,081
1,376,932 Canadian General Investments, Limited wts	-	6,059
1,120,211 Canadian World Fund Limited	5,601	4,425
	<u>23,089</u>	<u>87,565</u>
<b>Canadian-Listed</b>		
40,000 AEC Pipelines, L.P.	321	312
40,000 Amalgamated Income Limited Partnership	410	360
40,000 Associated Freezers Income Trust	419	280
33,600 Centrefund Realty Corporation	519	454
14,400 Corby Distilleries Ltd. B	484	752
25,000 Direct Energy	499	651
115,476 The First Asia Income Fund	953	624
50,000 The First Asia Income Fund wts	30	-
40,950 First Australia Prime Income Investment Company Limited	546	395
4,550 First Australia Prime Income Investment Company Limited wts	1	1
100,000 Gulf Canada Resources Limited pfd. series A	441	319
75,000 H & R Real Estate Investment Trust	603	836
69,700 Halterm Income Fund	688	488
100,000 Rogers Sugar Income Fund	954	685
94,200 Shiningbank Energy Income Fund+	578	1,017
500,000 Telesystem International Wireless Inc.		
7% February 15, 2002 conv. deb.	500	498
30,000 TimberWest Forest Corp.*	331	320
80,000 Viking Energy Royalty Trust*	490	508
40,000 Viking Energy Royalty Trust wts*	10	20
80,000 Westshore Terminals Income Fund	760	480
	<u>9,537</u>	<u>9,000</u>
<b>U.K.-Listed<sup>(1)</sup></b>		
234,000 Aberdeen Preferred Income Trust PLC	901	875
17,000 Atlantis Korean Smaller Companies Fund	359	327
300,000 Baring Emerging Europe Trust PLC	412	697
116,570 Dartmoor Investment Trust PLC	306	484
343,000 Finsbury Life Sciences Investment Trust PLC+	544	564
250,000 Foreign & Colonial Special Utilities Investment Trust PLC Income shares	494	424
400,000 The Gartmore Scotland Investment Trust PLC	460	300
200,000 Govett Enhanced Income Investment Trust PLC	481	485
1,200,000 Investors Capital Trust PLC Income Annuity shares	609	399
255,000 Ivory and Sime ISIS Trust PLC CV Annuity shares	483	222

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

NUMBER OF SHARES OR PAR VALUE	COST	MARKET VALUE
	(000's)	
<b>U.K.-Listed<sup>(1)</sup> (continued)</b>		
1,000,000 Lloyds Smaller Companies Investment Trust PLC Dividend shares	\$ 495	\$ 309
435,000 M & G Equity Investment Trust PLC Income shares	449	463
475,000 M & G Recovery Investment Trust PLC Income shares	306	236
154,105 Quarterly High Income Trust PLC	478	496
41,818 Royal & Sun Alliance Insurance Group PLC	597	485
495,000 Second St. David Investment Trust PLC Capital shares	331	192
255,000 Yeoman II Investment Trust PLC Income shares	736	639
	<u>8,441</u>	<u>7,597</u>
<b>U.S.-Listed</b>		
20,000 The European Warrant Fund, Inc.	563	437
27,500 Fidelity Advisor Korea Fund, Inc.	244	344
10,000 General American Investors Company, Inc.	508	479
10,000 The Germany Fund, Inc.	256	197
20,400 INVESCO Global Health Sciences Fund	521	470
14,800 The Irish Investment Fund Inc.	467	347
10,700 Morgan Stanley Dean Witter Russia & New Europe Fund	185	173
42,100 Morgan Stanley Emerging Markets Debt Fund, Inc.+	467	433
58,000 The Pakistan Investment Fund, Inc.*	201	176
22,500 The Spain Fund Inc.	639	477
12,700 Templeton Emerging Markets Fund, Inc.	249	206
66,300 Templeton Emerging Markets Income Fund, Inc.	1,116	969
30,000 Templeton Russia Fund, Inc.	670	469
	<u>6,086</u>	<u>5,177</u>
<b>Other</b>		
722,700 CBD Property Fund	405	319
787,000 Centrecity Property Fund Ltd.	414	424
105,540 City of London Investment Group PLC	2,716	2,716
13,000 Fleming Russia Securities Fund Ltd.	326	81
218,762,205 Mesbla S.A.	1,071	-
80,566 Robert Fleming Holdings Limited	2,365	2,365
	<u>7,297</u>	<u>5,905</u>
<b>Total Investments - September 30, 1999</b>		
	<u>\$ 54,450</u>	<u>\$ 115,244</u>
<b>Total Investments - September 30, 1998</b>		
	<u>\$ 52,729</u>	<u>\$ 114,350</u>

<sup>(1)</sup> Several of the U.K.-listed shares have annuity features that provide high current yields and overall return through income rather than capital growth.

