



CGI

Canadian General Investments,
Limited



OVER 75 YEARS OF CANADIAN SUCCESS

ANNUAL REPORT | 2006

Cover: Snow Ghosts, Mount Logan, Gaspé. Oil on canvas.

Paul Mantrop is a working artist and founding member of the art collective "drawnonward". Over ten years ago the artists of drawnonward began to travel throughout Canada in order to document its unique and varied regions. Today after over 100,000 kilometres have been travelled by bus, boat, canoe, train, skis and feet, drawnonward has painted from coast to coast. From the Queen Charlotte Islands to the Yukon, from the Gaspé to Newfoundland and throughout the Canadian Arctic. Today Paul keeps a working studio in downtown Collingwood, Ontario to be close to his favourite subject, Georgian Bay. You can learn more about Paul at www.paulmantrop.com.

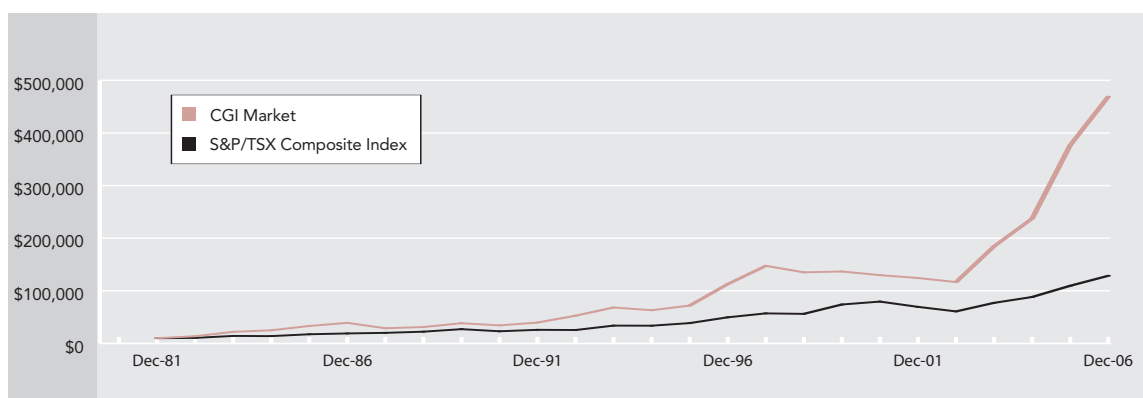
CORPORATE PROFILE

Canadian General Investments, Limited (CGI) is a closed-end equity fund focussed on medium to long-term investments in Canadian corporations. It strives, through prudent security selection, timely recognition of capital gains and appropriate income generating instruments, to provide better than average returns to investors.

CGI was established in 1930 and has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mminvestments.com).

The graph below is presented to illustrate the benefit of a long-term investment in CGI's common shares. A \$10,000 investment in CGI common shares would have grown to nearly \$469,000 over the 25-year period ended December 31, 2006. This equates to a compound annual average growth rate of 16.6%. By comparison, a \$10,000 investment in the benchmark S&P/TSX Composite Index would have grown to \$129,000 or a compound average annual growth rate of 10.8%.

Growth of a \$10,000 Investment – 25 Years to December 31, 2006



For the 50 years ended December 31, 2006, a \$10,000 investment would have grown to \$4.0 million, representing a compound average annual return of 12.7%. The values for the benchmark for the same period were \$1.2 million and 10.1%, respectively.

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 of this Annual Report to Shareholders.

The Company is an investment fund, and as such, this Annual 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



Michael A. Smedley, D. Greg Eckel, Vanessa L. Morgan, and Jonathan A. Morgan

- NAV RETURN **29.6%**
- MARKET RETURN **24.5%**
- COMMON SHARE YIELD **5.5%**

Growth of the portfolio of Canadian General Investments, Limited (CGI) moved into higher gear in the final quarter of 2006 and finished the year with a 29.6% net asset value per share (NAV) gain, including the reinvestment of dividends, that beat the “high twenties” performance of the previous two years. In comparison, the benchmark S&P/TSX Composite Index (S&P/TSX) had a 17.3% total return for 2006. CGI’s common shares also well outclassed the market’s one year gain with a market return of 24.5%, including dividends.

The current year results follow several years of outperformance. CGI’s annual NAV returns were 28.8% in 2005, 26.4% in 2004 and a record 44.1% in 2003. Few general domestic equities funds in North America have been beating these numbers. CGI’s compound average annual market return for the three years ended December 31, 2006 was 36.6%, compared to 18.6% for the S&P/TSX. Five year returns for CGI shares and the S&P/TSX were 30.5% and 13.1%, respectively.

In 2006, two major structural events were undertaken. Asset growth allowed the launch of a third issue in the Company’s series of redeemable preferred shares for the leveraging of growth for the common shareholders. This generated net proceeds of more than \$73 million for capital investment purposes. A few months later CGI made a \$67 million payout to warrant holders who tendered to a substantial issuer bid by the Company. This had the effect of increasing the diluted NAV and minimizing further dilution to common shareholders, as well as preserving CGI’s investment corporation tax status. This status gives the Company the ability to recover taxes paid on its

realized capital gains through the payment of capital gains dividends. It also allows the Company to avoid recording a provision for future income taxes on the unrealized gain on investments, which would result in a decrease in net asset value. The favourable tax status could have been eliminated if the major shareholder group had increased its share holding by subscription through the warrants instead of tendering the warrants before their expiry in 2007.

Through the year, in addition to significant growth in assets, the common shareholders were rewarded with a total dividend payout of \$1.50 per share, implying a yield of 5.5% on the year-end closing market price of \$27.40. The biggest component of this was a \$1.26 capital gains dividend paid out on December 29, creating a +5% yield, consistent with our tradition of the past few years and ranking CGI high among dividend paying Canadian corporations.

The Board of Directors records its appreciation for another year of exceptional returns achieved by the Manager’s investment team and for the hard work of the support staff.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

INVESTMENT COMMENTARY

MINES LOST, MINES GAINED

CGI's big final quarter gain was aided by strong metals, but also by major new advances of many stocks across the diverse portfolio.

Below the surface of the CGI portfolio, digging below – to put it aptly – the one big change in sector weighting was in Materials, moving to 21.5% of the portfolio from 13.6% at year end 2005. We doubled our investment and almost doubled the market value. As the top performing sector of the S&P/TSX Composite Index with a return for the year of 39.8%, frankly, it would have been sad, if CGI, as a major Canada fund, had not used Canada's big share in the world's upward revaluations in natural resources to its advantage.

Despite losing Inco and Falconbridge in takeovers that wiped out one hundred years or so of Canadian ownership, we maintained involvement in senior mines, partly by moving south of the border into Phelps Dodge Corporation and CVRD, the loser and the winner in the battle for Inco. CVRD now gets a substantial part of its revenues from Inco and we speculate that the Brazilian company may move towards a subsidiary listing in Canada. This could prove attractive for CVRD, as it would lead to reduction of debt incurred in the acquisition of Inco and secure Canadian rating quality. For Canadian investors, it could mean the return to the market of the Sudbury Rim and introduce a new international nickel leader.

In the mid-tier group, we now have HudBay Minerals Inc., a zinc revival. Lundin Mining Corporation, growing in zinc, copper and other metals and experienced in emerging regions, came into our portfolio on its merger with EuroZinc Mining Corporation. First Quantum Minerals Ltd. and Inmet Mining Corporation took on mid-tier status through growth in market cap. We also returned to holding the smart young Sudbury Rim mining company, FNX Mining Co. Inc.

Close to year end we went for a new concept in mining, following early stage investors into Nautilus Minerals, Inc. This company has begun work on massive sulphides exposed by the earth's surface movement beneath the ocean and has made high grade finds in precious and base metals off Papua New Guinea. Experts investing in this "last frontier" company are Anglo American Plc, Teck Cominco Ltd., Barrick Gold Corp. and also a major Russian metals investor.

ENERGY TURNED MIXED

Oil, gas and services stocks finished the year somewhat mixed. CGI's Energy weighting stayed lighter than the market, but we did get good appreciation in stocks like Husky Energy Inc., which was 317.4% above cost at year end, Niko Resources 145.7% above cost, Calvalley Petroleum Inc. at 100.7% and InterOil Corporation up 18.1%.

Uranium, included as part of the Energy sector since 2005, is

in favour on its soaring price and the search for new supply has taken on a sense of urgency. Producers and explorers now occupy approximately 6% of an approximate 22.2% Energy weighting in the portfolio, including our long term top ten leader Cameco Corporation, first bought in 2001. (Turn to page 22 to read more about uranium).

BALANCING THE SECTORS

Our weighting in resources is well balanced by long-term holdings, and more recent purchases, in many other sectors. The two Caldwell New York limited partnerships combined were valued at year end at 3.6% of the investment portfolio. These are worth \$30.9 million, mainly invested in common shares of NYSE Group Inc. (the New York Stock Exchange), and in our opinion should show further gains in the months ahead. The shares were bought in the form of members' seats before the conversion of the NYSE to a for profit, publicly traded company and, in aggregate, they represent our largest holding. It might be theorized that the NYSE, which is not a resources market, is a useful contrast with the resources-dominated TSX Group Inc. (the Toronto Stock Exchange), which is one of our longer-term major holdings.

