



CGI

Canadian General Investments,  
Limited



**FOCUSED ON CANADA**

2003 ANNUAL REPORT

# 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 investment manager Morgan Meighen & Associates Limited (website: [www.mmainvestments.com](http://www.mmainvestments.com)).

Net asset value per share is calculated daily, distributed via various news services, and is published in the financial media in Canada, the United States and the United Kingdom. Market prices are published daily in Canada and the U.K. and at the weekend in the U.S.

CGI's shares and warrants are traded through stock brokers and listed on the Toronto Stock Exchange (symbols: common shares–CGI; preference shares–CGI.PR.A and CGI.PR.B; and warrants–CGI.WT). On the London Stock Exchange, Reuters symbols are: common shares – CGIq.L; and warrants – CGI<sup>w</sup>q.L. CGI is the only active internationally listed closed-end Canadian equities fund.

CGI is a founding member of the Closed-End Fund Association (CEFA) in North America (website: [www.cefa.com](http://www.cefa.com)).

## Top Ten Investments at Market

*(Excluding cash, short-term investments and non-convertible preference shares)*

*December 31, 2003*

<i>(Portfolio details on pages 11 to 13)</i>	<i>%</i>
BMTC Group Inc.	1.9
Enbridge Inc.	1.9
Home Capital Group Inc.	1.8
Southwestern Resources Corp.	1.8
Bank of Montreal	1.7
Corby Distilleries Limited	1.7
TSX Group Inc.	1.7
Inco Limited	1.6
Royal Bank of Canada	1.6
Brascan Corporation	1.6
<b>Total</b>	<b>17.3</b>

# Surging Ahead



Jonathan A. Morgan, Vanessa L. Morgan and Michael A. Smedley

- **NAV return 44.0%**
- **Market return 58.3%**
- **Common share yield 4.7%**

In 2003, Canadian General Investments, Limited experienced its best one year performance in at least a quarter of a century, closing the year with net assets of \$389,324,000 or \$17.10 on a diluted net asset value per share (NAV) basis. NAV return, with dividends reinvested, was 44.0%. The benchmark S&P/TSX Composite Total Return Index gained 26.7%. The market return for holders of common shares of CGI was 58.3% for the year.

CGI also outperformed most other Canadian equity funds in 2003, although the portfolio remained well diversified, with risk spread over 100 securities.

## Portfolio

Events went well across the portfolio, in relatively new holdings as well as long term investments. We often acted quite rapidly in the new bull market, capturing opportunities in which we had strong conviction.

Unrealized gains across the portfolio totalled more than \$125 million by year-end, made up in part by the following:

Fourteen non-bank financial companies in the portfolio showed close to \$17 million in unrealized gains by year-end. The best success by far was in Home Capital Group Inc., the niche mortgage, up 129.3% during the year.

In metals and mining, where we were invested in 22 companies and trusts, unrealized gains at year-end aggregated more than \$36 million. Our appreciation in mining was led by a more than \$5 million gain in Southwestern Resources Corp., the south west China gold play. Many other holdings excelled, including Inco Limited and Falconbridge Limited, our large

market capitalization nickel stocks. Cameco Corporation, dominant in the world, responded to the long awaited breakout in uranium prices, and the shares of Aber Diamond Corporation, currently one of the world's best diamond mines, were still in a powerful long-term uptrend at year-end, with its share price gaining 52.9% in 2003.

We expect continued strength in 2004 throughout the resource sectors, including oil and gas, in which CGI held 16 companies and trusts at year-end, operating in Canada and internationally, and showing unrealized appreciation of nearly \$14 million. We maintain a long-term positive stance toward this sector. The Alberta tar sands and coal bed methane represent huge present and future resources for Canada.

Although CGI is primarily a Canadian equity fund, it may invest in foreign securities and held three such investments at year-end, all with a Canadian connection. Brookfield Homes Corporation is a high-end homes developer in the U.S. and a member of the Brascan group of Canada. Laidlaw International, Inc. is a restructured U.S. company succeeding the former Laidlaw Inc. of Canada. The holding of Newmont Mining Corporation, the largest U.S. gold mining company, resulted from the exercise of warrants, originally purchased as warrants of Euro-Nevada Mining Corporation.

## Dividends

As a result of portfolio strength and substantial realized capital gains, the Board of Directors announced a year-end capital gains dividend of \$0.36 per common share. The year's income dividends totalled \$0.24 per share. Total cash dividends of \$0.60 per share represented a yield of 7.1% on the 2003

opening price of \$8.45, 5.0% on the capital gains dividend declaration date, and 4.7% on \$12.70, the closing price of the common shares. This places CGI amongst the top yielding common shares in Canada.

While CGI's substantial unrealized gains are maintained, they provide a cushion against adverse market conditions, as well as being a reserve for future capital gains dividend payments to shareholders, should the Board deem such distributions prudent at the time.

## Outlook

As the year closed, we entered a new era of government at the federal level with the arrival, as Prime Minister, of Mr. Paul Martin, a former finance minister with a significant business background. Talk in the marketplace continues on the possible reorganization of the banking sector, suggestive of potentially major change under the new government.

Among recent general developments, we observe strengthening in technology related areas of the economy at home as well as abroad. Canadian companies prominent in communication technologies are confirming their global roles, examples being Nortel Networks Corporation and Research In Motion Limited. Nortel is reviving in its reduced size and form and has four clear divisional pursuits, one being VOIP (voice over internet protocol) in which it appears to lead the world. Research In Motion has the dominant handheld e-mailing devices, now introduced globally, and is moving into profitability.

We conclude by noting that we expect Canada to remain one of the strongest among major industrialized nations in economic as well as stock market terms. CGI should continue to share in that strength.

## Board of Directors

Nick Majendie, a director of the Corporation since 1994, has advised the Board that he will not be standing for re-election at the next Annual Meeting of Shareholders. His colleagues and Management acknowledge with gratitude Mr. Majendie's contribution over the past ten years.

In response to Mr. Majendie's impending retirement, the Board of Directors, at their meeting on February 4, 2004, voted unanimously to put forward Mr. Richard O'C. Whittall of Vancouver as a nominee for election to the Board of Directors at the April 2, 2004 shareholder meeting. Mr. Whittall has 17 years of experience in the investment industry and is a Director of Watershed Capital Partners, an investment banking firm located in Vancouver, British Columbia.



