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Third Canadian General
Investment Trust Limited

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THIRD QUARTER
SHAREHOLDER UPDATE

September 30, 2006

INCOME & GROWTH

Regulations pertaining to the Company's reporting requirements have changed in 2006. Third Canadian is considered a non-redeemable investment fund and is, as such, governed by National Instrument 81-106, which came into effect on June 1, 2005. Content and disclosure in the 2005 Annual Report were different than in previous years. It also means that, rather than producing three sets of quarterly financial statements (March 31, June 30 and September 30), along with a set of annual financial statements as before, Third Canadian is only required to produce financial statements and a Management Report of Fund Performance (MRFP) after six months (June 30) and at year end.

However, in the interest of ongoing communications with shareholders, the Company plans to provide a brief, informal update at the end of the first and third quarters, including investment commentary.

Managed by:



MorganMeighen
& ASSOCIATES

Investment Managers

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GENERAL COMMENTARY

Third Canadian remained ahead of the 6.2% total return recorded by the S&P/TSX Composite Index at September 30, with the Company achieving year-to-date net asset value (NAV) and market returns, with dividends reinvested, of 7.5%. Third's year-to-date returns were virtually unchanged from those posted at the end of the previous quarter, in line with the modest third quarter performance of its benchmark.

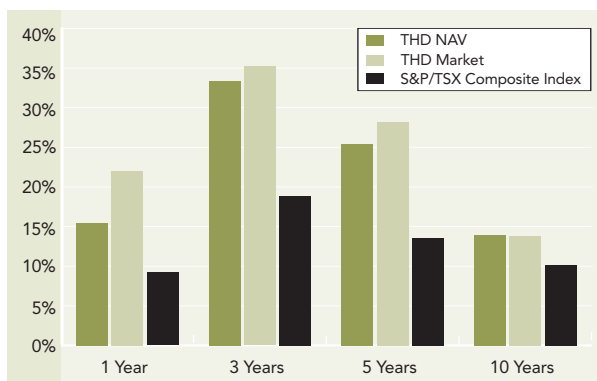
The S&P/TSX Index had an encouraging start to the quarter with an impressive 4.3% gain in July through August. The rally came to an abrupt halt a few days into September, succumbing to the unfortunate seasonal pattern observed by Canadian investors over the past few years. Although October is known for its historic and "cataclysmic" declines, September is actually the worst month for stocks, with the benchmark declining 13 times in the last 20 years, for an average 1.3% decline. This timing anomaly's credibility was further validated this year as the S&P/TSX Index declined almost double the average.

The Canadian market's success in the past few years has been underpinned by the strong performance of its resource sectors. Global demand for commodities, particularly oil, gold and base metals, and inadequate replenishment, have increased prices and reduced inventories to historically low levels. Toward quarter end, resource stocks corrected downwards before advancing afresh as we go to press. Unless economic growth stalls badly we seem destined for more advances in the weeks up to year end.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Compound Annual Returns for the Periods to
September 30, 2006



INVESTMENT COMMENTARY

PRINCIPAL ASSETS

This is the first full quarter since December 1994 that Third Canadian's principal assets have not included the highly successful investment in the warrants of Canadian General Investments, Limited (CGI). Representing more than 11% of portfolio assets at the time, the warrants were tendered for cash to CGI's Offer to Purchase, which expired on June 30, 2006 and the proceeds have been reinvested in non-principal assets. The two remaining long-term principal investments, CGI common shares and Canadian World Fund Limited (CWF) common shares, still represent a 66.2% of the total portfolio at September 30, 2006.

CGI, the dominant holding at 64.2% of the total portfolio, has considerable influence on Third Canadian's overall returns and is a major contributor to the excellent returns posted by Third Canadian in the last few years. CGI's leadership continues with year-to-date net asset value (NAV) and market price total returns of 9.3% and 7.1%, respectively. This compares well to the 6.2% total return posted by the benchmark S&P/TSX Composite Index. CGI's NAV return for the third quarter was 3.2% compared to the flat quarter-over-quarter performance of the Index. This demonstrates the benefits of CGI's active management strategy which utilizes a bottom-up style, where individual stock picking can make a difference. CWF, the much smaller component of this group, recorded an impressive market price gain of 15.2% for the same nine-month period. And not to be forgotten for their stellar contribution, the CGI warrants had produced a 25.6% return in the first half of the year, before they were tendered to the Offer to Purchase.

NON-PRINCIPAL ASSETS

The third quarter was a transitional quarter for the non-principal assets as the CGI warrant proceeds were deployed into the market. In relative terms, this meant an immediate expansion of the non-principal securities by over 50% to approximately \$100 million at September 30, 2006, compared to only \$32 million three years ago. This has reduced the leverage of the CGI position and created more opportunity for Third Canadian to diversify its portfolio content.

In line with the Company's traditional full investment philosophy, the quarter's trading activity was dominated by measured and steady purchasing to invest the large sum of cash available at the beginning of the quarter. This resulted in a blend of new positions and increases in selected established holdings.