A recent quality acquisition that stands out among our consumer related stocks is Tim Hortons Inc., the biggest take-out business and as symbolically Canadian as the maple leaf. "Tims", spun out by Wendy's International Inc., is a public company for the first time and is now an astutely managed major in our market with market capitalization of close to \$7 billion.

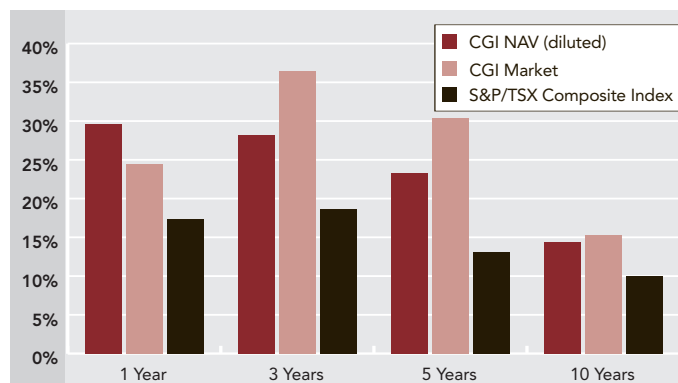
The recent weakening of the Canadian dollar might reflect a short-term deceleration of domestic and international buying of Canadian stocks. Weakness in commodity prices and growing attraction to so many equities markets should also be noted.

Awaiting the outcome for the market in 2007, we will continue to employ our bottom-up investment style that has benefitted the Company for many years.

Michael A. Smedley, *Chief Portfolio Officer of the Manager*

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

Compound Annual Returns for the Periods to December 31, 2006



MANAGEMENT REPORT OF FUND PERFORMANCE

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

Canadian General Investments, Limited (CGI or the Company) is a closed-end equity fund, focused on medium to long-term investments in primarily Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains and appropriate income generating instruments.

The Manager, Morgan Meighen & Associates Limited (MMA), utilizes a bottom-up investment strategy in an effort to achieve CGI's objective. With this type of investment strategy, the Manager first seeks individual companies with attractive investment potential, then proceeds to consider the larger industry, economic and global trends affecting those companies. This investment style allows for sector weightings that can differ from those of the benchmark, the S&P/TSX Composite Index (S&P/TSX).

RISK

As an equity fund, the Company's primary risk is market risk – the exposure to market price changes for the securities held within the portfolio. Economic conditions, investor sentiment, global events and many other factors contribute to the day-to-day changes in security prices and the overall trend of the market. Some of the more significant changes or trends in economic conditions through 2006 and their effects are as follows:

- The 6.0% decrease in the Bank of Canada Commodity Price Index. This overall change reflects a 24.4% decrease in the Energy sub-index, as a result of lower oil and natural gas prices, which offset a 26.3% increase in the Industrial Materials sub-index, due to higher prices for base metals. With the Energy and Materials sectors together representing between 40% and 50% of the S&P/TSX, both Canada's economy and the performance of the Canadian stock market are heavily influenced by commodities. Lower energy costs, in general, might be detrimental to Canadian energy companies, but could help to stimulate economic growth in other sectors and an increase in consumer demand, which, in turn, could lead to increased corporate profits. Significantly higher world prices for base metals have been of benefit to Canadian mining companies, but raise costs for other companies.
- The Bank of Canada (BOC) continued its pattern of measured interest rate increases begun in 2005. Throughout 2006, the prime bank rate increased from 5.00% to 6.00%. Increased inflation would likely cause the BOC to raise rates further, which could have a negative effect on equity markets, as it would be more costly for companies to borrow to fund expansion and, similarly, for consumers to finance spending.

- Strength of the Canadian dollar vis-à-vis the U.S. dollar: While the Canadian dollar was roughly unchanged year-over-year, it continued to be strong relative to historical averages. Canada is a net exporter of goods and services. A strong dollar, while making materials less costly to import, will generally have negative repercussions on export-based companies, as their products become more expensive to purchasers in other countries.

CGI attempts to mitigate market risk by maintaining a diversified portfolio.

Being a closed-end investment fund, CGI's share price generally trades at a lower value than its net asset value per share (NAV). This is known as the "discount". As a result, the return experienced by a shareholder (market return) will likely differ from the underlying performance of the Company (portfolio performance). The share price is established by competitive markets which reflect the buying demand and the selling supply of shares. Factors which are thought to influence share price, and, therefore, discounts and their converse, premiums, include a fund's relative performance, the liquidity of the company's shares, dividend yield, the use of a managed distribution policy, confidence in the fund/portfolio manager, investors' perceptions and expectations regarding the outlook of the countries/sectors/markets where the fund invests. Throughout 2006, CGI's shares traded in a range from a premium of 2.6% to a discount of 17.0%, ending the year at a discount of 12.5%.

Since 1998, with the issuance of its Series 1 preference shares, CGI has engaged in a leveraging strategy in an effort to enhance returns to common shareholders. Leverage magnifies the gain or loss on the cash invested in securities. In the first quarter of 2006, the amount of leverage employed was increased with a \$75 million issue of Series 3 preference shares. At December 31, 2006, CGI's Series 1, Series 2 and Series 3 preference shares totalled \$210 million, representing 24.4% of total portfolio assets (December 31, 2005 – 18.6%). As a result of this leverage, a 10% decline in the value of the portfolio will result in approximately a 13.2% decrease in the Company's NAV.

As the Company is invested almost entirely in Canadian equities, it is most suitable for investors seeking long-term capital appreciation with income as a secondary objective. Investors in CGI should be willing to tolerate moderate market volatility.

RESULTS OF OPERATIONS

Performance

CGI's diluted net asset value per share (NAV) at December 31, 2006 was \$31.33, up from \$25.37 at year end 2005. The NAV return, with dividends reinvested, for 2006 was 29.6%, compared with a 17.3% total return for the benchmark S&P/TSX.

MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

Investment income, which is comprised mainly of dividends and interest and other income, was \$15,408,000 in 2006, up 6.7% over 2005. Dividends on preference shares and management fees are the largest expenses of the Company. The dividends on preference shares increased by 36.0% over 2005 to \$9,152,000 as a result of the Series 3 preference share issue, while the 25.6% increase in management fees to \$8,848,000 was primarily due to the increase in portfolio values over the past year.

CGI's net assets at December 31, 2006 were \$653,128,000, representing an 11.0% increase from the \$588,146,000 at the end of 2005. Aggregate net assets were impacted by the outflow of \$67,052,000 associated with a substantial issuer bid for warrants of the Company. In total, 2,979,109 warrants were bought in at a price of \$22.35 per warrant. The primary reason for this issuer bid was to enable the Company to maintain its beneficial investment corporation status by permitting holders of warrants, who were "specified shareholders", to dispose of their warrants by a means other than having to exercise. As a result of changes to tax legislation implemented subsequent to

the issuance of the warrants, exercise of warrants by such shareholders could have caused CGI to lose this status.

Although strong performance was achieved across a broad range of stocks in CGI's investment portfolio, an overweighting in Materials and an underweighting in Energy relative to the Index, as well as the leverage provided by the preference shares, were the primary contributors to CGI's overall return and outperformance of the S&P/TSX. Materials was the top performing sector of the S&P/TSX in 2006, with the Materials sub-index posting a twelve-month total return of 39.8%. Although Energy was the second best performing sector through the first half of 2006, with the subsequent fall in share prices associated with the fall in oil prices, its total return for the year was 6.1%, with only Consumer Staples and Health Care ranking lower.

The table below illustrates the weighting of the five largest sectors in CGI's portfolio as at December 31, 2006, compared with year end 2005, and with the S&P/TSX. The weightings provided for CGI represent the market value of each industrial sector as a percentage of the total investment portfolio.

Sector	CGI		S&P/TSX	
	Year end 2006	Year end 2005	Year end 2006	Year end 2005
Financials	27.6%	26.5%	31.9%	31.6%
Energy	22.2%	25.9%	27.9%	27.4%
Materials	21.9%	14.1%	16.1%	15.1%
Industrials	9.3%	8.8%	5.3%	5.5%
Consumer Discretionary	5.4%	6.8%	5.2%	5.2%

Dividends

CGI's dividend policy is determined by the Board of Directors. Over the past several years, the Corporation has paid regular quarterly taxable dividends of \$0.06 per common share on March 15, June 15, September 15 and December 15. In addition, CGI is able to pay capital gains dividends. On a periodic basis, the Board considers the payment of a capital gains dividend taking into account the current year's performance of the fund, the amount of refundable capital gains tax on hand, and the desire to provide some degree of yield consistency over time to common shareholders. On December 29, 2006, CGI paid a year-end special capital gains dividend of \$1.26 per common share, compared with \$1.00 at the end of 2005. Based on year-end prices for the common shares, the dividend yield was 5.5% for 2006 and 5.3% for 2005.

