

**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)

Managed by:



**MorganMeighen**

& ASSOCIATES

Investment Managers



**CGI**

Canadian General Investments,  
Limited

**2005**

**FOCUSED  
ON CANADA**

**2**

*Second Quarter Report*

*June 30, 2005*

# Report to Shareholders

Concerned with interest rate hikes, high housing costs, energy and commodity prices and the economic vigor of China, market observers en masse may be contributing to the trendless condition of the U.S. stock market. Interest rates are obstinately lower than fear seems to suggest they should be. The U.S. dollar seems temporarily out of its downtrend and long bonds seem to form a well-bought haven despite yields perceived as low.

It is in conditions such as those outlined above that a well managed, exchange traded closed-end fund can be another haven for investors. Canadian General Investments (CGI) has given its shareholders big outperformance in the half year to June 30, 2005. CGI's common shares including dividend distributions, the method by which investors price their real return, generated a 9.2% return in the second quarter, 20.7% year-to-date and nearly 50% over 12 months. By comparison, the S&P/TSX Composite Total Return Index – similarly with dividends reinvested – recorded corresponding gains of 3.6%, 8.1% and 18.0%. Share prices are, of course, subject to many influences. In the case of CGI, its stocks-for-growth style, its historical performance and robust dividend tradition should be attracting buying interest when markets might seem high, directionless or lacking in choices.

CGI's net asset growth was 1.9% for the second quarter with gains of 7.9% and 29.3% for the six month and one year periods.



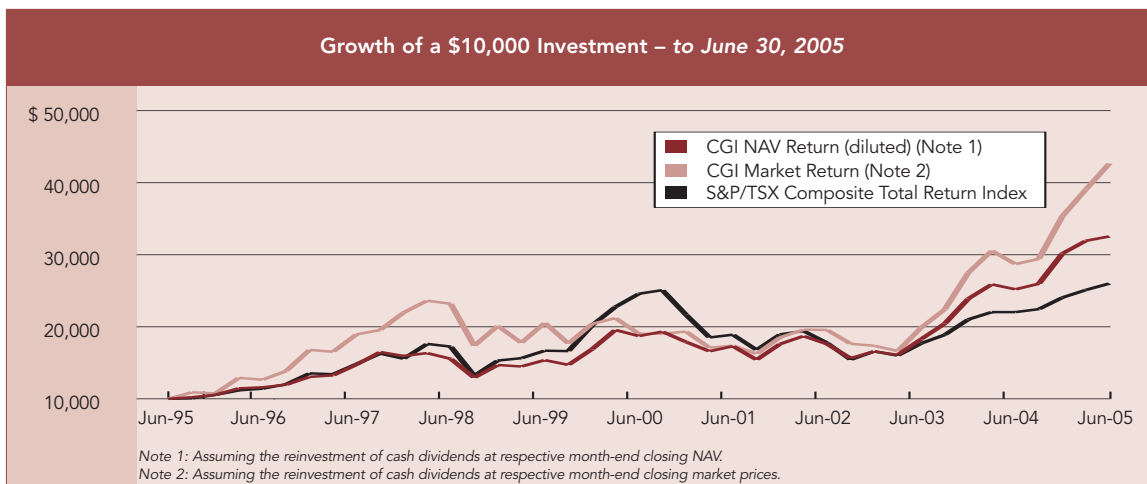
Jonathan A. Morgan, Vanessa L. Morgan, with D. Greg Eckel and Michael A. Smedley, the responsible portfolio management executives of the Manager

We note growing interest in CGI by investors outside Canada, attracted no doubt by the high energy and metals content of the portfolio, now close to 40%, as well as strong performance of a diversified Canada fund.

The CGI Board of Directors and the Morgan Meighen investment team are aiming for continued positive returns for shareholders in the second half of 2005.

**Vanessa L. Morgan**  
Chairman

**Jonathan A. Morgan**  
President & CEO



## INVESTMENT COMMENTARY

There is no serious correction in sight for Canada's energy stocks as we move through a hot summer. Global energy prices remain strong, Canadian major producers and drillers continue to advance after a small correction in the spring and the best among our junior holdings appear to be strengthening again. We remain heavily committed to energy although we took some gains earlier in the year. A recent increase in the Energy weighting resulted in part from the addition of "Consumable Fuels" to the sector. This necessitated the transferring in of a number of holdings worth over \$35 million, mainly uranium companies. The offsetting index adjustment was primarily a reduction in our Metals & Mining industry weighting.