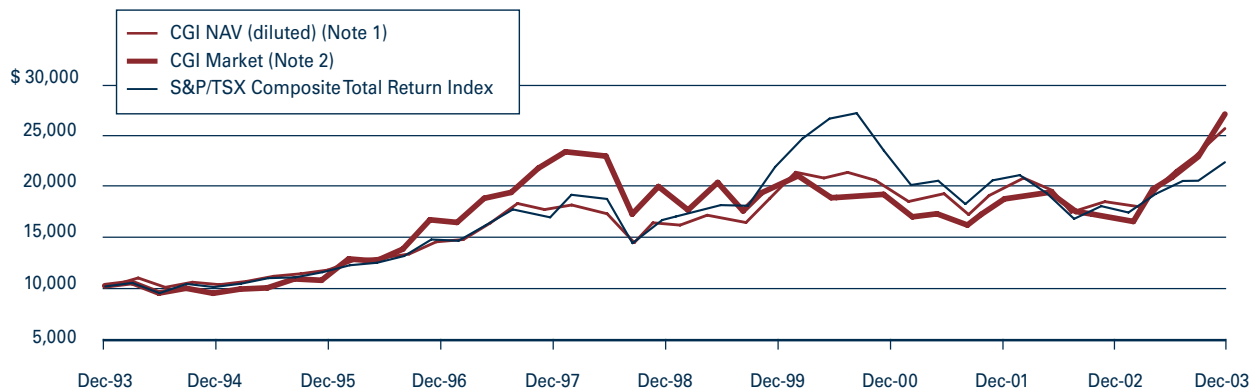
Vanessa L. Morgan  
*Chairman*

February 4, 2004



Michael A. Smedley  
*President*

**Growth of a \$10,000 Investment – to December 31, 2003**



Note 1: Assuming the reinvestment of cash dividends at month-end closing NAV.

Note 2: Assuming the reinvestment of cash dividends at month-end closing market prices.

# Management's Discussion and Analysis

Canadian General Investments, Limited (CGI) capped an exceptional year with an eventful and positive fourth quarter. The last quarter of 2003 saw the net assets of CGI climb by 14.9% to \$389,324,000 at year-end. This represented a 41.8% increase on the December 31, 2002 value of \$274,519,000. The fourth quarter also saw the launch of a CGI preference share issue and the payment of a significant year-end capital gains dividend to common shareholders.

## Net Assets

Diluted net asset value per share (NAV) at year-end 2003 was \$17.10, up from \$12.33 at December 31, 2002. CGI's NAV return, with distributions reinvested, for 2003 was 44.0%, compared with 26.7% for the benchmark S&P/TSX Composite Total Return Index.

Greatly improved market conditions in Canada, coupled with the Manager's bottom-up investment strategy, resulted in CGI posting a net gain on investments of \$123,545,000 for 2003, compared with a net loss of \$19,267,000 for 2002. The net realized gain on investments was \$16,521,000 compared to \$4,072,000 in 2002. There was an increase in unrealized appreciation of investments of \$107,024,000 during 2003, versus a decline of \$23,339,000 in 2002.

The Manager's investment style continues to result in sector weightings that differ from those of the S&P/TSX Composite Index. At year-end, the largest portfolio sectors were Financials (26.1%), Materials (18.0%), Energy (12.2%) and Consumer Discretionary (12.0%). By comparison, the S&P/TSX had corresponding weightings of 31.2%, 17.5%, 14.2% and 7.1%, respectively, for these sectors. The portfolio showed substantial

unrealized gains in all industry sectors. CGI's performance in 2003 was aided by holdings in unit trusts included in the S&P/TSX Capped Income Trust Sector Total Return Index which rose 38.3% in 2003.

## Leverage Strategy

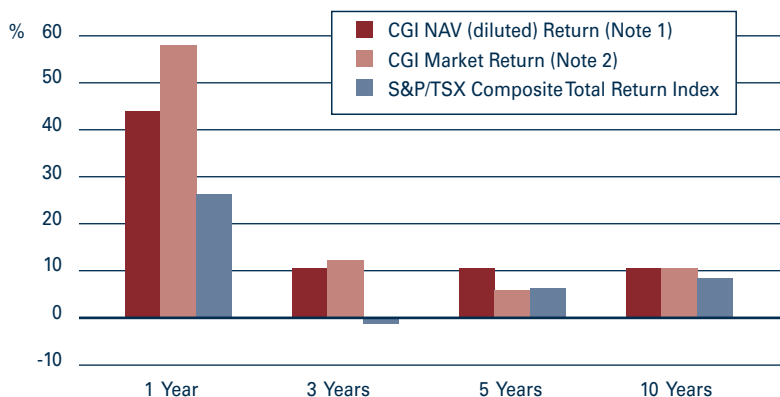
With interest rates at historic lows and assets up substantially, the Board felt that it was an opportune time to expand the successful leverage strategy in order to enhance potential returns to common shareholders. During the fourth quarter of 2003, CGI completed an offering of 3,000,000 Cumulative Class A Preference Shares, Series 2 with a 4.65% coupon. The net proceeds of the \$75 million issue, received on November 4, 2003, were fully invested by month-end. Including the \$60 million, 1998 Series 1 preference share issue, CGI had \$135 million in preference shares outstanding at December 31, 2003 and the asset coverage stood at 3.9 times. The required asset coverage as specified in the preference share prospectuses is 2.5 times.

## Operations

CGI's net investment income in 2003 of \$2,703,000 was up substantially from the \$973,000 recorded in 2002.

Total investment income, mainly dividend and interest income, of \$9,870,000 in 2003 represented a 28.8% increase from the \$7,663,000 in 2002 as CGI continued to focus on income as well as growth. Dividend income for both years was heavily influenced by special dividends received in the fourth quarter: \$1,030,000 from TSX Group Inc. in 2003, and approximately \$729,000 from Rothmans Inc. in 2002. Investment income was also positively affected by holdings in high yielding unit trusts.

**Compound Average Annual Rates of Return vs. S&P/TSX Composite Total Return Index – For the periods to December 31, 2003**



Note 1: Assuming the reinvestment of cash dividends at month-end closing NAV.  
 Note 2: Assuming the reinvestment of cash dividends at month-end closing market prices.

**Weighting of Portfolio Investments at Market – December 31, 2003**

	%
Financials	26.1
Materials	18.0
Energy	12.2
Consumer Discretionary	12.0
Utilities	7.6
Preferred Shares	5.2
Consumer Staples	5.2
Telecommunication Services	4.6
Industrials	4.2
Other	4.9

Total expenses of \$8,613,000 in 2003 were up 8.8% from the prior year. Management fees of \$3,793,000 for 2003 represented the largest expense. This fee is calculated quarterly in arrears at 1% per annum of the market value of investments adjusted for cash and portfolio accounts receivable and payable. An increase of 16.8% in dividends on CGI's preference shares, a result of the Series 2 preference shares with dividends accrued from November 4, 2003, was the main reason for the increase in total expenses over 2002.

The management expense ratio (MER) for 2003 was 1.4% in 2003, compared to 1.5% in 2002. Brokerage commissions, dividends on preference shares, amortization of deferred financing charges, and all income taxes are excluded in calculating the MER.

The portfolio turnover rate was 56.3% in 2003, slightly higher than the 51.9% experienced in 2002, due to higher market activity.

