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STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbols:

Common Shares CGI

Preference Shares,

Series 2 CGI.PR.B

Series 3 CGI.PR.C

The London Stock Exchange

Trading Symbols:

Common Shares CGI

Managed by:



MorganMeighen

& ASSOCIATES

Investment Managers

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CGI

Canadian General Investments,
Limited



OVER 75 YEARS OF CANADIAN SUCCESS

3

THIRD QUARTER
SHAREHOLDER UPDATE

September 30, 2008

GENERAL COMMENTARY

Canadian General Investments, Limited (CGI) finished the third quarter with a year-to-date net asset value decline of 37.6%, lagging the -13.3% posted by the benchmark S&P/TSX Composite Index. CGI's market return was -42.8%.

The global credit crisis, which began over a year ago, reached a new and more acute phase in the third quarter of 2008. We are witnessing convulsions in the financial markets not seen for a generation or more. The former titans of Wall Street, the great American investment banks, are all but gone. Meanwhile, Europe has seen a rash of bank bailouts, sales and government initiated guarantees.

Canada, despite the ABCP fiasco, has been weathering this storm comparatively well. No major financial institution has failed or appears likely to do so. Our real estate market, while down from its highs, appears to have avoided the speculative excesses of the U.S. and U.K. markets, and so avoided similar precipitous declines. The Canadian manufacturing sector continues to suffer, but, thanks to ongoing activity in the resources sector, Canada is still running a trade surplus, just as the federal government continues to run a fiscal surplus, and unemployment remains low. Unfortunately, this stability has not been mirrored by the Canadian equity markets, which have moved violently negative in what we hope is final capitulation before renewal.

Subsequent to quarter end, CGI redeemed its \$60 million Series 1, 5.4% preference shares which were issued in 1998. This has both reduced the absolute level of leverage on the portfolio by \$60 million and the overall cost of carry. The outstanding Series 2 and 3 issues, each for \$75 million, have coupons of 4.65% and 3.9%, respectively. Further to the preference share redemption, CGI has broken from its past practice and is now carrying a larger amount of cash in its portfolio to help mitigate the violence of the moves in the market.

Clearly, we are dissatisfied with the current performance, but we retain confidence in our team and strategy. We are optimistic that, once we return to something more like normal markets, CGI will return to its tradition of increasing the wealth of its shareholders.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

INVESTMENT COMMENTARY

SELLING DOWN

After a protracted period of relatively few portfolio transactions we initiated a selling program through the quarter ended September 30, 2008. The cash raised more than covered the redemption of the \$60 million of CGI Series 1 preference shares which had served well in the acceleration of asset growth over their 10-year term.

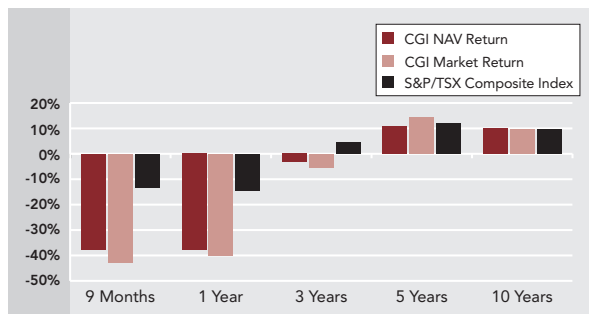
With the bear market gathering pace inexorably before the end of the quarter, sales values, without exception, were proved to be higher than what could have been realized at subsequent market prices. Another outcome of the redemption exercise was that it amounted to almost a one third reduction of leverage, a process that is more appropriate in a sliding market. The portfolio still employs \$150 million in preference share funding. This should prove to be an important tool for leveraging outperformance in stages of meaningful recovery.

Perhaps the best of the final sales of the quarter was the elimination of 40,000 shares of Potash Corporation of Saskatchewan Inc., the most remarkable performer, locking in nearly \$2 million in gains just before its deep correction. Curiously, the holding was long problematic, as Potash Corporation, on its own, frequently accounted almost entirely for the outperformance of the benchmark; we could never risk matching its index weighting in the CGI portfolio. In September we also sold down CGI's shares in Research In Motion Limited, a move that created more than \$7 million in realized gains.

FEW PURCHASES

Understandably, in September we made few purchases. We added to TELUS Corporation, the phones operator which was much reduced in price. Hathor Exploration Limited was increased for its ongoing rich uranium discoveries in the Athabasca Basin - a rare occurrence in the uranium sector and we boosted our low weighting in gold with Kinross Gold Corporation and the purchase of Aurelian Resources Inc., the

Compound Annual Returns for the Periods Ending September 30, 2008



rich Ecuador gold deposit which was soon to be acquired by Kinross for cash and shares.

We do see Canada's best route to recovery in market quoted value is via commodities, mining and energy, after the present correction. The scarcity of metals and the low rate of mine development will persist until lower costs and easier borrowing occur for the developers and lower prices for the buyers.

Recently we made a 10% addition to Suncor Energy Inc. at 2005 price levels and much below our original cost. This is not to say that oil will prove to find support at the present time and level but we are confident that Canada will become a relatively more important provider, probably moving to above 50% of total new oil production available for general consumption as oil sands development continues. Important major sources such as Russia, China and even Gulf states will consume more of their own resources if they further diversify and expand their economies, though near-term declining oil prices might continue to dampen the attraction of energy.

We exited the third quarter with a \$20 million cash position and a modest start into new investment that might suit the times when investors and consumers turn more to staples and essentials. Back in July we bought Molson Coors Brewing Company, well run and increasing dividends. A cool weather quarter recently dulled sales in what we believe is a strong reconstructed brewer, which is now combined with SAB Miller North America at the operating level. This has created a 30% market holder that is better equipped to combat the market leader, Anheuser-Busch Companies, Inc.