As a result of cash dividends paid in excess of net income during 2006, pursuant to the Company's warrant indenture the exercise price of CGI's warrants was reduced from \$4.12 to \$2.62 per share effective February 6, 2007.

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily on realized gains on the sale of investments – at an effective rate of approximately 21%. As a result of its investment corporation status, CGI can recover taxes paid or payable on its realized taxable capital gains through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For 2006, there was a net cost related to tax of \$11,591,000 (1.8% of net assets), compared to a net cost of \$8,748,000 (1.5% of net assets) in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. At December 31, 2006, the Company had refundable capital gains tax of approximately \$27 million, which is refundable upon payment of capital gains dividends of approximately \$129 million.

RECENT DEVELOPMENTS

Aside from normal market fluctuations to which the Company's portfolio is subject, CGI has had no material recent developments since year end 2006.

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".

RELATED PARTY TRANSACTIONS

The Company is managed by MMA, a company under common control with CGI. MMA provides continuing advice

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 past five years. This information is derived from the Company's audited annual financial statements.

The Company's Net Asset Value (NAV) per Share ⁽¹⁾

	2006	2005	2004	2003	2002
Net asset value – basic, beginning of year	\$ 28.59	\$ 23.22	\$ 19.00	\$ 13.41	\$ 14.58
Increase (decrease) from operations:					
Total revenue	0.75	0.75	0.79	0.48	0.37
Total expenses	(0.98)	(0.75)	(0.67)	(0.42)	(0.39)
Realized gains for the year	4.60	3.65	2.20	1.01	0.25
Unrealized gains (losses) for the year	4.07	3.53	3.06	5.23	(1.14)
Total increase (decrease) from operations	8.44	7.18	5.38	6.30	(0.91)
Dividends paid to common shareholders:					
Taxable dividends	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Capital gains dividends	(1.26)	(1.00)	(0.60)	(0.36)	-
Total dividends ⁽²⁾	(1.50)	(1.24)	(0.84)	(0.60)	(0.24)
Income taxes recoverable on dividends from net realized gain on investments	0.26	0.21	0.12	0.07	-
Net decrease (increase) in refundable dividend tax on hand	0.04	(0.01)	(0.03)	-	-
Decrease (increase) in refundable income taxes on net realized gain on investments	(0.83)	(0.64)	(0.36)	(0.14)	0.02
Warrants repurchased	(3.26)	(0.06)	(0.05)	(0.04)	(0.04)
Net asset value – basic, end of year ⁽³⁾	\$ 31.72	\$ 28.59	\$ 23.22	\$ 19.00	\$ 13.41
Net asset value – diluted, end of year ⁽⁴⁾	\$ 31.33	\$ 25.37	\$ 20.71	\$ 17.10	\$ 12.33

(1) Net asset value 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 year.

(2) Dividends were paid in cash.

(3) This is not a reconciliation of the beginning and ending net asset value per share.

(4) Reflects the potential exercise of the Company's outstanding warrants.

MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

Ratios and Supplemental Data

	2006	2005	2004	2003	2002
Net assets (000's) ⁽¹⁾	\$ 653,128	\$ 588,146	\$ 475,976	\$ 389,324	\$ 274,519
Number of shares outstanding ⁽¹⁾	20,591,159	20,573,940	20,499,638	20,488,160	20,477,598
Management expense ratio ⁽²⁾	3.24%	2.88%	3.31%	2.75%	2.75%
Management expense ratio excluding leverage costs ⁽³⁾	1.65%	1.53%	1.59%	1.44%	1.51%
Portfolio turnover rate ⁽⁴⁾	40.08%	47.07%	41.68%	56.33%	51.85%
Trading expense ratio ⁽⁵⁾	0.24%	0.26%	0.26%	0.39%	0.27%
Closing market price ⁽¹⁾	\$ 27.40	\$ 23.20	\$ 15.44	\$ 12.70	\$ 8.45

(1) This information is provided as at December 31 of the year shown.

(2) Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of daily average net assets during the period.

(3) Leverage costs include dividends on preference shares and amortization of deferred financing charge.

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

(5) The trading expense ratio represents total commissions and other transaction costs as an annualized percentage of daily average net assets during the year.

MANAGEMENT FEES

The Company pays a management fee that is calculated monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Prior to 2006, the management fee was calculated quarterly in arrears at the same 1% rate. 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 that company and receive no compensation from CGI.

PAST PERFORMANCE

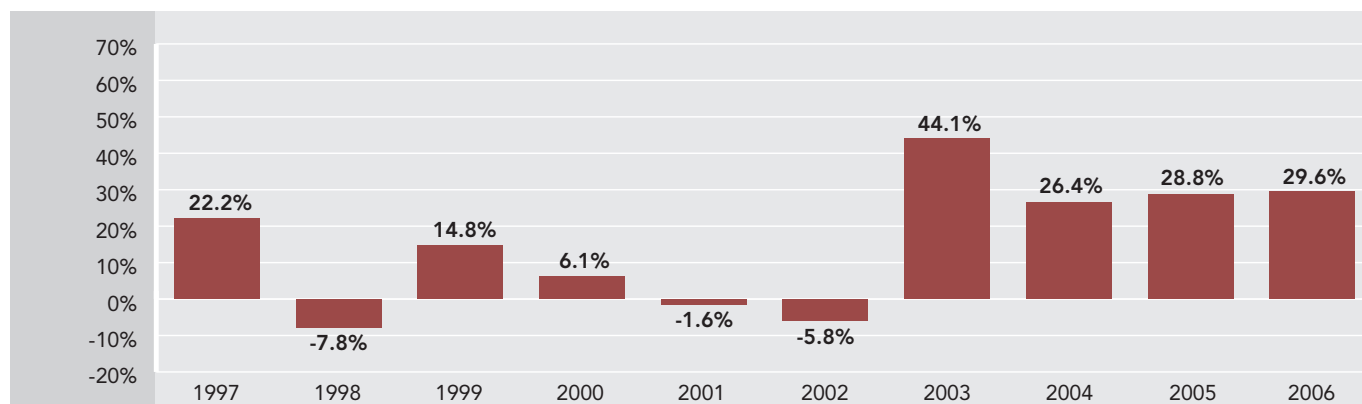
The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees that would have reduced returns or performance. How the Company 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, 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 year would have grown or decreased by the last day of each year.

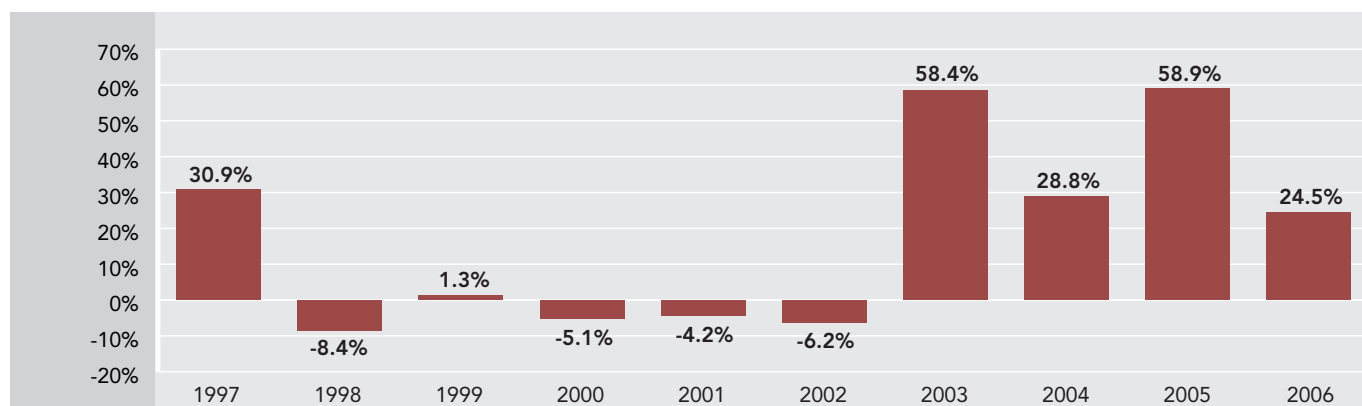
The bar chart below illustrates the diluted net asset value per share return, with dividends reinvested at net asset value per share.

Net Asset Value Return



The bar chart below illustrates the market return, with dividends reinvested at the market price.

Market Value Return



ANNUAL COMPOUND RETURNS

The following table shows the Company's historical annual compound total returns for the periods indicated, compared with the S&P/TSX Composite Index. The Index return is also calculated on a total return basis, assuming that all distributions are reinvested.

	1 Year	3 Years	5 Years	10 Years
Canadian General Investments, Limited – NAV	29.6%	28.2%	23.4%	14.5%
Canadian General Investments, Limited – Market	24.5%	36.6%	30.5%	15.4%
S&P/TSX Composite Index	17.3%	18.6%	13.1%	10.0%

The S&P/TSX Composite Index is a market capitalization-weighted index that provides a broad measure of performance of the Canadian equity market.

MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

SUMMARY OF INVESTMENT PORTFOLIO

as at December 31, 2006

	Sector Allocation			Asset Allocation		
	(\$000's)	% of Net Assets *	% of Investment Portfolio	(\$000's)	% of Net Assets *	% of Investment Portfolio
Financials	236,661	36.2	27.6	Canadian Equities	765,924	117.3
Energy	190,046	29.1	22.2	Canadian Income Trusts	39,770	6.1
Materials	188,097	28.8	21.9	Limited Partnerships	30,897	4.7
Industrials	79,590	12.2	9.3	Foreign Equities	12,012	1.8
Consumer Discretionary	45,962	7.0	5.4	Preferred Shares	8,372	1.3
Information Technology	34,125	5.2	4.0	Cash & Cash Equivalents	3,809	0.6
Telecommunication Services	29,843	4.6	3.5			
Consumer Staples	26,807	4.1	3.1			
Utilities	13,100	2.0	1.5			
Health Care	12,745	2.0	1.5			
Cash & Cash Equivalents	3,809	0.6	0.4			

Top 25 Holdings

Issuer (all Canada-based)	Sector	% of Net Assets *	% of Investment Portfolio
Cameco Corporation	Energy	3.8	2.9
BPO Properties Ltd.	Financials	3.0	2.3
HudBay Minerals Inc.	Materials	3.0	2.3
Rogers Communications Inc.	Telecommunication Services	2.9	2.2
TSX Group Inc.	Financials	2.8	2.1
Caldwell New York Limited Partnership**	Financials	2.7	2.1
Research In Motion Limited	Information Technology	2.3	1.7
First Capital Realty Inc.	Financials	2.2	1.7
Canadian Western Bank	Financials	2.2	1.6
Brookfield Asset Management Inc.	Financials	2.1	1.6
Russel Metals Inc.	Financials	2.1	1.6
Algoma Central Corporation	Industrials	2.1	1.6
Enbridge Inc.	Industrials	2.0	1.5
Caldwell New York LP IV**	Energy	2.0	1.5
BMTC Group Inc.	Consumer Discretionary	2.0	1.5
Corby Distilleries Limited	Consumer Staples	2.0	1.5
National Bank of Canada	Financials	2.0	1.5
TransCanada Corporation	Energy	1.9	1.4
Husky Energy Inc.	Energy	1.8	1.4
Shell Canada Limited	Energy	1.8	1.4
Denison Mines Corporation	Energy	1.7	1.3
Bank of Montreal	Financials	1.7	1.3
Ritchie Bros. Auctioneers Incorporated	Industrials	1.6	1.2
Economic Investment Trust Limited	Financials	1.6	1.2
Skye Resources Inc.	Materials	1.5	1.2
		54.8 *	41.6
Total Net Assets* (\$000's)			\$ 653,128
Total Investment Portfolio* (\$000's)			\$ 857,366

* Total Net Assets represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$210 million), other assets and other liabilities. The Total Investment Portfolio includes a payable on securities purchased of \$3.4 million.

** The primary underlying assets of these two limited partnerships are shares in NYSE Group, Inc. In aggregate, CGI's holding in these two limited partnerships represents 4.7% of Net Assets, or 3.6% of the Investment Portfolio.

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.mminvestments.com, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 110 Yonge Street, Suite 1601, Toronto, Ontario, Canada, M5C 1T4.

FINANCIAL REPORTS

MANAGEMENT'S REPORT

The accompanying 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 judgements. 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 Board of 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 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.



Vanessa L. Morgan
Chairman



Jonathan A. Morgan
President & CEO

February 6, 2007

AUDITORS' REPORT

To the Shareholders of Canadian General Investments, Limited

We have audited the accompanying statements of net assets of Canadian General Investments, Limited as at December 31, 2006 and 2005, the statement of investment portfolio as at December 31, 2006 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

*Chartered Accountants
Toronto, Canada*

February 6, 2007

STATEMENTS OF NET ASSETS

As at December 31, 2006 and 2005

(in thousands of dollars, except per share amounts)

	2006 \$	2005 \$
Assets		
Investments at market value (cost - \$513,123; 2005 - \$459,943)	856,976	720,165
Cash	3,809	1,629
Receivable for securities sold	-	4,598
Interest and dividends receivable	2,438	2,021
Income taxes recoverable	2,691	-
Deferred financing charge (note 2)	2,232	1,323
	868,146	729,736
Liabilities		
Payable for securities purchased	3,419	4,387
Accounts payable and accrued liabilities	1,176	328
Accrued dividends on preference shares	423	295
Income taxes payable	-	1,580
Preference shares (note 2)	210,000	135,000
	215,018	141,590
Net Assets	653,128	588,146
Shareholders' Equity		
Common shares (note 2)	127,861	127,790
Unrealized gain on investments	343,853	260,222
Retained earnings (note 3)	181,414	200,134
	653,128	588,146
Number of common shares outstanding (note 2)	20,591,159	20,573,940
Number of warrants outstanding (note 2)	292,156	3,288,484
Net asset value per common share - basic	31.72	28.59
Net asset value per common share - diluted	31.33	25.37

Approved by the Board of Directors



Director



Director

STATEMENTS OF OPERATIONS

For the years ended December 31, 2006 and 2005

(in thousands of dollars, except per share amounts)

	2006	2005
	\$	\$
Investment income		
Dividends	11,397	12,714
Interest and other	3,093	2,344
Securities lending revenue	918	247
	15,408	15,305
Expenses		
Dividends on preference shares	9,152	6,728
Management fees (note 4)	8,848	7,043
Amortization of deferred financing charge	742	467
Listing and regulatory	340	179
Capital taxes	262	189
Investor relations	204	189
Directors' fees and expenses	173	147
Securityholder reporting costs	125	96
Custodial fees	95	81
Legal fees	60	81
Audit fees	46	41
Other	79	64
	20,126	15,305
Net investment loss	(4,718)	-
Realized and unrealized gains on investments		
Net realized gain on investments	94,733	74,924
Change in unrealized gain on investments	83,631	72,438
	178,364	147,362
Net gain on investments	178,364	147,362
Increase in net assets resulting from operations for the year	173,646	147,362
Increase in net assets resulting from operations per common share (based on weighted-average number of common shares outstanding during the year (note 2))		
Basic	8.44	7.18
Diluted	8.34	6.43

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2006 and 2005

(in thousands of dollars)

	2006	2005
	\$	\$
Increase in net assets resulting from operations for the year	173,646	147,362
Dividends to common shareholders		
From net investment loss	(4,940)	(4,929)
From net realized gain on investments	(25,945)	(20,574)
	(30,885)	(25,503)
Income taxes recoverable on dividends from net realized gain on investments	5,448	4,320
	(25,437)	(21,183)
Increase in refundable income taxes on net realized gain on investments (note 5)	(17,039)	(13,068)
Decrease (increase) in refundable dividend tax on hand	793	(159)
Warrants repurchased, including transaction costs (note 2)	(67,052)	(1,170)
Common shares issued on exercise of warrants	71	388
	(83,227)	(14,009)
Increase in net assets during the year	64,982	112,170
Net assets, beginning of year	588,146	475,976
Net assets, end of year	653,128	588,146

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2006 and 2005

(in thousands of dollars)

	2006	2005
	\$	\$
Cash provided by (used in):		
Operating activities		
Net investment loss	(4,718)	-
Amortization of deferred financing charge	742	467
Proceeds of disposition of investments	371,395	350,937
Purchases of investments	(329,842)	(314,415)
Net change in non-cash balances related to operations	(82)	(2,348)
	37,495	34,641
Financing activities		
Dividends paid to common shareholders, net of income taxes recoverable	(25,437)	(21,183)
Increase in refundable income taxes on net realized gain on investments	(17,039)	(13,068)
Decrease (increase) in refundable dividend tax on hand	793	(159)
Warrants repurchased, including transactions costs	(67,052)	(1,170)
Common shares issued on exercise of warrants	71	388
Series 3 preference shares issued, net of expenses	73,349	-
	(35,315)	(35,192)
Net increase (decrease) in cash during the year (note 6)	2,180	(551)
Cash, beginning of year	1,629	2,180
Cash, end of year	3,809	1,629

STATEMENT OF INVESTMENT PORTFOLIO

December 31, 2006

NUMBER OR PAR VALUE	INVESTMENT	COST \$	MARKET VALUE \$
<i>(in thousands of dollar)</i>			
CONSUMER DISCRETIONARY (5.4%)			
Hotels, Restaurants, & Leisure			
184,200	Tim Hortons Inc.	5,539	6,224
Media			
100,000	Astral Media Inc., A NV	1,786	3,993
68,800	Corus Entertainment Inc., B	2,706	2,882
224,000	Shaw Communications Inc., B NV	5,898	8,284
Multiline Retail			
125,000	Canadian Tire Corporation, Limited, A NV	7,417	8,825
Specialty Retail			
740,200	BMTC Group Inc., A SV	4,451	13,035
Textiles, Apparel & Luxury Goods			
50,000	Gildan Activewear Inc.	2,386	2,719
TOTAL CONSUMER DISCRETIONARY		30,183	45,962