### Dividends

Total cash dividends of \$12,292,000 paid to common shareholders during 2003 were significantly higher than the \$4,914,000 in 2002. The increase was the result of a \$0.36 per share special capital gains dividend that was paid on December 31, 2003. This was in addition to regular quarterly income dividends totaling \$0.24 per share.

CGI's status as an investment corporation allows the Corporation to recover taxes payable on its realized taxable capital gains through the payment of capital gains dividends. Investment corporation status continues to benefit all shareholders through the improved tax efficiency that is achieved. Capital gains dividends are taxed more favourably in the hands of shareholders than regular income dividends.

### Warrants

CGI continued to buy in its warrants pursuant to a second renewal of a Normal Course Issuer Bid for outstanding warrants of the Corporation that was initiated in 2001. Under the terms of the renewal, CGI may purchase in the market up to 5% of its outstanding warrants during the period April 23, 2003 to April 22, 2004. During 2003, CGI bought 176,200 of its warrants for \$711,000, compared to 181,802 warrants for \$831,000 in 2002. Purchase and cancellation of warrants increases the diluted NAV of the Corporation.

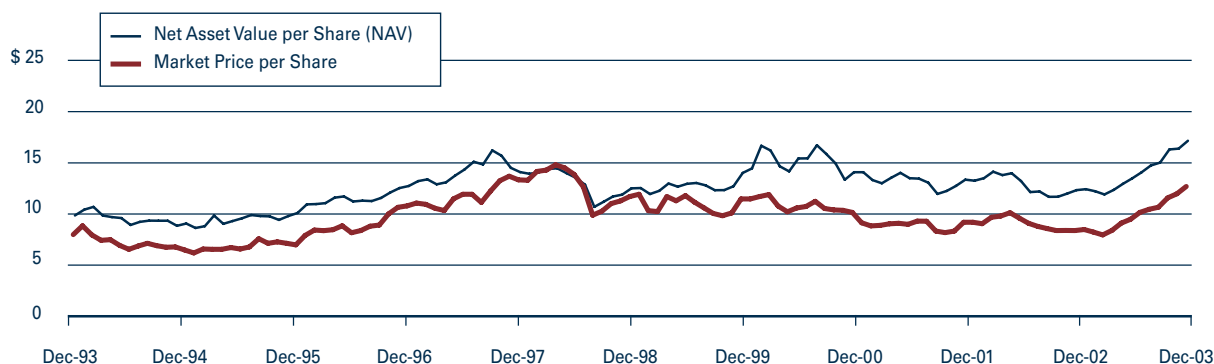
On June 30, 2003 warrant holders exercised 10,562 warrants at \$6.30 per share for aggregate proceeds to the Corporation of \$67,000. In 2002, 1,906 warrants were exercised at \$6.50 per share for proceeds of \$12,000. Warrants continue to be exercisable on June 30 of each year until their expiration in 2007.

As a result of cash dividends paid in excess of net income during 2003, the exercise price of the warrants was reduced to \$5.83 per share effective February 4, 2004 pursuant to the warrant indenture.

### Looking Ahead

Strong growth and earnings are expected to sustain the stock market rally early into 2004. In a presidential election year, the U.S. is unlikely to raise interest rates soon. To combat the pressures of a rising currency, Canada may have to apply additional rate cuts. This could add further stimulus to the currently buoyant equity market. CGI will continue to maintain a well-diversified portfolio to offer stability and strive to continue strong performance.

Comparison of Market Price to NAV (diluted) – December 31, 1993 to December 31, 2003



# Financial Reports

## Management's Report

The accompanying financial statements have been prepared by Management and approved by the Board of Directors of the Corporation. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Corporation 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 judgments. The significant accounting policies which Management believes are appropriate for the Corporation 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 Directors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Corporation'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*

Michael A. Smedley  
*President*

February 4, 2004

## 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, 2003 and 2002, and the statement of investments as at December 31, 2003, the statements of operations, retained earnings, unrealized gain on investments and changes in net assets for the years then ended, and the statements of financial highlights for each of the years in the five-year period ended December 31, 2003. 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, 2003 and 2002, and the results of its operations and the changes in its net assets for the years then ended and its financial highlights for each of the years in the five-year period ended December 31, 2003 in accordance with Canadian generally accepted accounting principles.



*Chartered Accountants  
Toronto, Ontario*

January 19, 2004

## Statements of Net Assets

<i>As at December 31, 2003 and 2002</i>	2003	2002
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
<b>Assets</b>		
Investments ( <i>note 1</i> )	520,312	331,177
Cash and short-term investments	1,720	2,925
Receivable on securities sold	1,383	–
Accrued interest and dividends	1,049	746
Income taxes recoverable	–	256
Deferred financing charge	2,234	249
	<b>526,698</b>	<b>335,353</b>
<b>Liabilities</b>		
Payable on securities purchased	710	575
Accounts payable and accrued liabilities	135	117
Accrued dividends on preference shares	295	142
Income taxes payable	1,234	–
Preference shares ( <i>note 3</i> )	135,000	60,000
	<b>137,374</b>	<b>60,834</b>
<b>Net Assets</b>	<b>389,324</b>	<b>274,519</b>
<b>Shareholders' Equity</b>		
Common shares ( <i>note 3</i> )	127,335	127,268
Unrealized gain on investments	125,142	18,118
Retained earnings	136,847	129,133
	<b>389,324</b>	<b>274,519</b>
<b>Number of common shares outstanding (<i>note 3</i>)</b>	<b>20,488,160</b>	<b>20,477,598</b>
<b>Number of warrants outstanding (<i>note 3</i>)</b>	<b>3,610,864</b>	<b>3,797,626</b>
<b>Net asset value per common share – basic</b>	<b>19.00</b>	<b>13.41</b>
<b>Net asset value per common share – diluted</b>	<b>17.10</b>	<b>12.33</b>

Approved by the Board of Directors



Director



Director

# Statements of Operations

<i>For the years ended December 31, 2003 and 2002</i>	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
<b>Investment income</b>		
Dividends	7,770	6,019
Interest	2,063	1,604
Other	37	40
	9,870	7,663
<b>Expenses</b>		
Management fees <i>(note 6)</i>	3,793	3,771
Dividends on preference shares	3,785	3,240
Amortization of deferred financing charge	326	332
Investor relations	189	171
Directors' fees	90	97
Other	430	308
	8,613	7,919
<b>Investment income (loss) before income taxes</b>	1,257	(256)
<b>Income tax recovery <i>(note 2)</i></b>	1,446	1,229
<b>Net investment income for the year</b>	2,703	973
<b>Realized and unrealized gain (loss) on investments</b>		
Net realized gain on investments <i>(note 4)</i>	16,521	4,072
Change in unrealized appreciation of investments	107,024	(23,339)
<b>Net gain (loss) on investments</b>	123,545	(19,267)
<b>Increase (decrease) in net assets resulting from operations</b>	126,248	(18,294)