In oils in the latest quarter, we returned to the shares of InterOil Corporation on reports of cash flows from its recently constructed refinery and the imminent arrival of a modern drilling rig for its oil and gas discovery program in Papua New Guinea (PNG). InterOil, prominent explorer and now set to own the PNG gas stations of BP and Shell, will be a fully integrated oil and gas company if it also makes a commercial discovery. The shares, \$32.70 at June 30, traded as high as \$53 earlier in the year.

In mining, we returned to FNX Mining Corporation Inc. and, since visiting its operations recently on the Sudbury Rim, we added to the position. Expanding its ore recovery

and discovery in both old and new structures, FNX appears headed toward becoming a credible smaller third force on the Rim (behind Inco and Falconbridge), but with a much lower cost structure.

An unusual investment reported in the first quarter, the Caldwell New York Limited Partnership, rapidly moved into an exciting new phase, with the NYSE declaring its intention to go public. The value of seats purchased by the partnership moved from the U.S. \$1.5 million level to \$2.5 million and higher, and the gross value of the partnership has doubled, based on a calculation using the share price of Archipelago Holdings Inc., which should own 30% of the resultant public company.

## PROSPECTS

The future for the Canadian equity market still looks promising. Energy futures remain strong and interest rates low. Many companies are performing well. A bottom-up approach should continue to uncover attractive investment opportunities.

**Michael A. Smedley**, *Chief Portfolio Officer of the Manager*  
**D. Greg Eckel**, *Vice-President of the Manager*

### Top Ten Investments at Market\* – June 30, 2005

(Portfolio details on pages 9-11)

	%		%
Cameco Corporation	3.1	National Bank of Canada	1.7
TSX Group Inc.	2.3	Corby Distilleries Limited	1.6
TELUS Corporation	2.1	BMTC Group Inc.	1.6
Enbridge Inc.	2.0	TransCanada Corporation	1.5
Home Capital Group Inc.	1.9	Husky Energy Inc.	1.5
		<b>Total</b>	<b>19.3</b>

\*Excluding cash and non-convertible preference shares.

### Weighting of Portfolio Investments at Market – June 30, 2005

	%
Energy	26.6
Financials	22.8
Materials	11.5
Industrials	8.9
Consumer Discretionary	8.6
Consumer Staples	6.2
Telecommunication Services	4.8
Preferred Shares	3.8
Information Technology	3.2
Other	3.6
<b>Total</b>	<b>100.0</b>

# Management's Discussion & Analysis

Canadian General Investments, Limited's (CGI) diluted net asset value per share (NAV) returns, with dividends reinvested, for the six and three month periods ended June 30, 2005 were 7.9% and 1.9%, respectively. By comparison, the returns of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX) for the same periods were 8.1% and 3.6%. At June 30, 2005, CGI's net assets were \$513,215,000, up 1.6% from the \$505,253,000 at March 31, 2005 and up 7.8% from the \$475,976,000 recorded at year-end 2004. The corresponding NAVs at June 30, 2005, March 31, 2005 and December 31, 2004 were \$22.22, \$21.87 and \$20.71.

## FINANCIAL REVIEW

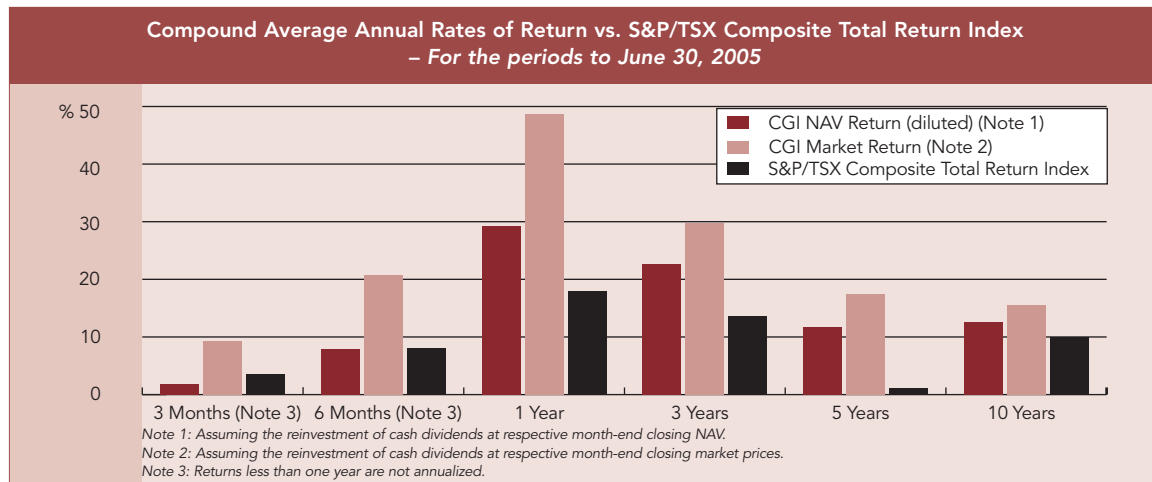
For the six months, CGI had an increase in net assets resulting from operations of \$47,610,000, or \$2.09 per common share on a diluted basis. For the corresponding period in 2004, the amounts were \$27,933,000 and \$1.24, respectively.