CONSUMER STAPLES (3.1%)			
Beverages			
260,000	Corby Distilleries Limited, A	3,252	6,669
267,600	Corby Distilleries Limited, B NV	4,220	6,246
Food & Staples Retailing			
350,000	Alimentation Couche-Tard Inc., B SV	7,430	8,886
100,000	Shoppers Drug Mart Corporation	2,328	5,006
TOTAL CONSUMER STAPLES		17,230	26,807

ENERGY (22.2%)			
Energy Equipment & Services			
100,000	Trican Well Service Ltd.	1,817	2,032
Oil, Gas & Consumable Fuels			
245,500	Addax Petroleum Corporation	7,244	8,038
265,000	AltaGas Income Trust, units	3,394	6,943
1,521,100	Arawak Energy Corporation	3,170	4,122
459,200	Aurora Energy Resources Inc.	2,975	6,222
506,600	Calvalley Petroleum Inc., A	1,972	3,956
520,000	Cameco Corporation	4,017	24,497
125,000	Canadian Natural Resources Limited	2,724	7,754
957,672	Denison Mines Corporation	4,013	11,320
85,000	Duvernay Oil Corp.	1,262	2,935
330,000	Enbridge Inc.	6,428	13,210
125,000	Galleon Energy Inc., A	2,635	2,260
150,000	Husky Energy Inc.	2,804	11,703
180,000	InterOil Corporation	5,371	6,343
55,000	Nexen Inc.	2,286	3,529

NUMBER OR PAR VALUE	INVESTMENT	COST \$	MARKET VALUE \$
<i>(in thousands of dollars)</i>			
ENERGY (CONTINUED)			
75,000	Niko Resources Ltd.	2,546	6,256
400,000	Paladin Resources Limited	1,735	3,188
204,000	Petrobank Energy and Resources Ltd.	1,593	3,649
174,500	Petrolifera Petroleum Limited	3,469	3,080
655,000	Petrominerales Ltd.	2,957	2,489
100,000	Savanna Energy Services Corp.	2,465	1,906
613,900	Serica Energy PLC	1,387	1,553
267,500	Shell Canada Ltd.	5,254	11,634
1,079,700	Strateco Resources Inc.	2,378	2,753
50,000	Suncor Energy Inc.	4,060	4,599
100,000	sxr Uranium One Inc.	1,340	1,600
240,000	Talisman Energy Inc.	1,925	4,754
665,400	Tournigan Gold Corporation	1,922	2,203
300,000	TransCanada Corporation	7,665	12,183
1,630,600	UTS Energy Corporation	5,776	7,338
182,000	Western Oil Sands Inc., A	2,256	5,997
TOTAL ENERGY		100,840	190,046

FINANCIALS (27.6%)			
Commercial Banks			
160,000	Bank of Montreal	5,613	11,045
81,000	Canadian Imperial Bank of Commerce	6,240	7,966
265,200	Canadian Western Bank	5,730	14,042
195,000	National Bank of Canada	8,026	12,823
140,000	Royal Bank of Canada	6,363	7,777
90,000	The Toronto-Dominion Bank	3,040	6,283
Diversified Financial Services			
500,000	Caldwell New York Limited Partnership, units*^	5,000	17,837
600,000	Caldwell New York Limited Partnership IV, units*^	6,000	13,060
390,000	TSX Group Inc.	6,289	18,170
Insurance			
10,200	E-L Financial Corporation Limited	3,739	6,425
185,400	ING Canada Inc., LV	11,139	9,733
130,000	Manulife Financial Corporation	4,810	5,122
Real Estate Management & Development			
283,300	BPO Properties Ltd.	7,928	19,808
241,450	Brookfield Asset Management Inc., A LV	3,931	13,594
5,000,000	First Capital Realty Inc., 5.50% 9/30/2017 convertible debenture	4,850	5,250
333,919	First Capital Realty Inc.	5,291	9,276
500,000	Genesis Land Development Corp.	1,991	2,265
328,000	Melcor Developments Ltd.	5,535	6,016
Thrifts & Mortgage Finance			
200,000	Home Capital Group Inc.	2,296	6,808

December 31, 2006

NUMBER OR PAR VALUE	INVESTMENT	COST \$	MARKET VALUE \$
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(in thousands of dollars)

FINANCIALS (CONTINUED)

Capital Markets			
112,300	Addenda Capital Inc.	3,059	2,629
83,500	Dundee Corporation, A SV	4,390	4,121
105,400	Economic Investment Trust Limited	4,617	10,224
401,800	GMP Capital Trust, units	7,636	8,840
408,000	Guardian Capital Group Limited, A NV	1,458	4,757
120,870	Loring Ward International Ltd.*	1,305	604
Real Estate Investment Trusts			
489,200	Legacy Hotels Real Estate Investment Trust, units	4,069	4,638
300,000	RioCan Real Estate Investment Trust, units	5,406	7,548
TOTAL FINANCIALS		135,751	236,661

HEALTH CARE (1.5%)

Biotechnology			
991,900	Cipher Pharmaceuticals Inc.	2,908	3,323
123,300	Neurochem Inc.	2,094	3,084
Pharmaceuticals			
400,000	Cardiome Pharma Corp.	3,711	5,208
205,500	NUCRYST Pharmaceuticals Corp.	3,091	1,130
TOTAL HEALTHCARE		11,804	12,745

INDUSTRIALS (8.7%)

Airlines			
1,160,500	Discovery Air Inc., A	2,339	1,926
200,000	Transat A.T. Inc., A VV	5,460	6,398
100,000	WestJet Airlines Ltd.	1,502	1,498
Building Products			
280,000	WFI Industries Ltd.	3,768	7,280
Commercial Services & Supplies			
182,000	FirstService Corporation, SV	4,116	4,914
208,700	Garda World Security Corporation, A	2,064	4,558
Construction & Engineering			
200,000	Stantec Inc.	2,998	5,050
Marine			
106,100	Algoma Central Corporation	8,166	13,528
Road & Rail			
334,200	Canada Cartage Diversified Income Fund, units	3,289	3,041
50,000	Canadian Pacific Railway Limited	2,842	3,075

NUMBER OR PAR VALUE	INVESTMENT	COST \$	MARKET VALUE \$
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(in thousands of dollars)

INDUSTRIALS (CONTINUED)

Trading Companies & Distributors			
164,000	Ritchie Bros. Auctioneers Incorporated	5,257	10,232
505,000	Russel Metals Inc.	4,367	13,534
TOTAL INDUSTRIALS		46,168	75,034

INFORMATION TECHNOLOGY (4.0%)

Communications Equipment			
100,000	Research In Motion Limited	5,662	14,907
Internet Software & Services			
2,804,600	Kaboose Inc.	3,974	6,787
255,300	March Networks Corporation	6,823	5,451
400,000	Softchoice Corporation	4,596	4,484
Software			
200,000	Miranda Technologies Inc.	2,840	2,496
TOTAL INFORMATION TECHNOLOGY		23,895	34,125

MATERIALS (21.5%)

Metals & Mining			
75,000	Agnico-Eagle Mines Limited	2,630	3,607
80,000	Alcan Inc.	3,975	4,545
222,200	Algoma Steel Inc.	6,196	7,333
300,000	Anvil Mining Limited	3,035	3,351
991,600	Atna Resources Ltd.	2,011	1,339
200,000	Aurelian Resources Inc.	3,886	6,200
455,000	Bear Creek Mining Corporation	3,157	4,231
360,000	Blue Pearl Mining Ltd.	1,970	3,553
336,500	Blue Pearl Mining Ltd., warrants 10/23/2011	933	1,582
647,600	Centerra Gold Inc.	3,489	8,587
5,170,000	Chariot Resources Limited	1,816	3,205
68,900	Cia Vale Do Rio Doce, ADR	1,957	2,388
2,490,000	Equinox Minerals Limited	2,896	4,706
90,000	First Quantum Minerals Ltd.	1,111	5,625
368,500	FNX Mining Company Inc.	4,502	6,732
206,900	Gammon Lake Resources Inc.	3,154	3,929
512,000	Gerdau Ameristeel Corporation	2,685	5,330
883,800	HudBay Minerals Inc.	6,754	19,302
126,000	IAMGOLD Corporation	1,114	1,300
50,000	Inmet Mining Corporation	1,998	3,120
30,000	IPSCO Inc.	3,383	3,288
300,000	Ivanhoe Mines Ltd.	3,000	3,447
350,000	Labrador Iron Ore Royalty Income Fund, units	4,090	8,761
199,920	Lundin Mining Corporation	4,331	8,601

STATEMENT OF INVESTMENT PORTFOLIO (CONTINUED)