SEARCH FOR OPPORTUNITY

In the search for opportunity in October we invested in Loblaw Companies Limited, where a struggle to improve the company's fortunes is underway. Smitten consumers go back to basics and focus more on food. The retreat in

Loblaw's stock occurred before the bear market and the stock now appears levelled-off and has modestly risen. The company sits on substantial real estate assets.

A holding was started in Northbridge Financial Corporation, the largest property and casualty insurer in Canada and a key member of the Fairfax Financial group. The group appears to have entered one of its phases of great reward with billions of dollars of locked in and unrealized gains after arranging credit default swaps with which it bet against the major banks and investment firms when it looked ahead to the current financial crisis. Northbridge and its insurance subsidiaries are all healthy and share in the portfolio investment creativity and content of the Fairfax group.

Despite some erosion, particularly in the energy group, the Canadian income trusts stay important because they generally provide high yields.

In the third quarter the Canadian Financial sector recorded a 1.7% return, outstanding in the global financial chaos and considering the presence of falling real estate stocks in that sector. Canadian banks are relatively conservative, cautious and well behaved. They have their own performance issues and the global liquidity problem, but should do well when we climb the wall of fear.

Whether the capital injections and other remedies and restrictions now being tried on the world's banking systems assist us out of the crisis might not be known for some time but, as played up by U.S. Federal Reserve Chairman, Ben Bernanke, in his speech on October 14th, "we have the extraordinary resilience of the (American) people". Perhaps, in the end, that is the key to recovery.

On behalf of the Manager,

Michael A. Smedley
CEO & Chief Portfolio Officer

D. Greg Eckel
Senior Vice-President

SUMMARY OF INVESTMENT PORTFOLIO

as at September 30, 2008

Sector Allocation

| | % of Net Asset Value* | % of Investment Portfolio |
|----------------------------|-----------------------------|---------------------------------|
| Energy | 32.5 | 21.9 |
| Financials | 26.3 | 17.8 |
| Materials | 20.4 | 13.7 |
| Industrials | 17.5 | 11.8 |
| Cash & Cash Equivalents | 16.3 | 11.1 |
| Consumer Discretionary | 12.1 | 8.2 |
| Consumer Staples | 6.3 | 4.2 |
| Telecommunication Services | 6.2 | 4.2 |
| Information Technology | 4.9 | 3.3 |
| Utilities | 2.8 | 1.9 |
| Health Care | 0.6 | 0.4 |

Asset Allocation

| | % of Net Asset Value* | % of Investment Portfolio |
|-----------------------------------|-----------------------------|---------------------------------|
| Canadian Equities & Income Trusts | 124.6 | 84.1 |
| Cash & Cash Equivalents | 16.3 | 11.1 |
| Foreign Equities | 2.8 | 1.9 |
| Preferred Shares | 1.1 | 0.7 |
| Limited Partnerships | 1.1 | 0.7 |

SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)**Top 25 Holdings as at September 30, 2008**

| Issuer (all Canada-based) | Sector | % of Net Asset Value* | % of Investment Portfolio |
|--|----------------------------|--------------------------------------|--|
| Cash | Cash & Cash Equivalents | 10.3 | 7.0 |
| Bank Term Deposits | Cash & Cash Equivalents | 6.0 | 4.1 |
| Labrador Iron Ore Royalty Income Fund | Materials | 4.3 | 2.9 |
| Rogers Communications Inc. | Telecommunication Services | 4.0 | 2.7 |
| Research In Motion Limited | Information Technology | 3.8 | 2.5 |
| Enbridge Inc. | Energy | 3.3 | 2.2 |
| BPO Properties Ltd. | Financials | 3.3 | 2.2 |
| BMTC Group Inc. | Consumer Discretionary | 3.2 | 2.2 |
| Ritchie Bros. Auctioneers Incorporated | Industrials | 3.1 | 2.1 |
| TransCanada Corporation | Energy | 2.9 | 1.9 |
| Algoma Central Corporation | Industrials | 2.7 | 1.8 |
| Husky Energy Inc. | Energy | 2.6 | 1.8 |
| Canadian Western Bank | Financials | 2.5 | 1.7 |
| Russel Metals Inc. | Industrials | 2.4 | 1.6 |
| Shaw Communications Inc. | Consumer Discretionary | 2.4 | 1.6 |
| Economic Investment Trust Limited | Financials | 2.2 | 1.5 |
| Corby Distilleries Limited | Consumer Staples | 2.2 | 1.5 |
| Urbana Corporation | Financials | 2.1 | 1.4 |
| TMX Group Inc. | Financials | 2.0 | 1.4 |
| Cameco Corporation | Energy | 2.0 | 1.3 |
| Fortis Inc. | Utilities | 1.9 | 1.3 |
| Franco-Nevada Corporation | Materials | 1.9 | 1.3 |
| Tim Hortons Inc. | Consumer Discretionary | 1.8 | 1.2 |
| Canadian Natural Resources Limited | Energy | 1.8 | 1.2 |
| EnCana Corporation | Energy | 1.7 | 1.2 |
| | | 76.4* | 51.6 |
| Total Net Asset Value* (\$000's) | | | \$413,381 |
| Total Investment Portfolio* (\$000's) | | | \$612,280 |

* Total Net Asset Value 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 receivable on securities sold of \$8.9 million.

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.mmainvestments.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.

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 the Annual Report to Shareholders.

The Company is an investment fund, and as such, this Third Quarter Shareholder Update 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.