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
Canadian General Investments, Limited	\$83,140	72.1
Canadian World Fund Limited	4,425	3.8
City of London Investment Group PLC	2,716	2.4
Robert Fleming Holdings Limited	2,365	2.1
Shiningbank Energy Income Fund	1,017	0.9
Templeton Emerging Markets Income Fund, Inc.	969	0.8
Aberdeen Preferred Income Trust PLC	875	0.8
H & R Real Estate Investment Trust	836	0.7
Corby Distilleries Ltd. B	752	0.7
Baring Emerging Europe Trust PLC	697	0.6
<b>Totals</b>	<b>\$97,792</b>	<b>84.9</b>

WEIGHTING OF INVESTMENT PORTFOLIO  
September 30, 1999

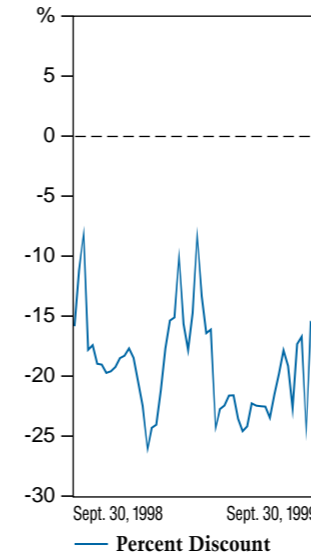
	Market Value (\$000's)	% at Market
Principal Assets	87,565	76.0
Canadian-Listed	9,000	7.8
U.K.-Listed	7,597	6.6
Other	5,905	5.1
U.S.-Listed	5,177	4.5
	<u>115,244</u>	<u>100.0</u>

HIGH INCOME SECTOR PORTFOLIO YIELD (%)<sup>\*</sup>  
Twelve months ended September 30, 1999

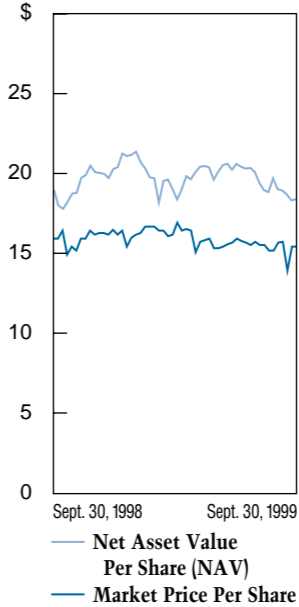
Canadian-Listed	10.7
U.K.-Listed	15.9
U.S.-Listed	16.8

<sup>\*</sup>Represents total distributions as a percent of the period-end market price.

DISCOUNT TO NAV  
Twelve months ended Sept. 30, 1999



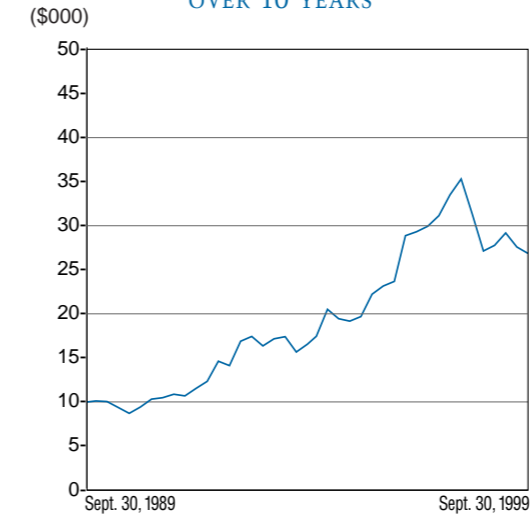
COMPARISON OF MARKET PRICE TO NAV  
Twelve months ended Sept. 30, 1999



\* RATES OF RETURN  
For periods ended September 30, 1999

1YR	3YR	5YR	10YR
-1.0%	4.3%	10.1%	10.4%

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



<sup>\*</sup>An investment in the Company's shares, assuming reinvestment of distributions at month-end closing prices.