Strong performance across a broad range of stocks, particularly in the top-performing energy sector, resulted in a net gain on investments of \$47,116,000 for the six months ended June 30, 2005, comprised of a net realized gain on investments of \$38,845,000 and a change in unrealized gain on investments of \$8,271,000. This compares to a net gain on investments of \$25,325,000 for the six month period in 2004.

CGI's net investment income in the first half of 2005 was \$494,000, down from the \$2,608,000 recorded in the corresponding six-month period in 2004, primarily due to a decline in total investment income. Although up 9.4% for the second quarter of 2005 compared to 2004, total investment income, which includes dividends, as well as interest and other income, of \$7,873,000 for the first half of 2005, was 16.9% lower than the \$9,476,000 in 2004. This year-to-date difference was due to receipt of a special dividend of \$3.3 million from BPO Properties Ltd. in the first quarter of 2004. The substantial increase in interest and other income, to \$1,176,000 from \$452,000 in the first six months of 2004, was driven mainly by higher holdings in income trusts, which pay distributions in the form of dividends, return of capital, interest and other income.

Total expenses of \$7,379,000 were 7.4% higher than the \$6,868,000 recorded in the comparable period of 2004, mainly as a result of the increase in management fees, corresponding to the overall increase in portfolio assets. Management fees are calculated quarterly in arrears at 1% per annum of the market value of CGI's portfolio assets.

During each of the first two quarters of both 2005 and 2004, CGI paid regular income dividends of \$0.06 per share to its common shareholders.



## INVESTMENT OBJECTIVE AND STRATEGIES

CGI is a closed-end equity fund, focused 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. The Manager, Morgan Meighen & Associates Limited, utilizes a bottom-up investment style in an effort to achieve this objective. The investment style allows for sector weightings that can differ from those of the S&P/TSX Composite Index. The largest sector weightings in CGI's portfolio at June 30, 2005 were Energy (26.6%), Financials (22.8%) and Materials (11.5%). These sectors also had the three highest weightings in the S&P/TSX Composite Index at 23.9%, 32.4% and 14.3%, respectively. As an equity fund, the Corporation's primary risk is market risk – the exposure to market price changes in the securities held within the portfolio. CGI attempts to mitigate this risk by maintaining a diversified portfolio.

## WARRANTS

In April 2005, the TSX approved a further renewal of CGI's Normal Course Issuer Bid for warrants, applicable for the period April 23, 2005 to April 22, 2006. Purchase and cancellation of the warrants increases the diluted net asset value per share. During the first six months of 2005, CGI purchased 85,800 warrants at an aggregate cost of

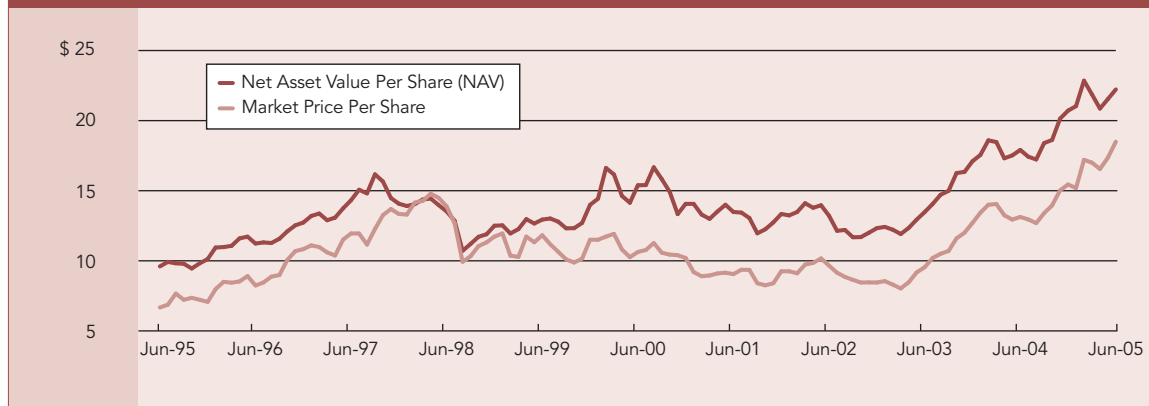
\$1,003,000, compared to 90,600 warrants at a cost of \$716,000 in the same period of 2004.