## Statements of Retained Earnings

<i>For the years ended December 31, 2003 and 2002</i>	2003	2002
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
<b>Retained earnings – Beginning of year</b>	129,133	129,833
<b>Add</b>		
Net investment income for the year	2,703	973
Net realized gain on investments	16,521	4,072
	148,357	134,878
<b>Deduct</b>		
Distributions from net realized gain on investments – net of income taxes recoverable	5,883	–
Distributions from net investment income	4,916	4,914
Warrants repurchased	711	831
	11,510	5,745
<b>Retained earnings – End of year</b>	136,847	129,133
<b>Dividends per common share (note 5)</b>		
Regular	0.24	0.24
Capital gains	0.36	–
	0.60	0.24

## Statements of Unrealized Gain on Investments

<i>For the years ended December 31, 2003 and 2002</i>	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
<b>Unrealized gain on investments – Beginning of year</b>	18,118	41,457
Change in unrealized appreciation of investments	107,024	(23,339)
<b>Unrealized gain on investments – End of year</b>	125,142	18,118

## Statements of Changes in Net Assets

<i>For the years ended December 31, 2003 and 2002</i>	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
<b>Increase (decrease) in net assets resulting from operations</b>	<b>126,248</b>	<b>(18,294)</b>
<b>Distributions to common shareholders (note 5)</b>		
Net investment income	(4,916)	(4,914)
Net realized gain on investments	(7,376)	–
	(12,292)	(4,914)
Income taxes recoverable on distributions from net realized gain on investments	1,493	–
	(10,799)	(4,914)
<b>Capital stock transactions</b>		
Shares issued on exercise of warrants (note 3)	67	12
Warrants repurchased (note 3)	(711)	(831)
	(644)	(819)
<b>Increase (decrease) in net assets</b>	<b>114,805</b>	<b>(24,027)</b>
<b>Net assets – Beginning of year</b>	<b>274,519</b>	<b>298,546</b>
<b>Net assets – End of year</b>	<b>389,324</b>	<b>274,519</b>

## Statements of Financial Highlights

<i>For the five-year period ended December 31, 2003</i>	<b>2003</b>	2002	2001	2000	1999
	\$	\$	\$	\$	\$
<b>Data per share – basic (note 7)</b>					
<b>Net asset value – Beginning of year</b>	<b>13.41</b>	14.58	15.31	15.17	13.29
<b>Income (loss) from investment operations</b>					
Net investment income (loss) for the year	<b>0.13</b>	0.05	0.04	(0.09)	0.02
Net realized and unrealized gain (loss) on investments	<b>6.02</b>	(0.94)	(0.31)	0.48	2.04
	<b>6.15</b>	(0.89)	(0.27)	0.39	2.06
<b>Distributions to investors</b>					
From net investment income	<b>(0.24)</b>	(0.24)	(0.24)	(0.22)	(0.12)
From net realized gain on investments	<b>(0.36)</b>	–	(0.25)	(1.84)	(0.50)
	<b>(0.60)</b>	(0.24)	(0.49)	(2.06)	(0.62)
Income taxes recoverable on distributions from net realized gain on investments	<b>0.07</b>	–	0.05	0.51	0.17
	<b>(0.53)</b>	(0.24)	(0.44)	(1.55)	(0.45)
<b>Capital stock transactions</b>					
Shares issued on reinvestment of distributions	–	–	–	1.29	0.27
Shares issued on exercise of warrants	–	–	–	0.01	–
Warrants repurchased	<b>(0.03)</b>	(0.04)	(0.02)	–	–
	<b>(0.03)</b>	(0.04)	(0.02)	1.30	0.27
<b>Net asset value – End of year</b>	<b>19.00</b>	13.41	14.58	15.31	15.17
<b>Ratios/supplemental data</b>					
Total net assets – End of year <i>(in thousands of dollars)</i>	<b>389,324</b>	274,519	298,546	313,309	310,127
Weighted average net assets <i>(in thousands of dollars)</i>	<b>313,291</b>	287,556	296,335	337,302	278,372
Management expense ratio <i>(note 7(b))</i>	<b>1.4%</b>	1.5%	1.5%	1.5%	1.5%
Portfolio turnover rate <i>(note 7(c))</i>	<b>56.3%</b>	51.9%	78.8%	82.6%	58.1%
Annual net asset value growth, with distributions reinvested <i>(note 7(d))</i>	<b>44.0%</b>	-5.8%	-1.5%	6.0%	14.9%

# Statement of Investments

December 31, 2003

Number of  
Shares or  
Par Value

Investment –  
% of Total Market Value

Market  
Cost Value

(in thousands of dollars)

## CONSUMER DISCRETIONARY – 12.0%

Number of Shares or Par Value	Investment – % of Total Market Value	Market Cost	Market Value
<b>Auto Components</b>			
25,000	Magna International Inc. A	\$ 2,315	\$ 2,601
<b>Household Durables</b>			
100,000	Dorel Industries Inc. B	3,850	3,551
<b>Leisure Equipment &amp; Products</b>			
219,500	Mega Bloks Inc.	4,376	5,048
<b>Media</b>			
212,100	Astral Media Inc. A	3,790	5,949
92,900	CHUM Limited B	5,242	5,853
200,000	CanWest Global Communications Corp.*	2,657	2,770
384,800	Imax Corporation	4,027	3,979
212,800	Torstar Corporation B	4,416	6,173
170,800	Transcontinental Inc. A*	3,664	4,099
200,000	Yellow Pages Income Fund	2,148	2,320
<b>Multiline Retail</b>			
290,000	Hudson's Bay Company*	3,492	3,364
<b>Specialty Retail</b>			
740,200	BMTC Group Inc. A*	4,451	9,697
211,300	The Forzani Group Ltd.+	2,836	3,434
1,100,000	HIP Interactive Corp.+	2,929	3,795
TOTAL CONSUMER DISCRETIONARY		50,193	62,633

## CONSUMER STAPLES – 5.2%

Number of Shares or Par Value	Investment – % of Total Market Value	Market Cost	Market Value
<b>Beverages</b>			
75,000	Corby Distilleries Limited A	3,753	4,725
70,000	Corby Distilleries Limited B	4,416	4,200
<b>Food &amp; Drug Retailing</b>			
207,600	CoolBrands International Inc.	1,205	3,519
174,200	Shoppers Drug Mart Corporation+	4,055	5,222
<b>Food Products</b>			
3,000,000	Saskatchewan Wheat Pool B*	1,216	1,230
417,700	SunOpta Inc.	2,990	4,971
<b>Tobacco</b>			
105,300	Rothmans Inc.+	3,116	3,069
TOTAL CONSUMER STAPLES		20,751	26,936

Number of  
Shares or  
Par Value

Investment –  
% of Total Market Value

Market  
Cost Value

(in thousands of dollars)