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

3

SEPTEMBER 30, 1999  
THIRD QUARTER REPORT

## REPORT TO SHAREHOLDERS

The volatility of the Canadian stock market is clearly reflected in Third's share price performance in the latest quarter to September 30. The common shares of Canadian General Investments, Limited ("CGI"), the dominant influence on the portfolio, gave back their 15% second quarter market gain. A small decline was experienced among the non-principal assets bought mainly for income and which have traded with relative stability through most of the year to date.

### FINANCIAL RESULTS

Third Canadian's net asset value showed a small increase to \$88,429,000 from \$88,266,000 in the year-over-year period, or to \$18.40 from \$18.37 on a per share basis. Investments increased to \$115,244,000 from \$114,350,000 a year ago.

CGI's market price discount to net assets doubled to 24% from 12% a year ago. We believe that such high discount levels could attract investors looking for value and could reverse the discount trend. The recently lagging performance of the CGI shares accounts for almost 90% of the decline in Third's net assets per share from \$20.61 to \$18.40 over the latest quarter. Short-term results are sometimes disappointing but long term the CGI holding has delivered excellent results.

Total investment income has fallen substantially over last year. Income fell because two out of the three quarterly dividends received from CGI were capital gains dividends and therefore included as realized gains on investments rather than regular dividends to be included in investment income. Over the same period in 1998, two out of three CGI dividends were regular dividends. Also, contributing to the decrease in investment income were the interest portion of the litigation payment received from CGI being included last year and portfolio assets being reduced by dispositions in late 1998 to reduce the bank loan by \$5 million to \$15 million. The reduction was a defensive move during a period of rate volatility. Borrowings at a cost of less than 6% at current rate levels are still beneficial as the Company's present high-income strategy provides investments from which portfolio yields at the 15% level are normal.

Partially offsetting the income decrease was a reduction of total expenses. Lower management fees, reduced interest on outstanding bank borrowings and the absence of the interest related to litigation reduced expenses for the nine months in 1999 compared to the 1998 period.

## PORTFOLIO

The portfolio continued to exhibit a strong presence on three exchanges – Toronto, New York and London. Two investment themes predominate – fund of funds and the high-income strategy. At period-end market prices, Canadian listed shares were yielding 10.7% and U.K. shares 15.9%. U.S. yields will depend on year-end distributions but are currently at 16.8% annualized.

Many high income shares, that show unrealized losses in the Canadian-listed sector, reflect commodity volatility. Several of the U.K.-listed shares have annuity features that provide high current yields and overall return through income rather than capital growth. U.S.-listed country funds, often a volatile sector, traditionally consider paying capital gains distributions toward year-end.

Little change occurred in the top ten holdings through the latest quarter. Superior Propane Income Fund was sold for a substantial gain and Baring Emerging Europe Trust PLC ascended into the list.

### SHARE DISCOUNT

Third Canadian completed the quarter trading at a 15.8% discount to net asset value per share, narrowed from the 22.4% of June 30 but still far wider than traditionally experienced. For the nine month period, the discount ranged from 7.5% to 26.5%.

### OUTLOOK

The Company's shares clearly have great recovery potential given price improvement in CGI which should benefit from a Toronto market that is already outpacing the S&P 500 index to date.

E. Louise Morgan  
Chairman

Michael A. Smedley  
President

*Third Canadian has adopted a 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 this new format.*

## CONSOLIDATED STATEMENT OF NET ASSETS

(Unaudited)

As at September 30,	1999	1998
	(000's)	
<b>ASSETS</b>		
Investments	\$ 115,244	\$ 114,350
Cash	182	1,249
Receivable on securities sold	–	872
Accrued interest and dividends	263	270
Income taxes recoverable	1,451	3,401
<b>Total Assets</b>	<b>117,140</b>	<b>120,142</b>
<b>LIABILITIES</b>		
Bank indebtedness	14,984	16,982
Accounts payable and accrued liabilities	38	45
	15,022	17,027
Deferred income taxes	13,689	14,849
<b>Total Liabilities</b>	<b>28,711</b>	<b>31,876</b>
<b>Net Assets</b>	<b>\$ 88,429</b>	<b>\$ 88,266</b>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	\$ 6,504	\$ 6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments	47,105	46,741
Retained earnings	32,139	32,340
	\$ 88,429	\$ 88,266
Number of common shares outstanding	4,805,910	4,805,910
Net asset value per share	\$18.40	\$18.37