On June 30, 2005, warrant holders exercised 74,302 warrants at \$5.22 per share for aggregate proceeds to the Corporation of \$388,000. In 2004, 11,478 warrants were exercised at \$5.83 per share for proceeds of \$67,000. Warrants continue to be exercisable on June 30 of each year until their expiration in 2007.

## OUTLOOK

Despite a mild correction to energy stocks in the spring of 2005, this sector was the top performer in the S&P/TSX for both the quarter (12.6%) and on a year-to-date basis (32.7%). The dominance of natural resources, including energy and mining stocks, in the Canadian market continues to result in superior performance versus the U.S. With no serious correction envisaged as we move into summer, resource stocks are likely to remain an integral part of CGI's portfolio going forward.

Comparison of Market Price to NAV (diluted) – June 30, 1995 to June 30, 2005



# Statements of Net Assets

	As at June 30, 2005 (Unaudited) \$	As at December 31, 2004 (Audited) \$
<i>(in thousands of dollars, except per share amounts)</i>		
<b>Assets</b>		
Investments at market value	640,803	609,325
Cash	6,507	2,180
Receivable on securities sold	4,017	-
Interest and dividends receivable	1,212	1,329
Deferred financing charge	1,557	1,790
	<b>654,096</b>	<b>614,624</b>
<b>Liabilities</b>		
Payable on securities purchased	1,675	296
Accounts payable and accrued liabilities	349	190
Accrued dividends on preference shares	276	295
Income taxes payable	3,581	2,867
Preference shares	135,000	135,000
	<b>140,881</b>	<b>138,648</b>
<b>Net Assets</b>	<b>513,215</b>	<b>475,976</b>
<b>Shareholders' Equity</b>		
Common shares	127,790	127,402
Unrealized gain on investments*	196,055	187,784
Retained earnings	189,370	160,790
	<b>513,215</b>	<b>475,976</b>
<b>Number of common shares outstanding</b>	<b>20,573,940</b>	<b>20,499,638</b>
<b>Number of warrants outstanding</b>	<b>3,299,184</b>	<b>3,459,286</b>
<b>Net asset value per common share - basic</b>	<b>24.94</b>	<b>23.22</b>
<b>Net asset value per common share - diluted</b>	<b>22.22</b>	<b>20.71</b>

\* Refer to analysis provided in the accompanying Schedule of Realized and Unrealized Gains (Losses) on Investments.

## Note to Financial Statements

The accompanying financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2004. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. Certain of the prior year's figures have been reclassified to conform with the presentation adopted in the audited financial statements for the year ended December 31, 2004.

# Statements of Operations

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<b>June 30, 2005</b>	June 30, 2004	<b>June 30, 2005</b>	June 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$	\$	\$
<b>Investment income</b>				
Dividends	3,455	3,392	6,697	9,024
Interest and other	573	289	1,176	452
	<b>4,028</b>	3,681	<b>7,873</b>	9,476
<b>Expenses</b>				
Management fees	1,721	1,498	3,360	2,899
Dividends on preference shares	1,663	1,663	3,345	3,345
Amortization of deferred financing charge	116	116	233	233
Investor relations	46	78	130	123
Directors' fees	28	18	54	43
Other	139	106	257	225
	<b>3,713</b>	3,479	<b>7,379</b>	6,868
<b>Net investment income for the period</b>	<b>315</b>	202	<b>494</b>	2,608
<b>Realized and unrealized gains (losses) on investments*</b>				
Net realized gain on investments	18,629	13,145	38,845	22,014
Change in unrealized gain on investments	(6,096)	(23,337)	8,271	3,311
<b>Net gain (loss) on investments</b>	<b>12,533</b>	(10,192)	<b>47,116</b>	25,325
<b>Increase (decrease) in net assets resulting from operations for the period</b>	<b>12,848</b>	(9,990)	<b>47,610</b>	27,933
<b>Increase (decrease) in net assets resulting from operations per common share</b>				
(based on weighted average number of common shares outstanding during the period)				
Basic	<b>0.63</b>	(0.49)	<b>2.32</b>	1.36
Diluted	<b>0.56</b>	(0.45)	<b>2.09</b>	1.24

\* Refer to analysis provided in the accompanying Schedule of Realized and Unrealized Gains (Losses) on Investments.