## ENERGY – 12.2%

Number of Shares or Par Value	Investment – % of Total Market Value	Market Cost	Market Value
<b>Energy Equipment &amp; Services</b>			
472,600	Phoenix Technology Services Inc.*	\$ 1,312	\$ 1,583
<b>Oil &amp; Gas</b>			
280,000	AltaGas Services Inc.*	4,015	4,444
500,000	Bow Valley Energy Ltd.	1,486	800
110,000	Canadian Natural Resources Limited+	5,542	7,191
350,000	Cequel Energy Inc.*	2,658	3,167
20,000	EnCana Corporation	1,066	1,020
823,000	First Calgary Petroleum Ltd.*	3,727	6,419
285,000	Husky Energy Inc.	5,328	6,689
65,000	Niko Resources Ltd.	1,708	1,762
95,000	NuVista Energy Ltd.	599	755
50,000	Penn West Petroleum Ltd.	2,111	2,409
75,000	Petro-Canada	1,422	4,793
140,000	Peyto Energy Trust	1,908	3,815
80,000	Precision Drilling Corporation+	4,312	4,540
100,000	Shell Canada Limited	5,055	6,125
60,000	Talisman Energy Inc.*	4,018	4,411
125,000	Western Oil Sands Inc. A	3,218	3,688
TOTAL ENERGY		49,485	63,611

## FINANCIALS – 26.1%

Number of Shares or Par Value	Investment – % of Total Market Value	Market Cost	Market Value
<b>Banks</b>			
170,000	Bank of Montreal	5,964	9,095
100,000	The Bank of Nova Scotia	4,356	6,580
50,000	Canadian Imperial Bank of Commerce	2,482	3,200
101,800	Laurentian Bank of Canada*	2,785	2,835
175,000	National Bank of Canada*	6,943	7,550
135,000	Royal Bank of Canada*	8,067	8,343
125,000	The Toronto-Dominion Bank	4,222	5,411
<b>Diversified Financials</b>			
206,200	Brascan Corporation A*	6,533	8,192
249,000	CI Fund Management Inc.*	3,622	3,496
105,400	Economic Investment Trust Limited+	4,617	4,827
160,000	GMP Capital Corp.*	2,170	2,669
229,000	Guardian Capital Group Ltd. A	1,637	3,091
283,000	Home Capital Group Inc. B	2,916	9,410
150,000	Power Financial Corporation*	6,893	7,430
2,414,700	Rockwater Capital Corporation	1,999	2,391
228,100	SEAMARK Asset Management Ltd.	3,715	5,395
205,900	TSX Group Inc.	4,743	8,833
61,600	United Corporations Limited+	2,231	2,356
400,000	VFC Inc.*	3,901	3,932

## Statement of Investments *(continued)*

December 31, 2003

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market Cost</i>	<i>Market Value</i>
--	---	------------------------	-------------------------

*(in thousands of dollars)*

### FINANCIALS – *continued*

<b>Insurance</b>			
75,000	Manulife Financial Corporation*	\$ 3,076	\$ 3,139
215,100	Sun Life Financial Inc.†	7,497	6,948
<b>Real Estate</b>			
202,300	BPO Properties Limited	4,281	7,000
78,200	Brookfield Homes Corporation	2,017	2,604
325,000	First Capital Realty Inc.†	5,072	5,164
494,800	Genesis Land Development Corp.	1,020	1,227
253,800	Trizec Canada Inc.*	4,308	4,520
<b>TOTAL FINANCIALS</b>		<b>107,067</b>	<b>135,638</b>

### HEALTH CARE – 1.2%

<b>Biotechnology</b>			
389,900	ConjuChem Inc.*	1,986	2,051
70,000	Neurochem Inc.	499	2,142
<b>Health Care Equipment &amp; Supplies</b>			
393,900	VSM MedTech Ltd.	1,358	1,772
<b>TOTAL HEALTH CARE</b>		<b>3,843</b>	<b>5,965</b>

### INDUSTRIALS – 4.2%

<b>Commercial Services &amp; Supplies</b>			
200,000	Davis + Henderson Income Fund	2,047	3,490
<b>Construction &amp; Engineering</b>			
107,800	SNC-Lavalin Group Inc.	2,359	5,498
<b>Electrical Equipment</b>			
42,000	Ritchie Bros. Auctioneers Incorporated*	2,536	2,882
<b>Marine</b>			
24,000	Algoma Central Corporation*	1,355	1,500
150,000	CP Ships Limited*	4,181	4,035
<b>Road &amp; Rail</b>			
260,000	Laidlaw International, Inc.*	3,988	4,647
<b>TOTAL INDUSTRIALS</b>		<b>16,466</b>	<b>22,052</b>

<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market Cost</i>	<i>Market Value</i>
--	---	------------------------	-------------------------

*(in thousands of dollars)*

### INFORMATION TECHNOLOGY – 3.7%

<b>Communications Equipment</b>			
950,000	Nortel Networks Corporation	\$ 5,907	\$ 5,216
50,000	Research In Motion Limited	1,620	4,336
200,000	Sierra Wireless, Inc.*	4,502	4,008
<b>Computer &amp; Peripherals</b>			
100,000	Cinram International Inc.†	2,534	2,835
<b>Internet Software &amp; Services</b>			
262,300	Mediagrif Interactive Technologies Inc.	1,962	2,801
<b>TOTAL INFORMATION TECHNOLOGY</b>		<b>16,525</b>	<b>19,196</b>

### MATERIALS – 18.0%

<b>Construction Materials</b>			
180,000	Masonite International Corporation†	4,518	6,228
<b>Metals &amp; Mining</b>			
130,000	Aber Diamond Corporation†	2,401	6,111
600,000	Bema Gold Corporation	1,573	2,892
108,000	Cameco Corporation†	4,237	8,073
300,000	Canico Resource Corp.	1,281	3,915
100,000	Dofasco Inc.*	3,152	3,603
1,500,000	Dynatec Corporation*	2,196	2,640
600,000	Eldorado Gold Corporation	1,243	2,430
230,000	Falconbridge Limited	4,497	7,213
87,200	Far West Mining Ltd., class A	143	290
825,000	Far West Mining Ltd. (restricted)†	1,196	2,739
272,300	First Quantum Minerals Ltd.*	2,665	3,831
125,000	Goldcorp Inc.	2,124	2,578
172,800	Imperial Metals Corporation*	982	1,158
70,000	Inco Limited	1,918	3,616
200,000	Inco Limited wts 8/21/06	1,584	4,940
569,200	International Uranium Corporation*	778	905
600,000	International Uranium Corporation (restricted)†	900	954
335,000	Ivanhoe Mines Ltd.	1,627	3,450
350,000	Labrador Iron Ore Royalty Income Fund	4,090	6,352
544,400	Mundoro Mining Inc.*	1,535	1,415
50,000	Newmont Mining Corporation	2,075	3,141
92,000	Placer Dome Inc.	1,619	2,132
493,000	Rio Narcea Gold Mines, Ltd.*	1,682	1,972
200,000	Russel Metals Inc.*	1,549	1,758
235,000	Southwestern Resources Corp.†	4,274	9,376
<b>TOTAL MATERIALS</b>		<b>55,839</b>	<b>93,712</b>