December 31, 2006

NUMBER OR PAR VALUE	INVESTMENT	COST \$	MARKET VALUE \$
<i>(in thousands of dollars)</i>			
MATERIALS (CONTINUED)			
550,000	Moto Goldmines Limited	4,194	4,175
92,200	Mountain Province Diamonds Inc.	385	364
880,500	Nautilus Minerals Inc.	4,847	4,579
30,000	Phelps Dodge Corporation	2,992	4,185
400,000	Rio Narcea Gold Mines, Ltd.	1,117	1,148
1,472,800	Shore Gold Inc.	3,915	9,058
100,000	Silver Standard Resources Inc.	2,784	3,582
400,000	Silver Wheaton Corp.	4,365	4,888
854,000	Skye Resources Inc.	6,107	9,864
50,000	Skye Resources Inc., warrants 3/13/2008	40	118
498,300	Taseko Mines Limited	1,517	1,515
842,500	TEAL Exploration & Mining Incorporated	3,813	3,421
31,700	Teck Cominco Limited, A MV	2,382	2,843
30,000	Teck Cominco Limited, B SV	2,360	2,637
190,500	U.S. Gold Corporation	1,078	1,121
2,209,500	Vaaldiam Resources Ltd.	2,452	1,966
310,000	Yamana Gold Inc.	2,593	4,755
TOTAL MATERIALS		121,014	184,281

TELECOMMUNICATION SERVICES (3.5%)

Diversified Telecommunication Services			
75,000	Manitoba Telecom Services Inc.	2,731	3,486
135,000	TELUS Corporation	2,095	7,228
Wireless Telecommunication Services			
550,000	Rogers Communications Inc., B NV	7,277	19,129
TOTAL TELECOMMUNICATION SERVICES		12,103	29,843

UTILITIES (1.5%)

Electric Utilities			
280,000	Fortis Inc.	4,061	8,327
Independent Power Producers & Energy Traders			
100,000	Canadian Utilities Limited, A NV	1,171	4,773
TOTAL UTILITIES		5,232	13,100

NUMBER OR PAR VALUE	INVESTMENT	COST \$	MARKET VALUE \$
<i>(in thousands of dollars)</i>			
PREFERRED SHARES (1.0%)			
264,100	Bombardier Inc., Series 3	5,160	4,556
150,000	Falconbridge Limited, Series 3	3,743	3,816
TOTAL PREFERRED SHARES		8,903	8,372
TOTAL INVESTMENTS (100.0%)		513,123	856,976
NET PAYABLE ON SECURITIES			
PURCHASED (-0.4%)		(3,419)	(3,419)
CASH & CASH EQUIVALENTS (0.4%)		3,809	3,809
INVESTMENT PORTFOLIO		513,513	857,366

* Unquoted security.

^ The primary underlying assets of the two Caldwell limited partnerships are shares in NYSE Group, Inc.

LV: limited voting

MV: multiple voting

NV: non-voting

SV: subordinate voting

VV: variable voting

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

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS:

INVESTMENT PORTFOLIO (131.3%)	857,366
PREFERENCE SHARES (-32.2%)	(210,000)
OTHER ASSETS AND LIABILITIES, NET (0.9%)	5,762
NET ASSETS (100.0%)	653,128

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions that affect the amounts of assets, liabilities, income and expenses during the year. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by the Company.

Valuation of investments

Publicly listed securities are valued at the last reported sale price or, if no sale price was reported, at the most recent bid price. Unlisted securities that trade on an over-the-counter market are valued in the same manner. Notwithstanding the above, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), the securities' fair value is determined using available sources of information and commonly used valuation techniques.

Investment transactions

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

Investment income

Dividend income is recorded on the ex-dividend date. Interest income and securities lending revenue are recognized as earned.

Foreign exchange

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

Deferred financing charge

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

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.

No provision is made for future income taxes on the unrealized gain on investments, since such income taxes would be recoverable upon payment of capital gains dividends by the Company (note 5).

2 CAPITAL STOCK

Common shares

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

	2006		2005	
	Number of shares	Amount \$ <i>(in thousands of dollars)</i>	Number of shares	Amount \$ <i>(in thousands of dollars)</i>
Balance, beginning of year	20,573,940	127,790	20,499,638	127,402
Exercise of warrants	17,219	71	74,302	388
Balance, end of year	20,591,159	127,861	20,573,940	127,790

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Preference shares

The Company is authorized to issue, in series, a class of preference shares of which the following are outstanding:

Class A preference shares	Number of shares	Stated amount per share \$	Cumulative dividend rate	Date of issue	2006	2005
					Amount \$ <i>(in thousands of dollars)</i>	Amount \$ <i>(in thousands of dollars)</i>
Series 1	2,400,000	25.00	5.40%	October 5, 1998	60,000	60,000
Series 2	3,000,000	25.00	4.65%	November 3, 2003	75,000	75,000
Series 3	3,000,000	25.00	3.90%	March 3, 2006	75,000	-
					210,000	135,000

The Company may redeem for cash, the following series, in whole or in part, at the following prices during the defined periods:

	\$26.00	\$25.75	\$25.50	\$25.25	\$25.00
Series 1	-	-	-	-	October 5, 2003 to October 4, 2008 ⁽¹⁾
Series 2	March 15, 2009 to March 14, 2010	March 15, 2010 to March 14, 2011	March 15, 2011 to March 14, 2012	March 15, 2012 to March 14, 2013	March 15, 2013 and thereafter ⁽²⁾
Series 3	June 15, 2011 to June 14, 2012	June 15, 2012 to June 14, 2013	June 15, 2013 to June 14, 2014	June 15, 2014 to June 14, 2015	June 15, 2015 and thereafter ⁽³⁾

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

(2) The holders may require the Company to redeem the Series 2 shares on or after March 15, 2014 for a cash price of \$25.00 per share.

(3) The holder may require the Company to redeem the Series 3 shares on or after June 15, 2016 for a cash price of \$25.00 per share.

The gross issuance cost of \$3,985,000 (2005 - \$2,334,000) in respect of Series 2 and Series 3 shares is presented net of accumulated amortization of \$1,753,000 (2005 - \$1,011,000).

Warrants

The Company has 292,156 (2005 - 3,288,484) warrants outstanding that are exercisable on June 30 each year, commencing on June 30, 2000 and ending on June 30, 2007, the final exercise date. On June 30, 2006, the seventh exercise date, 17,219 warrants were exercised for total proceeds of \$71,000 (2005 - 74,302 warrants, \$388,000). As at December 31, 2006, each warrant entitles the holder to subscribe for a common share at a price of \$4.12 (2005 - \$5.22) per share, subject to adjustment based on the warrant indenture. Upon approval of the audited financial statements for 2006 by the Board of Directors, in accordance with the warrant indenture, the future exercise price will be reduced to \$2.62 (2005 - \$4.12) per share as a result of cash dividends paid in excess of net income in each year. The warrants will expire without value after the final exercise date.

On May 23, 2006, the Company announced a substantial issuer bid to purchase all of its outstanding warrants. The issuer bid enabled warrant holders to tender their warrants for a cash price of \$22.35 per warrant, upon the terms and conditions set forth in the offer to purchase contained in an issuer bid circular, which was filed with applicable Canadian securities regulators and mailed to warrant holders on May 25, 2006. On June 30, 2006, the expiry date of the offer, the Company confirmed that it would purchase for cancellation 2,979,109 warrants, representing 90.6% of the warrants outstanding prior to the offer. The warrants that were repurchased represented all validly deposited warrants under the terms of the offer. The total cost associated with this offer, including transaction costs, was \$67,052,000.

In 2005, the Company bought 96,500 of its warrants for cancellation for cash consideration of \$1,170,000, pursuant to a normal course issuer bid for issued and outstanding warrants of the Company.

Weighted-average number of common shares outstanding:

	2006	2005
Basic	20,582,667	20,537,298
Diluted		
Weighted-average number of common shares outstanding	20,582,667	20,537,298
Potential issuance of common shares from exercise of warrants	292,156	3,288,484
Assumed purchase of common shares	(45,977)	(918,218)
	20,828,846	22,907,564

3 RETAINED EARNINGS

The changes in retained earnings for the year were as follows:

<i>(in thousands of dollars)</i>	2006 \$	2005 \$
Retained earnings, beginning of year	200,134	160,790
Net realized gain on investments	94,733	74,924
Net investment loss	(4,718)	-
Dividends paid from net realized gain on investments, net of income taxes recoverable of \$5,448 (2005 - \$4,320)	(20,497)	(16,254)
Dividends paid from net investment income	(4,940)	(4,929)
Warrants repurchased, including transaction costs	(67,052)	(1,170)
Decrease (increase) in refundable dividend tax on hand	793	(159)
Increase in refundable income taxes on net realized gain on investments (note 5)	(17,039)	(13,068)
Retained earnings, end of year	181,414	200,134

4 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited, a corporation under common control with the Company, for services received in connection with the management of the Company's financial accounts and investment portfolio among other services provided. Management fees are computed monthly at 1% per annum of the market value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month. The fees are payable on the 15th of the following month.