# Statements of Cash Flows

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<b>June 30, 2005</b>	June 30, 2004	<b>June 30, 2005</b>	June 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
<b>Cash provided by (used in)</b>				
<b>Operating activities</b>				
Increase (decrease) in net assets resulting from operations for the period	<b>12,848</b>	(9,990)	<b>47,610</b>	27,933
Add (deduct) non-cash items				
Amortization of deferred financing charge	<b>116</b>	116	<b>233</b>	233
Net realized gain on investments	<b>(18,629)</b>	(13,145)	<b>(38,845)</b>	(22,014)
Change in unrealized gain on investments	<b>6,096</b>	23,337	<b>(8,271)</b>	(3,311)
Purchases of investments during the period	<b>(89,630)</b>	(61,034)	<b>(168,290)</b>	(126,523)
Proceeds of disposition of investments during the period	<b>101,101</b>	64,571	<b>183,928</b>	129,077
Change in non-cash balances related to operations	<b>1,463</b>	(7,361)	<b>(1,667)</b>	1,632
	<b>13,365</b>	(3,506)	<b>14,698</b>	7,027
<b>Financing activities</b>				
Common shares issued on exercise of warrants	<b>388</b>	67	<b>388</b>	67
Dividends paid to common shareholders	<b>(1,230)</b>	(1,230)	<b>(2,460)</b>	(2,459)
Warrants repurchased	<b>(573)</b>	(124)	<b>(1,003)</b>	(716)
Decrease (increase) in refundable dividend tax on hand	<b>(153)</b>	179	<b>(313)</b>	(780)
Increase in refundable income taxes on net realized gains on investments	<b>(3,318)</b>	(2,566)	<b>(6,983)</b>	(3,780)
Preference shares issued - net of expenses	-	-	-	(23)
	<b>(4,886)</b>	(3,674)	<b>(10,371)</b>	(7,691)
Net increase (decrease) in cash during the period	<b>8,479</b>	(7,180)	<b>4,327</b>	(664)
Cash (bank indebtedness) - Beginning of period	<b>(1,972)</b>	8,236	<b>2,180</b>	1,720
Cash - End of period	<b>6,507</b>	1,056	<b>6,507</b>	1,056

## Statements of Retained Earnings

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<b>June 30, 2005</b>	June 30, 2004	<b>June 30, 2005</b>	June 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$	\$	\$
<b>Retained earnings - Beginning of period</b>	<b>175,700</b>	144,128	<b>160,790</b>	136,847
Net realized gain on investments*	<b>18,629</b>	13,145	<b>38,845</b>	22,014
Net investment income for the period	<b>315</b>	202	<b>494</b>	2,608
Dividends paid from net investment income	<b>(1,230)</b>	(1,230)	<b>(2,460)</b>	(2,459)
Warrants repurchased	<b>(573)</b>	(124)	<b>(1,003)</b>	(716)
Net (increase) decrease in refundable dividend tax on hand	<b>(153)</b>	179	<b>(313)</b>	(780)
Net increase in refundable income taxes on net realized gain on investments	<b>(3,318)</b>	(2,566)	<b>(6,983)</b>	(3,780)
<b>Retained earnings - End of period</b>	<b>189,370</b>	153,734	<b>189,370</b>	153,734
<b>Dividends per common share</b>				
Regular	<b>0.06</b>	0.06	<b>0.12</b>	0.12

\* Refer to analysis provided in the accompanying Schedule of Realized and Unrealized Gains (Losses) on Investments.

## Schedule of Realized and Unrealized Gains (Losses) on Investments

	<i>Three Months Ended</i>		<i>Six Months Ended</i>	
	<b>June 30, 2005</b>	June 30, 2004	<b>June 30, 2005</b>	June 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
The net realized gain on investments was as follows:				
Proceeds from disposition of investments	<b>101,101</b>	64,571	<b>183,928</b>	129,077
Investments at cost - Beginning of period	<b>437,590</b>	405,022	<b>421,541</b>	395,170
Investments purchased during the period	<b>89,630</b>	61,034	<b>168,290</b>	126,523
Investments at cost - End of period	<b>(444,748)</b>	(414,630)	<b>(444,748)</b>	(414,630)
Cost of investments disposed of during the period	<b>82,472</b>	51,426	<b>145,083</b>	107,063
<b>Net realized gain on investments</b>	<b>18,629</b>	13,145	<b>38,845</b>	22,014
The unrealized gain on investments was as follows:				
Unrealized gain on investments - Beginning of period	<b>202,151</b>	151,790	<b>187,784</b>	125,142
Change in unrealized gain on investments	<b>(6,096)</b>	(23,337)	<b>8,271</b>	3,311
<b>Unrealized gain on investments - End of period</b>	<b>196,055</b>	128,453	<b>196,055</b>	128,453