## Statement of Investments *(continued)*

December 31, 2003							
<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market Cost    Value</i>		<i>Number of Shares or Par Value</i>	<i>Investment – % of Total Market Value</i>	<i>Market Cost    Value</i>	
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
<b>TELECOMMUNICATIONS SERVICES – 4.6%</b>				<b>PREFERRED SHARES– 5.2%</b>			
<b>Diversified Telecommunication Services</b>				180,000	Bombardier Inc. pfd. series 3	\$ 4,083	\$ 4,212
100,000	Aliant Inc.	\$ 2,703	\$ 3,210	120,000	Brookfield Properties Corporation pfd. series 1*	3,000	3,000
165,000	BCE Inc.+	4,625	4,768	160,000	Co-operators General Insurance Company pfd. series A*	3,968	3,936
127,600	Manitoba Telecom Services Inc.+	4,042	5,617	150,000	Falconbridge Limited pfd. series 2*	3,743	3,765
300,000	TELUS Corporation	3,431	7,785	47,600	IPSCO Inc., pfd. series 1	1,188	1,188
<b>Wireless Telecommunication Services</b>				300,000	Nortel Networks Corporation pfd. series 5+	5,018	6,015
100,000	Rogers Wireless Communications Inc. B	1,419	2,780	160,000	Nortel Networks Corporation pfd. series 7*	2,863	3,032
<b>TOTAL TELECOMMUNICATIONS SERVICES</b>				80,000	Quebecor World Inc. pfd. series 3	1,843	1,940
		16,220	24,160	<b>TOTAL PREFERRED SHARES</b>		25,706	27,088
<b>UTILITIES – 7.6%</b>				<b>TOTAL INVESTMENTS</b>			
<b>Electric Utilities</b>				– December 31, 2003			
350,000	Emera Inc.*	6,020	6,248	\$395,170 \$520,312			
70,000	Fortis Inc.*	4,061	4,123	– December 31, 2002			
<b>Gas Utilities</b>				\$313,059 \$331,177			
180,000	Enbridge Inc.+	7,013	9,666				
100,000	Terasen Inc.	3,710	4,795				
283,000	TransCanada Corporation	7,111	7,890				
<b>Multi-Utilities &amp; Unregulated Power</b>							
50,000	Canadian Utilities Limited A	1,171	2,893				
200,000	TransAlta Corporation+	3,989	3,706				
<b>TOTAL UTILITIES</b>							
		33,075	39,321				

*Changes from September 30, 2003: \* New Holdings; + Increased Holdings*

# Notes to Financial Statements

December 31, 2003 and 2002

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Valuation of investments

Market values of securities are based on closing market quotations.

No provision is made for future income taxes on the unrealized gain on investments since such taxes would be recoverable upon payment of capital gains dividends by the Company (*note 2*).

### Investment transactions

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

### Dividend and interest income

Dividend income is recorded on the ex-dividend date and interest income is recognized as earned.

### Foreign exchange

Assets and liabilities denoted in foreign currencies are translated into Canadian dollars at year-end rates. Investment income, expenses and purchases and sales of investments 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.

## 2 TAXATION AND REFUNDABLE CAPITAL GAINS TAX

The Company qualifies as an investment corporation under Section 130 of the Income Tax Act (Canada) and is subject to a reduced rate of 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 is determined as follows:

### Statements of operations

	Years ended December 31,	
	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
Provision for (recovery of) income taxes based on combined		
Canadian federal and provincial income tax rates	523	(107)
Increase (decrease) in taxes resulting from		
Dividends from taxable Canadian companies	(3,221)	(2,505)
Dividends on preference shares	1,575	1,348
Other	(323)	35
Actual recovery of income taxes	(1,446)	(1,229)

### Net realized gain on investments (*note 4*)

	Years ended December 31,	
	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
Provision for income taxes based on combined Canadian		
federal and provincial income tax rates	8,634	2,083
Increase (decrease) in taxes resulting from		
Non-taxable portion of net capital gains	(4,317)	(1,041)
Differences arising from use of different cost bases for tax and		
accounting purposes and other items	23	(84)
Reduced corporate surtax for investment corporations	(116)	(26)
Actual provision for income taxes	4,224	932

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 20%. These taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. The Company has refundable capital gains tax of approximately \$2,100,000 as at December 31, 2003 (2002 – \$700,000), which is refundable upon payment of capital gains dividends of approximately \$10,600,000 (2002 – \$3,600,000). This potential recovery has not been recorded in the Company's accounts.

The Company is also subject to a special tax of 33½% 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 \$1.00 for each \$3.00 of such dividends paid. There was no amount eligible for refund as at December 31, 2003 and 2002.

In accordance with the Income Tax Act (Canada) (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 with whom the shareholder is 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 at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

### 3 CAPITAL STOCK, NET INVESTMENT INCOME PER SHARE AND NET ASSET VALUE PER SHARE

#### Common shares

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

The changes in common shares were as follows:

	2003		2002	
	Number of shares	Amount \$ <i>(in thousands of dollars)</i>	Number of shares	Amount \$ <i>(in thousands of dollars)</i>
Balance – Beginning of year	20,477,598	127,268	20,475,692	127,256
Exercise of warrants	10,562	67	1,906	12
Balance – End of year	20,488,160	127,335	20,477,598	127,268

The weighted average number of shares outstanding during the year ended December 31, 2003 was 20,482,951 (2002 – 20,476,658).

#### Preference shares

The Company is authorized to issue in series a class of preference shares of which 2,400,000, 5.40% cumulative, redeemable Class A preference shares, Series 1 (the Series 1 Shares) were outstanding during the years ended December 31, 2003 and 2002. On November 4, 2003, the Company completed a public offering of 3,000,000, 4.65% cumulative, redeemable Class A preference shares, Series 2 (the Series 2 Shares) for net proceeds of \$72,689,000.

On and after October 5, 2003 to October 4, 2008, the Company may redeem for cash all, but not less than all of the Series 1 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 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 at \$25.00 per share.

On and after March 15, 2009 to March 15, 2014, the Company may redeem for cash the Series 2 Shares in whole or in part at a price per share equal to: \$26.00 if redeemed on or after March 15, 2009, but before March 15, 2010; \$25.75 if redeemed on or after March 15, 2010, but before March 15, 2011; \$25.50 if redeemed on or after March 15, 2011, but before March 15, 2012; \$25.25 if redeemed on or after March 15, 2012, but before March 15, 2013; and \$25.00 thereafter, together in each case, with all accrued and unpaid dividends to but excluding the date fixed for redemption. A holder of Series 2 Shares may require the Company to redeem such shares on or after March 15, 2014 for a cash price of \$25.00, together with any accrued and unpaid dividends to but excluding the date of redemption.