Prior to 2006, management fees were computed quarterly, with values for fee calculation purposes determined on the basis of the published financial statements of the Company as at the last day of the immediately preceding quarter.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5 TAXATION

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

<i>(in thousands of dollars)</i>	2006 \$	2005 \$
Provision for income taxes on net investment income		
Recovery of income taxes based on combined Canadian federal and provincial income tax rates	(1,704)	-
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(4,106)	(4,582)
Dividends on preference shares	3,306	2,430
Income tax rate differential for investment corporations	(407)	(347)
Other	(44)	(284)
Recovery of income taxes	(2,955)	(2,783)
Applied to reduce capital gains taxes	2,955	2,783
Provision for income taxes	-	-
Refundable income taxes on net realized gain on investments		
Income taxes based on combined Canadian federal and provincial income tax rates	34,218	27,062
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of realized net taxable capital gains	(17,109)	(13,531)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	100	117
Income tax rate differential for investment corporations	2,785	2,203
Recovery applied from investment income	(2,955)	(2,783)
Net increase in refundable income taxes on net realized gain on investments	17,039	13,068

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 21%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. The Company has refundable capital gains taxes of approximately \$27,000,000 as at December 31, 2006 (2005 - \$16,000,000), which are refundable upon payment of capital gains dividends of approximately \$129,000,000 (2005 - \$75,000,000). This potential recovery has not been recorded by the Company.

The Company is also subject to a special tax of 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 \$nil as at December 31, 2006 (2005 - \$793,000).

In accordance with the Act, a corporation can qualify as an investment corporation if certain tests are satisfied. One of the tests is that the corporation cannot have specified shareholders. A specified shareholder is generally a shareholder, who, along with certain persons to whom the shareholder is considered to be related, has a greater than 25% shareholding. The Company has had specified shareholders since June 20, 1996. The specified shareholder section of the Act generally allows the Company to maintain its investment corporation status as long as it does not have any specified shareholders other than those specified shareholders existing on June 20, 1996. In addition, the specified shareholders as at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

6 SUPPLEMENTAL CASH FLOW INFORMATION

Included in the net increase (decrease) in cash during the year are the following:

<i>(in thousands of dollars)</i>	2006 \$	2005 \$
Preference share dividends and interest paid	9,028	6,735
Income taxes paid - net	15,259	10,312

7 SECURITIES LENDING

The Company has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services Company. Collateral is held by the custodian as agent for the Company and generally comprises Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit ratings, and other short-term securities, of at least 105% of the market value of securities on loan. In the event that any of the loaned securities are not returned to the Company and the value of the collateral held is less than the market value of the securities not returned, the custodian shall indemnify the Company for any such shortfall.

The Company has loaned securities with a market value of \$139,748,000 as at December 31, 2006 (2005 - \$111,126,000) and the custodian held collateral of \$150,365,000 (2005 - \$117,048,000).

8 BROKERAGE COMMISSIONS PAID ON INVESTMENT TRANSACTIONS

Total brokerage commissions paid on investment transactions for the year ended December 31, 2006 were \$1,474,000 (2005 - \$1,405,000). The portion of total brokerage commissions that was used to pay for goods and services through soft dollar (the amount ascertained to have been paid to dealers for goods and services other than order execution) arrangements for the year ended December 31, 2006 was \$61,000 (2005 - \$55,000).

9 FUTURE ACCOUNTING CHANGES

On April 1, 2005, The Canadian Institute of Chartered Accountants (CICA), which establishes Canadian generally accepted accounting principles (GAAP) for financial reporting purposes, issued Section 3855, "Financial Instruments - Recognition and Measurement." This section, which came into effect on October 1, 2006, will be applicable to the Company's year ended December 31, 2007.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for the securities. Previously, fair value for GAAP was based on the last traded price for the day, when available. In 2007, this change will impact the reported value of the Company's investments as reported in the interim and annual financial statements. However, Canadian securities regulatory authorities have granted relief on an interim basis, with investment funds complying with Section 3855, for purposes of the Company's regular net asset value calculation. The relief is for a period of up to one year ending September 30, 2007.

This section also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities, be charged to net income in the period. Prior to 2007, the practice was to add these expenses to the cost of securities purchased or to deduct them from the proceeds of sale.

THE URANIUM ADVENTURE

Uranium, of all the metals, is the most convincingly upward in price. Uranium is hundreds of times more common, even than gold, but circumstances have given uranium great scarcity at a time when it is seen as the one main clean energy reserve in a world that fears shortage, pollution, the hole in the ozone layer, global warming and climate change.

Uranium is reported as first isolated by a German chemist in 1789 or otherwise by a French scientist in 1895. Its early use, on a very limited scale, was for colouring pottery. The source was pitchblende, which also accommodated radium, isolated in 1898 by Madame Curie, twice a winner of the Nobel Prize. She also identified polonium, which was used with deadly effect in an apparent assassination in the U.K. late last year.

The earliest source of pitchblende was in Czechoslovakia. This yielded only a few grams of uranium a year until pitchblende was discovered at the Katanga Copper Mine in the Belgian Congo.

SMASHING THE BELGIANS

Later, along came Gordon LaBine, mining adventurer of Irish origins across the Atlantic in Canada. LaBine made a discovery in 1930 at the Great Bear Lake near the Arctic Circle and, in time, smashed the Belgian monopoly. He had found his Eldorado and named it that. It became the source of the material used for the atomic bomb in Japan in 1945, by which time the Canadian government had expropriated the Eldorado company and Canada, the U.K. and the U.S. had banned all private activity.

When exploration was freed up again, LaBine continued his prospecting for uranium. He took public new mines, one of which was Gunnar, originally a gold producer. Uranium was mined from 1955 to 1964 by Lake Athabasca in northwestern Saskatchewan, where other prospectors had discovered the first – even to this day – high grade uranium back in the 1930s.

Also of that era were Joseph Hirshhorn (1900-1981) and Franc Joubin (1911-1997), who made their mark in eastern Canada in the Blind River uranium field of Ontario that became the site of the 12 or so Elliott Lake operations of Rio Algom and Denison Mines. This takes us to the last great man of uranium, Steve Roman, who founded and controlled Denison and an empire of companies which dissolved in the years after his death in 1988.

That is enough about people. Moving to present times, Denison is revived and joined recently with International Uranium. After Cameco, it is the only domestic producer listed on the stock market in Canada. Denison is participating in over 30 exploration projects in the Athabasca Basin and is also active in the U.S. and Mongolia.

On tightening supply, uranium has gone from \$7 a pound to the \$70 level in a very short time. Considering this, and its

common natural presence, its scarcity is surprising. However, mining start-ups are always laborious and the cost can be in the billions of dollars.

As well as depressed prices for years, uranium has faced special difficulties that have limited production. Examples include waste disposal issues, radiation sickness, accidents, “NIMBY” and Australians. The Western Australia premier still says “over my dead body” and a nuclear consultant told Toronto fund managers last month that the Australians will be in debate for the next five years and beyond, despite a growing view that the Labour party premiers are warming up.

In Canada, the expected 18 million pounds of production from Cameco’s Cigar Lake was recently put off the 2008 timetable on flooding of the mine project. The company is drilling down fast below 200 meters on the way to 500 meters to inject cement plugging and will then forecast anew. It will cost them, but for a \$15 billion to \$18 billion uranium reserve we guess they should try to soldier on.

HOW TO LOOK AT GRADES

True high grade uranium, in the whole world, is found only in the Athabasca Basin. Cameco and Cogema mine grade is 20% and higher. For the rest of Canada and the outside world 0.50% is finger-licking good and quite rare. Such a discovery is enough to make an Australian spring like a wallaby. Many deposits could be economic at today’s uranium prices at grades well below half that quality.

Mine geologists hope to find uranium that precipitates into water and flows with it into concentrations underground. Remarkable conditions in the Athabasca Basin magnified the results of the process. However, getting down to those rich pods of ore involves some of the most difficult and expensive mining. The building of the new mines and the extraction processes are robotic. There are no miners 400 metres down because of the intense radiation. Also, the water that made the ore so rich is a huge challenge, as experienced at Cigar Lake. Only Cameco and their comrades in the field, the French state company Cogema, undertake this kind of mining.

Lots of small companies are searching for economic deposits, maybe 100 in Canada, lots in the Athabasca Basin where the rich pods tend to be narrow and deep. There are many companies exploring two or three basin and mountain structures in the Canadian northwest. Everywhere away from the Athabasca the grade is low but high end of low grade sets the blood of prospectors racing. There are promising locations in Labrador and Quebec and the prices of shares are running. There will be more mines but in the Athabasca it will be Cameco and Cogema who will name new projects so holding the right penny stocks really is problematic.

For now, ninety percent of western world uranium is supplied by four producers in this order – Cameco, Areva (Cogema), BHP and RioTinto. BHP has the world's largest low grade deposit at Olympia Dam Mines in Northern Australia where uranium is really a by-product of copper mining at ODM. A two or three year study is underway. Production in the past year declined (actually, it did everywhere!) but an optimistic new mine plan and favourable market prices could even mean copper becomes the by-product to uranium at Olympia Dam.

SMASHING CANADA?

The brightest prospects, however, might be elsewhere. UrAsia Energy Ltd.*, listed Toronto, has started production with 1.6 million pounds from the first of three mines in Kazakhstan where it targets 11.4 million pounds by 2012, moving the company from 11% to 40% of national production. These percentages could alter. At least 12 to 15 ventures have been planned or signed with the Kazakhs by Areva, Cameco, Russian, Japanese and other parties.

Kazakhstan could pass Canada as the leading producer. The deposits are isolated, amenable to traditional in-situ acid leach mining and are the most economic deposits outside the Athabasca.