# Statement of Investments

June 30, 2005 (Unaudited)

Number of		Market		Number of		Market	
Shares or		Cost	Value	Shares or		Cost	Value
Par Value	Investment	\$	\$	Par Value	Investment	\$	\$
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
<b>CONSUMER DISCRETIONARY - 8.6%</b>							
<b>Hotels, Restaurants, &amp; Leisure</b>							
145,900	Fairmont Hotels & Resorts Inc.	5,086	6,195	75,000	Precision Drilling Corporation	3,698	3,622
<b>Media</b>				480,000	Producers Oilfield Services Inc.	3,944	4,008
100,000	Astral Media Inc., A NV	1,786	3,155	50,000	Trican Well Service Ltd.	1,580	1,506
232,625	Rogers Communications Inc., B NV	3,063	9,351	<b>Oil, Gas &amp; Consumable Fuels</b>			
150,000	Shaw Communications Inc., B NV	3,983	3,825	320,000	AltaGas Income Trust, units	4,467	8,074
310,000	Yellow Pages Income Fund, units	3,649	4,622	1,852,500	Arawak Energy Corporation	3,861	2,686
<b>Multiline Retail</b>				151,100	Blue Mountain Energy Ltd.	1,052	725
125,000	Canadian Tire Corporation, Limited, A NV	7,417	7,078	856,600	Calvalley Petroleum Inc., A	3,334	3,915
<b>Specialty Retail</b>				364,000	Cameco Corporation	5,624	19,893
740,200	BMTC Group Inc., A SV	4,451	9,985	120,000	Canadian Natural Resources Limited	1,511	5,328
300,000	Reitmans (Canada) Limited, A	3,945	5,211	69,000	Canoro Resources Ltd., warrants 12/31/05*	27	26
167,000	Rentcash Inc.	3,172	3,549	306,300	Centurion Energy International Inc.	1,823	4,107
1,304,000	West 49 Inc.	2,125	2,191	391,450	Cyrius Energy Inc.	2,476	4,502
<b>TOTAL CONSUMER DISCRETIONARY</b>				317,000	Denison Mines Inc.	2,496	4,923
		38,677	55,162	161,200	Duvernay Oil Corp.	1,816	5,257
<b>CONSUMER STAPLES - 6.2%</b>				360,000	Enbridge Inc.	7,012	12,582
<b>Beverages</b>				100,000	First Calgary Petroleums Ltd.	786	805
75,000	Corby Distilleries Limited, A	3,753	5,325	800,000	Hawker Resources Inc.	3,808	3,920
70,000	Corby Distilleries Limited, B NV	4,416	4,851	70,000	Highpine Oil & Gas Limited, A	1,419	1,452
55,200	Molson Coors Canada Inc., B NV (exch)	5,254	4,215	195,000	Husky Energy Inc.	3,645	9,502
92,400	Second Cup Royalty Income Fund, units	904	1,013	936,200	International Uranium Corporation	1,343	4,962
<b>Food &amp; Staples Retailing</b>				150,000	InterOil Corporation	4,849	4,905
300,000	Alimentation Couche-Tard Inc., B SV	5,464	5,613	75,000	Niko Resources Ltd.	2,546	4,327
355,000	The Jean Coutu Group (PJC) Inc., A SV	6,654	6,613	156,900	Pan-Ocean Energy Corporation Limited, B SV	3,720	4,276
174,200	Shoppers Drug Mart Corporation	4,055	7,403	110,000	Peyto Energy Trust, units	652	3,217
<b>Tobacco</b>				468,550	ProEx Energy Ltd.	3,492	4,990
210,600	Rothmans Inc.	3,116	4,949	262,500	Shell Canada Ltd.	4,423	8,634
<b>TOTAL CONSUMER STAPLES</b>				110,000	Talisman Energy Inc.	2,646	5,049
		33,616	39,982	300,000	TransCanada Corporation	7,665	9,672
<b>ENERGY - 26.6%</b>				251,100	TransGlobe Energy Corporation	2,204	2,036
<b>Energy Equipment &amp; Services</b>				1,000,000	UTS Energy Corporation	2,534	2,570
180,000	Calfrac Well Services Ltd.	1,979	5,580	276,900	West Energy Ltd.	1,232	1,315
595,500	Phoenix Technology Income Fund, units	2,650	3,644	350,000	Western Oil Sands Inc., A	3,685	8,326
				<b>TOTAL ENERGY</b>			
						99,999	170,336
				<b>FINANCIALS - 22.8%</b>			
				<b>Commercial Banks</b>			
				160,000	Bank of Montreal	5,613	9,125
				100,000	The Bank of Nova Scotia	2,178	4,054
				290,200	Canadian Western Bank	6,271	8,366