## Notes to Financial Statements *(continued)*

### Warrants

The Company has 3,610,864 (2002 – 3,797,626) warrants outstanding that are exercisable on June 30 each year, commencing June 30, 2000 and ending on June 30, 2007. On June 30, 2003, the fourth exercise date, 10,562 warrants were exercised for total proceeds of \$67,000 (2002 – 1,906 warrants, \$12,000). As at December 31, 2003, each warrant entitles the holder to subscribe for a common share at a price of \$6.30 (2002 – \$6.50) per share, subject to adjustment based on the warrant indenture. Upon approval of the audited financial statements for 2003 by the Board of Directors, in accordance with the warrant indenture, the exercise price will be reduced to \$5.83 (2002 – \$6.30) per share as a result of cash dividends paid in excess of net income in each year.

During the year, the Company filed a Notice of Intention to Commence a Normal Course Issuer Bid for issued and outstanding warrants of the Company. Pursuant to the Notice of Intention, the Company may purchase in the market from time to time, if it is considered desirable, up to 5.00%, being up to a maximum of 186,761 of its outstanding warrants during the period from April 23, 2003 to April 22, 2004. In 2003, the Company bought 176,200 (2002 – 181,802) of its warrants for cancellation.

### Net investment income per share and net asset value per share

The calculation of net investment income per share is based on the weighted average number of shares outstanding and the calculation of net asset value per share is based on the number of shares outstanding at the end of the year.

#### 4 NET REALIZED GAIN ON INVESTMENTS

The net realized gain on investments was as follows:

	Years ended December 31,	
	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
Proceeds from disposition of investments	216,992	187,125
Investments at cost – Beginning of year	313,059	314,946
Investments purchased during the year	278,358	180,234
Investments at cost – End of year	(395,170)	(313,059)
Cost of investments disposed of during the year	196,247	182,121
Realized gain on disposition of investments before income taxes	20,745	5,004
Income taxes on realized net taxable capital gains <i>(note 2)</i>	4,224	932
Net realized gain on investments	16,521	4,072

#### 5 COMMON SHARE DIVIDENDS AND RECOVERABLE CAPITAL GAINS INCOME TAXES

The following common share dividends were paid during the years indicated:

	Years ended December 31,	
	2003	2002
<i>(in thousands of dollars)</i>	\$	\$
Regular dividends		
Cash dividends of \$0.24 (2002 – \$0.24) per share	4,916	4,914
Capital gains dividends		
Cash dividends of \$0.36 (2002 – \$nil) per share	7,376	–
Total dividends paid	12,292	4,914

The income taxes recoverable on cash capital gains dividends paid were \$1,493,000 (2002 – \$nil).

## 6 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. Management fees are computed quarterly 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 published financial statements of the Company as at the last day of the immediately preceding quarter-year period.

## 7 FINANCIAL HIGHLIGHTS

### Explanatory notes

- a) All data per share, except opening and closing net asset values, are based on the average number of shares outstanding during the year.
- b) The management expense ratio is calculated based on all expenses of the Company (other than brokerage commissions, dividends on preference shares, amortization of deferred financing charge and all income taxes) expressed as a percentage of the average monthly net assets of the Company.
- c) The portfolio turnover rate is calculated by dividing the lesser of purchases or sales of securities, excluding securities having maturity dates at acquisition of one year or less, by the weighted average value of the portfolio securities held during the year.
- d) Annual net asset value growth is calculated based on the change in diluted net asset value per share with reinvestment of distributions at month-end closing diluted net asset values.

# RIM – A CGI success story

... and a great Canadian success story in technology. Earnings swept in toward the end of 2003 for Research In Motion Limited (RIM) and swept away the doubters, who were the majority among analysts for many years as the company's development proceeded.

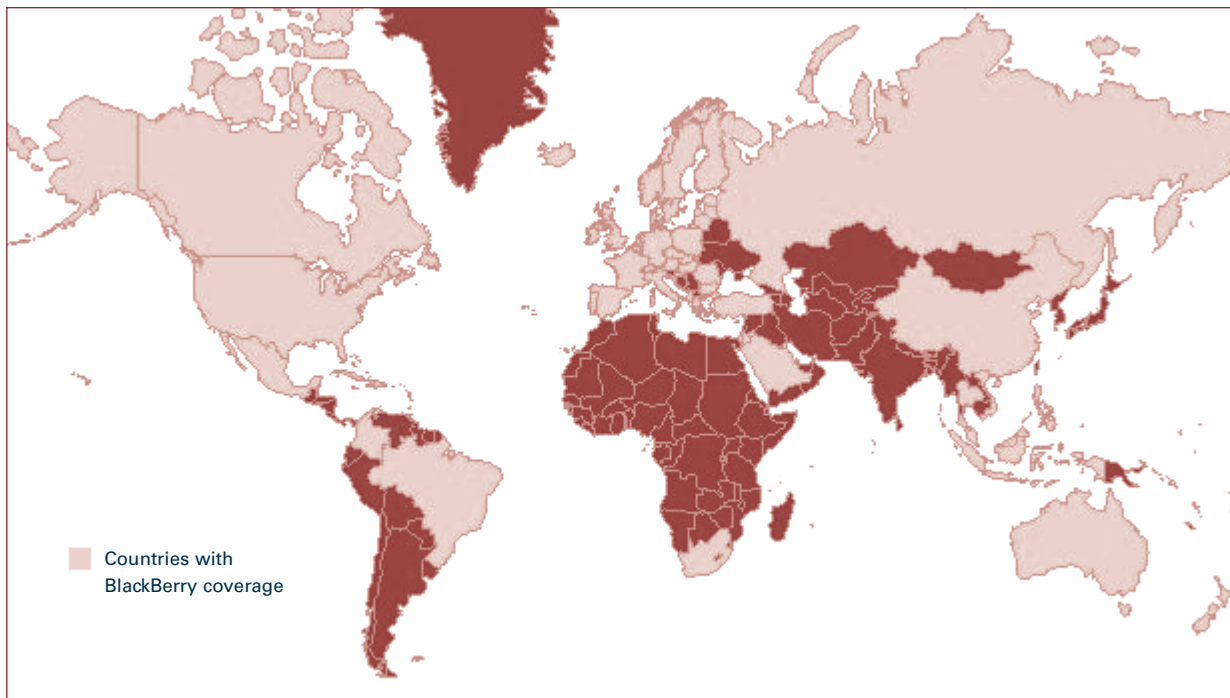
RIM is now positioned as the clear world leader in handheld e-mail with phone communication. The handheld model range, including BlackBerry, has escalated from two or three to more than 12 over the past year, the price range has been expanded downwards, values added on while roaming agreements are present in over 30 countries and expanding (see

BlackBerry Global Footprint map below). RIM is still the only widely established service that uses "push" technology, meaning the e-mails arrive on the handheld unit rather than requiring search and "pull" activity.