## CONSOLIDATED STATEMENT OF NET REALIZED GAIN (LOSS) ON INVESTMENTS

(Unaudited)

Nine months ended September 30,	1999	1998
	(000's)	
Proceeds from disposition of investments	\$ 6,894	\$ 20,207
Investments at cost, beginning of period	53,215	62,252
Investments purchased during the period	9,597	10,242
Investments at cost, end of period	(54,450)	(52,729)
Cost of investments disposed of during the period	8,362	19,765
Realized gain (loss) on disposition of investments before income taxes	(1,468)	442
Income tax recovery on allowable capital losses	(491)	(545)
Net realized gain (loss) on investments	\$ (977)	\$ 987

## CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

Nine months ended September 30,	1999	1998
	(000's)	
<b>INVESTMENT INCOME</b>		
Dividends	\$ 2,165	\$ 3,858
Interest related to issuer bid litigation	–	667
Interest	331	236
<b>Total investment income</b>	<b>2,496</b>	<b>4,761</b>
<b>EXPENSES</b>		
Management fees	400	528
Interest related to issuer bid litigation	–	825
Interest	644	785
Directors' fees	26	29
Regulatory and transfer agent fees	27	29
Miscellaneous	87	87
<b>Total expenses</b>	<b>1,184</b>	<b>2,283</b>
Investment income before income taxes	1,312	2,478
Income tax provision	249	822
<b>NET INVESTMENT INCOME</b>	<b>1,063</b>	<b>1,656</b>

### REALIZED AND UNREALIZED GAIN ON INVESTMENTS

Net realized gain (loss) on investments	(977)	987
Change in unrealized appreciation of investments	(9,359)	(19,973)
Capital gains dividends received, net of income taxes of \$345 (1998 – \$381)	687	758
<b>NET LOSS ON INVESTMENTS</b>	<b>(9,649)</b>	<b>(18,228)</b>

### DECREASE IN NET ASSETS

<b>RESULTING FROM OPERATIONS</b>	<b>\$ (8,586)</b>	<b>\$(16,572)</b>
----------------------------------	-------------------	-------------------

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

(Unaudited)

Nine months ended September 30,	1999	1998
	(000's)	
<b>DECREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		
	<b>\$ (8,586)</b>	<b>\$(16,572)</b>
<b>DISTRIBUTIONS TO SHAREHOLDERS</b>		
From net investment income	(1,081)	(1,081)
<b>OTHER</b>		
Payment pursuant to issuer bid litigation	–	(2,564)
<b>DECREASE IN NET ASSETS</b>	<b>(9,667)</b>	<b>(20,217)</b>
<b>NET ASSETS – BEGINNING OF PERIOD</b>		
	<b>98,096</b>	<b>108,483</b>
<b>NET ASSETS – END OF PERIOD</b>	<b>\$ 88,429</b>	<b>\$ 88,266</b>
<b>DISTRIBUTIONS PER SHARE</b>		
Dividends	\$0.225	\$0.225

## THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

### CORPORATE INFORMATION

#### OFFICE OF THE COMPANY

110 Yonge Street,  
Suite 1601, Toronto,  
Ontario, Canada  
M5C 1T4  
Telephone (416) 366-2931  
1-800-207-0067  
Fax (416) 366-2729  
e-mail:  
thdfund@mma-investmgr.com  
website:  
www.mma-investmgr.com

#### STOCK EXCHANGE LISTING

The Toronto Stock Exchange  
Trading Symbol: THD

#### REGISTRAR AND TRANSFER AGENT

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

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

**The Company prices its portfolio on a weekly basis, and its resultant Net Asset Value per share is released and published in various media in Canada and in the United States.**

**The Company 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.**

### 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 Company. The Manager has provided assurance that its systems are Year 2000 compliant. The Company is continuing to monitor the work being performed on the relevant computer systems of all its key service vendors. The Company'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 Company and the Manager.

With respect to portfolio investments, the Company 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 Company believes that it is taking appropriate action to address the Year 2000 issue, all investors – including investors in the Company – may be adversely affected by events beyond their control or expectation. It is also possible that the markets for securities in which the Company invests may be adversely affected by computer failures, which may result in liquidity issues and settlement problems.