# Statement of Investments (continued)

June 30, 2005 (Unaudited)

Number of		Market		Number of		Market	
Shares or		Cost	Value	Shares or		Cost	Value
Par Value	Investment	\$	\$	Par Value	Investment	\$	\$
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
195,000	National Bank of Canada	8,026	10,610	<b>INDUSTRIALS - 8.9%</b>			
90,000	The Toronto-Dominion Bank	3,040	4,918	<b>Aerospace &amp; Defense</b>			
<b>Diversified Financial Services</b>				1,250,000	Bombardier Inc., B SV	3,411	3,263
96,900	Addenda Capital Inc.	2,327	2,825	174,600	Ceramic Protection Corporation	2,617	3,773
174,300	Brascan Corporation, A LV	4,257	8,157	<b>Air Freight &amp; Logistics</b>			
500,000	Caldwell New York Limited			206,100	CHC Helicopter Corporation, A SV	5,387	4,922
	Partnership, units*	5,000	5,000	<b>Airlines</b>			
105,400	Economic Investment Trust Limited	4,617	6,819	192,200	Westjet Airlines Ltd.	3,186	2,624
300,900	GMP Capital Corp.	4,871	8,094	<b>Commercial Services &amp; Supplies</b>			
229,000	Guardian Capital Group Limited,			200,000	Davis + Henderson Income Fund,		
	A NV	1,637	4,466		units	2,005	4,184
1,208,700	Loring Ward International Ltd.*	1,304	1,304	147,000	FirstService Corporation, SV	3,065	3,628
200,000	Power Financial Corporation	4,595	6,536	225,000	Garda World Security		
400,000	TSX Group Inc.	5,637	14,604		Corporation	1,777	2,216
384,900	VFC Inc.	3,754	4,041	<b>Construction &amp; Engineering</b>			
<b>Insurance</b>				200,000	Stantec Inc.	5,995	5,970
10,200	E-L Financial Corporation Limited	3,739	4,070	<b>Marine</b>			
<b>Real Estate</b>				31,100	Algoma Central Corporation	1,863	2,612
222,300	BPO Properties Ltd.	5,240	8,692	200,000	CP Ships Limited	4,199	3,850
325,000	First Capital Realty Inc.	5,072	6,617	55,000	Teekay Shipping Corporation	3,239	2,959
731,100	Parkbridge Lifestyle			<b>Trading Companies &amp; Distributors</b>			
	Communities Inc.	2,917	3,509	328,400	CanWel Building Materials Income		
300,000	RioCan Real Estate Investment				Fund, units	2,824	2,722
	Trust, units	5,606	6,000	164,000	Ritchie Bros. Auctioneers		
253,800	Trizec Canada Inc., SV	4,308	5,584		Incorporated	5,257	7,749
<b>Thriffs &amp; Mortgage Finance</b>				485,000	Russel Metals Inc.	4,053	6,717
341,000	Home Capital Group Inc.	1,757	12,450	<b>TOTAL INDUSTRIALS</b>			
<b>TOTAL FINANCIALS</b>		<b>91,766</b>	<b>145,841</b>	<b>48,878</b>	<b>57,189</b>		
<b>HEALTH CARE - 1.3%</b>				<b>INFORMATION TECHNOLOGY - 3.2%</b>			
<b>Biotechnology</b>				<b>Communications Equipment</b>			
991,900	Cipher Pharmaceuticals Inc.	2,908	1,686	95,000	Research In Motion Limited	3,266	8,566
505,600	DiagnoCure Inc.	2,508	2,472	<b>Internet Software &amp; Services</b>			
2,029,994	Millenium Biologix Corporation	1,516	1,259	145,000	CryptoLogic Inc.	3,472	5,346
<b>Pharmaceuticals</b>				<b>Software</b>			
400,000	Cardiome Pharma Corp.	3,711	2,640	569,300	Commnetix Inc.	1,683	1,281
<b>TOTAL HEALTH CARE</b>		<b>10,643</b>	<b>8,057</b>	180,000	Logibec Groupe Informatique Ltd.^	1,890	2,267
				170,000	Open Text Corporation	4,203	2,946
				<b>TOTAL INFORMATION</b>			
				<b>TECHNOLOGY</b>			
				<b>14,514</b>	<b>20,406</b>		