Canadian General Investments, Limited, which realized considerable profit on various sales of RIM in prior years, started the present holding in July 2003 at \$31.84 per share when it became clear to us that the future was exciting. CGI has enjoyed close to a threefold increase in market appreciation thereon as we go to press. The Manager expects growth to continue to accelerate.

## BlackBerry Global Footprint

*BlackBerry coverage on approximately 50 networks in over 30 countries*



Source: Map courtesy of Research In Motion Limited

## Ten Year Performance Summary

	Net Assets	Net Assets Per Common Share (Basic)	Net Assets Per Common Share (Diluted)	Net Investment Income (Loss)	Net Investment Income (Loss) Per Common Share	Dividends Per Common Share (Income)	Dividends Per Common Share (Capital Gains)	Market Value Per Common Share		
								High	Low	Close
	(000's)			(000's)						
1994	\$186,040	\$9.10	\$9.10	\$2,635	\$0.12	\$0.143	\$0.800	\$9.08	\$6.40	\$6.52
1995	206,805	10.11	9.98	4,060	0.20	0.157	0.052	7.80	6.17	7.07
1996	260,338	12.73	12.16	3,822	0.18	0.157	1.030	10.91	7.07	10.83
1997	307,195	15.03	14.07	2,394	0.12	0.173	2.400	14.32	9.47	13.34
1998	271,568	13.29	12.50	624	0.03	0.129	1.165	15.05	9.10	11.73
1999	310,127	15.17	13.98	447	0.02	0.122	0.496	13.30	9.52	11.50
2000	313,309	15.31	14.06	(1,789)	(0.09)	0.221	1.840	12.79	8.80	10.20
2001	298,546	14.58	13.34	846	0.04	0.240	0.250	10.15	7.75	9.25
2002	274,519	13.41	12.33	973	0.05	0.240	–	10.25	7.56	8.45
<b>2003</b>	<b>389,324</b>	<b>19.00</b>	<b>17.10</b>	<b>2,703</b>	<b>0.13</b>	<b>0.240</b>	<b>0.360</b>	<b>12.73</b>	<b>7.70</b>	<b>12.70</b>

Per share figures have been restated to reflect the 1996 3 for 1 stock split, the 1996 1 for 11.8682 capital gain stock dividend (issue price of \$16.62), the June 1997 1 for 22.3021 capital gain stock dividend (issue price of \$17.85), the December 1997 1 for 12.9298 capital gain stock dividend (issue price of \$19.40), the June 1998 1 for 59.95795 capital gain stock dividend (issue price of \$18.01), the December 1998 1 for 24.68567 capital gain stock dividend (issue price of \$14.82), the December 1999 1 for 49.79647 capital gain stock dividend (issue price of \$14.94) and the December 2000 1 for 11.51551 capital gain stock dividend (issue price of \$16.13).

## 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



# Corporate Information

## CANADIAN GENERAL INVESTMENTS, LIMITED

### BOARD OF DIRECTORS

Albert E. Bates  
*(Corporate Director)*  
James G. Cook  
*(Barrister and Solicitor)*  
Nicholas L. Majendie\*  
*(Senior Vice-President and Director,  
Canaccord Capital Corporation  
[Investment Dealers])*  
Jonathan A. Morgan  
*(Senior Vice-President and Director,  
Morgan Meighen & Associates Limited  
[Investment Management])*  
Vanessa L. Morgan  
*(Chairman of the Corporation)*  
R. Neil Raymond  
*(Chairman and CEO, Innovium Capital Corp.  
[Investor in early-stage opportunities])*  
Michael A. Smedley  
*(President of the Corporation)*

### AUDIT COMMITTEE

Albert E. Bates  
James G. Cook  
Nicholas L. Majendie\*

### CORPORATE GOVERNANCE COMMITTEE

Albert E. Bates  
Jonathan A. Morgan  
R. Neil Raymond

### INDEPENDENT DIRECTORS COMMITTEE

Albert E. Bates  
James G. Cook  
Nicholas L. Majendie\*  
R. Neil Raymond

### OFFICERS

Vanessa L. Morgan  
*Chairman*  
Michael A. Smedley  
*President*  
Jonathan A. Morgan  
*Vice-President*  
Colin Smith  
*Secretary-Treasurer*  
Frank Fuernkranz, MBA, CA, CFA  
*Assistant-Treasurer*

### ANNUAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of the shareholders of Canadian General Investments, Limited will be held at 3:00 p.m. (Toronto time) Friday, April 2, 2004 in Room A, 4th Floor, The Toronto Board of Trade, 77 Adelaide Street West, First Canadian Place, Street Level, Toronto, Ontario, M5X 1C1 (Telephone (416) 366-6811).

### OFFICE OF THE COMPANY

110 Yonge Street, Suite 1601  
Toronto, Ontario, Canada M5C 1T4  
Telephone: (416) 366-2931  
Toll Free: 1-866-443-6097  
Fax: (416) 366-2729  
e-mail: cgifund@mmainvestments.com  
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: (416) 263-9524  
Toll Free: 1-866-249-7775  
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

CIBC Mellon Trust Company  
34 Beckenham Road  
Beckenham, Kent BR3 4TU  
Telephone outside U.K.: 0208 639 2157  
Telephone Toll Free: 0870 162 3100

### U.K. STOCKBROKER

Teather & Greenwood Limited  
15 St. Botolph Street  
London EC3A 7QR  
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 United States and the United Kingdom. These include: Globe and Mail, National Post, New York Times, Wall Street Journal, Barron's, Financial Times (U.K. edition) and Daily Telegraph.

The Corporation posts ongoing top 10 portfolio investments (priced at market), together with current NAV and market return information on its website. Similar information is available directly from the Corporation upon request.

### STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange  
*Trading Symbols:*  
Common Shares CGI  
Preference Shares,  
Series 1 CGI.PR.A  
Preference Shares,  
Series 2 CGI.PR.B  
Warrants CGI.WT

The London Stock Exchange  
*Reuters Symbols:*  
Common Shares CGIq.L  
Warrants CGI%q.L

### DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

The Plan, administered by the Corporation'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 Corporation 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.

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

\* Mr. Majendie will not be standing for re-election at the April 2, 2004 meeting of shareholders.

CANADIAN GENERAL INVESTMENTS, LIMITED

110 Yonge Street, Suite 1601

Toronto, Ontario, Canada M5C 1T4

Telephone: (416) 366-2931

Toll Free: 1-866-443-6097

Fax: (416) 366-2729

e-mail: [cgifund@mmainvestments.com](mailto:cgifund@mmainvestments.com)

website: [www.mmainvestments.com](http://www.mmainvestments.com)

CGI is managed by:



*MorganMeighen*

& ASSOCIATES

Investment Managers