Paladin Resources recently started production in Namibia and srx Uranium One* hopes to follow soon in South Africa. There are a few interesting miner/explorers in the U.S. In Mongolia, Guyana, Labrador and elsewhere old exploration properties of bullish earlier decades are being dusted off for examination.

Canada will stay one of the biggest theatres of exploration, intensifying perhaps in Labrador where Aurora Energy Resources Inc., half-owned by Fronteer Development Group Inc., is the most advanced among a group of explorers and has reported some of that high end of low grade material. There are other small companies in the region but they are generally considered to be two years or so behind Aurora. In any event production would be many years away.

We shall be watching the uranium sector for considerable news as the year progresses.

Michael A. Smedley

Chief Portfolio Officer of the Manager

**UrAsia and srx Uranium One have now announced a business combination.*

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 when stock is purchased or sold
- Trade usually below real value
- May pay cash and/or stock dividends
- Often have dividends and dividend reinvestment plans (company may absorb all administrative charges, including commissions)
- May employ leverage

COMMONLY ASKED QUESTIONS

WHAT IS CANADIAN GENERAL INVESTMENTS?

CGI is a publicly listed closed-end equity fund, founded in 1930, focused on medium- to long-term investments in Canadian corporations.

WHAT IS CGI'S OBJECTIVE?

CGI's objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains and appropriate income generating instruments.

DOES CGI EMPLOY LEVERAGE?

Yes. At December 31, 2006, CGI had three series of TSX-listed preferred shares outstanding, consisting of the \$60 million 5.40% Series 1 issue, the \$75 million 4.65% Series 2 issue, and the \$75 million 3.90% Series 3 issue.

CGI HAS INVESTMENT CORPORATION STATUS. WHAT IS THIS AND HOW DOES IT BENEFIT ME?

Qualification as an investment corporation under the Income Tax Act (Canada) essentially provides CGI with the same tax advantages as a Canadian mutual fund and closed-end funds in the U.S. and U.K. (i.e. capital gains tax is paid only once, by the investor, upon payment of the distribution by the company). This significantly reduces double taxation at the corporate and shareholder levels, translating into higher returns for shareholders. The capital gains refund mechanism enables CGI to recover taxes on realized net capital gains through the payment of capital gains dividends. This has enabled CGI to provide a dividend yield superior to that of most common shares on the TSX. In addition, this status allows CGI to benefit from a reduced tax rate on certain investment income, as well as to borrow at favourable rates by making a tax election that is beneficial to preferred shareholders without negatively impacting common shareholders.

WHAT IS THE DIVIDEND POLICY?

CGI'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 common share on March 15, June 15, September 15 and December 15. In addition, as an investment corporation, CGI is able to pay capital gains dividends. On a periodic basis, the Board considers the payment of a capital gains dividend taking into account the current year's performance, the amount of refundable capital gains tax on hand, and the desire to provide some degree of yield consistency over time. CGI paid a capital gains dividend of \$1.26 per share on December 29, 2006, resulting in a yield of 5.5% based on the year-end price.

WHAT ARE CGI WARRANTS?

CGI's warrants provide holders with the right to purchase common shares at a set exercise price. The warrants were issued in February 1995 at no cost to shareholders*. They have been exercisable every June 30, since June 30, 2000, and will expire without value on June 30, 2007 unless exercised on that date. The current exercise price for the warrants is \$2.62. Upon approval of the annual financial statements, the warrant exercise price was reduced as a result of cash dividends paid in excess of net income for each year.

WHAT IS CGI'S MANAGEMENT EXPENSE RATIO (MER)?

As a public company, CGI is responsible for numerous corporate costs, including management fees, dividends on preference shares, investor relations, listing and regulatory costs. CGI's MER is based on all of these expenses as a percentage of daily average net assets during the year. Prior to 2005, the MER calculation excluded leverage costs (i.e. dividends on preference shares and amortization of deferred financing charge). Due to regulations which impact investment funds such as CGI, these costs are now included in the calculation. However, CGI's Management Report of Fund Performance discloses the MER calculated using both methods. For instance, CGI's MER for 2006 was 3.24% including leverage costs and 1.65%, excluding these costs.

IS CGI APPROPRIATE FOR ME?

The Board and Management envisage that the typical investor in CGI is interested in long-term capital growth and income from a portfolio of almost exclusively Canadian equities. Investors in CGI should be willing to tolerate a moderate level of volatility. CGI offers the opportunity to purchase a widely diversified, performance-oriented portfolio of Canadian equities in one stock, which is actively managed by a team of experienced managers and overseen by a Board of Directors. It is the only closed-end Canadian equity fund listed internationally.

IS CGI ELIGIBLE FOR REGISTERED PLANS?

CGI is a fully qualified investment for Canadian registered plans.

HOW CAN I BUY CGI?

CGI's shares and warrants are traded through stock brokers and are listed on the Toronto Stock Exchange (symbols: common shares – CGI; preferred shares – CGI.PR.A, CGI.PR.B and CGI.PR.C; warrants – CGI.WT) and the London Stock Exchange (symbols: common shares – CGI; warrants – CGIW). For the common shares, Bloomberg symbols are CGI CN and CGI LN; the Reuters symbol is CGIq.L.

**U.S. shareholders received cash in lieu of warrants.*

CORPORATE INFORMATION

CANADIAN GENERAL INVESTMENTS, LIMITED

BOARD OF DIRECTORS

James F. Billett
President, J.F. Billett Holdings Ltd.

James G. Cook
Barrister and Solicitor

Jonathan A. Morgan
President & CEO of the Corporation

Vanessa L. Morgan
Chairman of the Corporation

R. Neil Raymond
Chairman & CEO, Innovium Capital Corp.

Michael A. Smedley
*Executive Vice-President & CEO,
Morgan Meighen & Associates Limited*

Richard O'C. Whittall
President, Watershed Capital Partners Inc.

AUDIT COMMITTEE

James F. Billett
James G. Cook
Richard O'C. Whittall

CORPORATE GOVERNANCE COMMITTEE

James G. Cook
Jonathan A. Morgan
R. Neil Raymond

INDEPENDENT DIRECTORS COMMITTEE

James F. Billett
James G. Cook
R. Neil Raymond
Richard O'C. Whittall

OFFICERS

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Colin D. Smith
Secretary

Frank C. Fuernkranz, MBA, CA, CFA
Treasurer

OFFICE OF THE COMPANY

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website: www.mmainvestments.com

MANAGER

Morgan Meighen & Associates Limited
Toronto

AUDITORS

PricewaterhouseCoopers LLP
Toronto

BANKERS

Bank of Montreal
Toronto

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, Ontario, Canada M5J 2Y1
Telephone:
Canada & U.S.: 1-800-564-6253
Overseas: 1-514-982-7555
Fax:
Canada & U.S.: 1-888-453-0330
Overseas: 1-416-263-9394
e-mail: mmamail@computershare.com

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

U.K. TRANSFER AGENT

Computershare Investor Services PLC
P.O. Box 82
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Telephone: 0870 702 0000
Fax: 0870 703 6119
e-mail: web.queries@computershare.co.uk

U.K. STOCKBROKER

Teather & Greenwood Limited
15 St. Botolph Street
London, EC3A 7QR United Kingdom
Telephone: 020 7426 9000
Fax: 020 7426 9595

PUBLICATION

Diluted net asset value per share (NAV) and/or market price and market return are published daily/weekly in various media in Canada, the U.K. and the U.S. These include: The Globe and Mail, The Wall Street Journal, Barron's, Financial Times and Daily Telegraph.

The Company posts ongoing top 10 portfolio investments (priced at market), together with current NAV and market return information on its website. CGI also posts its top 25 holdings on its website on a quarterly basis. Similar information is available directly from the Company upon request.

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbols:

Common Shares	CGI
Warrants	CGI.WT
Preference Shares,	
Series 1	CGI.PR.A
Series 2	CGI.PR.B
Series 3	CGI.PR.C

The London Stock Exchange

Trading Symbols:

Common Shares	CGI
Warrants	CGI.WT

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

The Plan, administered by the Company's Canadian Transfer Agent, offers an efficient method of acquiring additional shares. As well as with reinvested dividends, shareholders may purchase additional shares for cash (minimum \$100 – maximum \$5,000) every quarter. Shares are purchased on the open market, with participants paying the average cost while the Company pays all administrative charges, including commissions. The Plan may be used for self-directed RRSPs. Also, a number of Canadian brokers offer dividend reinvestment plans to CGI shareholders. Note: U.S. shareholders are eligible for the dividend reinvestment segment of the plan only.

ANNUAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Canadian General Investments, Limited will be held at 3:00 p.m. (Toronto time) Wednesday, April 4, 2007 in St. Andrew's Hall, St. Andrew's Club & Conference Centre, Sun Life Financial Tower, 150 King Street West, 27th Floor, Toronto, Ontario, M5H 1J9. (Telephone (416) 366-4228)

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

Managed by:



Morgan Meighen

& ASSOCIATES

Investment Managers

CANADIAN GENERAL INVESTMENTS, LIMITED

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