# Statement of Investments (continued)

June 30, 2005 (Unaudited)

Number of Shares or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
<b>MATERIALS - 11.5%</b>			
<b>Construction Materials</b>			
129,025	St. Lawrence Cement Group Inc., A SV	3,009	3,329
<b>Metals &amp; Mining</b>			
360,000	Canico Resource Corp.	2,103	4,907
260,000	Centerra Gold Inc.	4,202	5,044
1,200,000	Dynatec Corporation	1,728	1,560
280,000	First Quantum Minerals Ltd.	3,455	6,051
243,500	FNX Mining Company Inc.	2,814	2,764
1,012,000	Gerdau Ameristeel Corporation	5,307	5,283
300,000	Grand Cache Coal Corporation	1,649	2,859
40,000	Inco Limited	1,096	1,846
200,000	Inco Limited, warrants 8/21/06	1,584	3,404
500,000	Kensington Resources Ltd.	1,236	1,075
350,000	Labrador Iron Ore Royalty Income Fund, units	4,090	7,945
405,590	Noranda Inc., LV	6,123	8,526
1,200,000	Shore Gold Inc.	2,445	5,880
500,000	Shore Gold Inc., warrants 9/28/05*	262	1,100
379,000	Southwestern Resources Corp.	3,459	4,040
250,000	Western Canadian Coal Corp.	1,174	917
<b>Paper &amp; Forest Products</b>			
363,500	Norbord Inc.	4,167	3,809
65,000	West Fraser Timber Co. Ltd.	3,100	3,071
<b>TOTAL MATERIALS</b>		<b>53,003</b>	<b>73,410</b>

Number of Shares or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
<b>TELECOMMUNICATION SERVICES - 4.8%</b>			
<b>Diversified Telecommunication Services</b>			
957,000	Call-Net Enterprises Inc., B NV	6,571	9,024
184,600	Manitoba Telecom Services Inc.	6,721	8,621
250,000	TELUS Corporation	3,881	10,765
64,600	TELUS Corporation, NV	1,921	2,700
<b>TOTAL TELECOMMUNICATION SERVICES</b>		<b>19,094</b>	<b>31,110</b>
<b>UTILITIES - 2.3%</b>			
<b>Electric Utilities</b>			
70,000	Fortis Inc.	4,061	5,441
<b>Gas Utilities</b>			
200,000	Terasen Inc.	3,710	5,862
<b>Independent Power Producers &amp; Energy Traders</b>			
50,000	Canadian Utilities Limited, A NV	1,171	3,499
<b>TOTAL UTILITIES</b>		<b>8,942</b>	<b>14,802</b>
<b>PREFERRED SHARES - 3.8%</b>			
375,000	Bombardier Inc., Series 3	7,328	6,795
150,000	Falconbridge Limited, Series 3	3,743	3,878
50,000	Noranda Inc., Series 1	1,650	1,560
100,000	Noranda Inc., Series 2	3,332	3,102
50,000	Noranda Inc., Series 3	1,682	1,553
300,000	Nortel Networks Corporation, Series 5	5,018	5,100
160,000	Nortel Networks Corporation, Series 7	2,863	2,520
<b>TOTAL PREFERRED SHARES</b>		<b>25,616</b>	<b>24,508</b>
<b>TOTAL INVESTMENTS</b>			
- June 30, 2005		444,748	640,803
- December 31, 2004		421,541	609,325
- June 30, 2004		414,630	543,083

<sup>^</sup> Pursuant to provincial securities legislation, securities purchased through a private placement from a qualifying issuer are restricted from trading on a stock exchange for a period of 4 months from the date of the private placement.

\* Unquoted security.

## 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 Investor Services Inc.  
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. BRANCH TRANSFER AGENT

Computershare Investor Services PLC  
P.O. Box 82  
The Pavilions, Bridgwater Road  
Bristol BS99 7NH  
Telephone: 0117 941 7781  
Fax: 0870 889 3120

## U.K. STOCKBROKER

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

## STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbols:

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

The London Stock Exchange

Trading Symbols:

Common Shares	CGI
Warrants	CGIW

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

## 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 Kingdom and the United States. These include: Globe and Mail, National Post, New York Times, Wall Street Journal, Barron's, Financial Times 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.

## 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.