Interesting new buys included COM DEV International, Gildan Activewear Inc. and Uranium Participation Corp. COM DEV is the most prolific supplier of payload equipment for commercial and communications satellites and is participating in renewed satellite activity. Gildan, a manufacturer and marketer of basic apparel, has shown an ability to execute its formidable growth strategy and is now the world's largest T-shirt manufacturer. It is expanding in terms of product, distribution and geography and expectations are high for continued growth. Uranium Participation is a listed company created to invest in physical uranium providing exposure to the actual commodity. The supply/demand outlook is decisively in favour of higher pricing.

Established positions that were increased include Best Buy Co. and Equinox Minerals Limited. Best Buy is the "best-in-class" North American electronics retailer and should benefit by the proliferation of consumer goods that are increasingly being adopted by the mainstream. Equinox is developing a mid-tier copper and uranium mine in the copper belt of Zambia and Third Canadian participated in its recent equity issue.

Despite the large change in the dollar amount of non-principal assets, the underlying investment approach remained consistent. All three subsectors had net additions for the quarter, but more attractive opportunities appeared in the Canadian equities subsector. This extended the

recent trend of a shift in weightings for the first time in 4.5 years, as Canadian shares overtook Canadian income trust units as the largest position. Further changes to the mix are probable as we are likely to expand the smallest of the three, foreign equities. These markets are becoming more attractive, showing renewed strength after many years of underperformance relative to the resource-dominated Canadian markets.

GOING FORWARD

Markets are currently in a wait-and-see mode. It would appear that interest rate increases throughout the world have had some slowing effect on many economies, the extent of which is not readily determined. In the short term, market volatility may result as changes in economic indicators are absorbed and earnings are announced. Longer term, we believe that growing economies in emerging markets such as China, India and Brazil will continue to augment contributions made by more developed markets and will also assist in the fundamentals supporting Canadian markets.

On behalf of the Manager,

Michael A. Smedley
Chief Portfolio Officer

D. Greg Eckel
Senior Vice-President

SUMMARY OF INVESTMENT PORTFOLIO

as at September 30, 2006

Portfolio Breakdown

		% of Net Assets*	% of Investment Portfolio
Principal Assets	193,916	82.5	66.2
Canadian Equities	42,738	18.2	14.6
Canadian Income Trusts	34,249	14.6	11.7
Foreign Equities	18,132	7.7	6.2
Cash & Cash Equivalents	3,481	1.5	1.2

SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)
Top 25 Holdings as at September 30, 2006

Issuer	Country	Sector	% of Net Assets*	% of Investment Portfolio
Canadian General Investments, Limited**	Canada	Principal Assets	80.1	64.3
Canadian World Fund Limited**	Canada	Principal Assets	2.4	1.9
Cash	Canada	Cash & Cash Equivalents	1.5	1.2
Northern Property Real Estate Investment Trust	Canada	Canadian Income Trusts	1.3	1.0
Phelps Dodge Corporation	U.S.A	Foreign Equities	1.1	0.9
Bank of Montreal	Canada	Canadian Equities	1.0	0.8
Toronto-Dominion Bank	Canada	Canadian Equities	1.0	0.8
First Capital Realty Inc.	Canada	Canadian Equities	1.0	0.8
Gildan Activewear Inc.	Canada	Canadian Equities	0.9	0.7
COM DEV International Ltd.	Canada	Canadian Equities	0.9	0.7
WFI Industries Ltd.	Canada	Canadian Equities	0.9	0.7
Best Buy Co., Inc.	U.S.A	Foreign Equities	0.9	0.7
North West Company Fund	Canada	Canadian Income Trusts	0.9	0.7
Lakeport Brewing Income Fund	Canada	Canadian Income Trusts	0.9	0.7
Google Inc.	U.S.A	Foreign Equities	0.8	0.7
ARC Energy Trust	Canada	Canadian Income Trusts	0.8	0.7
Home Capital Group Inc.	Canada	Canadian Equities	0.8	0.6
Dollar Financial Corp.	U.S.A	Foreign Equities	0.8	0.6
TransForce Income Fund	Canada	Canadian Income Trusts	0.7	0.6
Uranium Participation Corporation	Canada	Canadian Equities	0.7	0.6
CCL Industries Inc.	Canada	Canadian Equities	0.7	0.6
Penn West Energy Trust	Canada	Canadian Income Trusts	0.7	0.6
Newalta Income Fund	Canada	Canadian Income Trusts	0.7	0.6
Russel Metals Inc.	Canada	Canadian Equities	0.7	0.5
Wajax Income Fund	Canada	Canadian Income Trusts	0.7	0.5
			102.9*	82.5
Total Net Assets* (\$000's)				\$ 235,030
Total Investment Portfolio* (\$000's)				\$ 292,863

* Total Net Assets represents Total Investment Portfolio adjusted for future income taxes on unrealized net capital gains (\$27.7 million), leverage in the form of bank indebtedness (\$25.0 million), other assets and other liabilities. The Total Investment Portfolio includes a receivable on securities sold, net of a payable on securities purchased of \$347,000.

** Investments in TSX listed closed-end investment funds under common control with the Company. Information on these funds is available on the Internet at www.sedar.com or by visiting the Manager's web site at www.mmainvestments.com.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Manager's web site at www.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 and past performance is no assurance or indicator of future returns. Historical returns assume the reinvestment of all distributions. Share prices, net asset values and investment returns will fluctuate. 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.