



THD

Third Canadian General
Investment Trust Limited

Canadian and
International
Fund of Funds

Third Canadian General Investment Trust Limited

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3

THIRD QUARTER REPORT

September 30, 2001

*We would like to express
our deepest sympathies for the
innocent victims of the
September 11 terrorist attacks,
their families, friends
and co-workers.*

*We salute the heroes
who gave their lives trying to
save others.*

*We look forward to the day
when the world will be a safe
and peaceful place
and our thoughts are with those
who are working to that end
at great personal risk.*

Letter to the Shareholders

For the third quarter of 2001, Third Canadian's net asset value return with distributions reinvested, although negative at - 8.8%, outperformed the TSE 300 Total Return Index, which posted a decrease of 11.3%.

Third Canadian's portfolio reflected lower bear market prices for many securities, including the shares of **Canadian General Investments, Limited** (CGI) of which Third Canadian owns approximately 37%. Third's investment in the shares and warrants of CGI represented more than 70% of its portfolio assets at quarter end. The global downtrend in stock markets generally had a negative effect on the broad portfolio.

Throughout the quarter, the Manager continued to strengthen income generation in the non-principal asset segment. The portfolio provided a market yield of 9.1% (annualized) at quarter-end, compared to 7.7% at June 30. The non-principal assets consisted of more than 40 actively managed holdings, primarily investments in other funds, asset managers and various special situations. Approximately one-half are Canadian-listed, and most of the remaining are U.K.- and U.S.-listed, most with good income and growth characteristics.

Although distributions by a few Canadian oil and gas income trusts have been reduced, there is confidence in long-term support for the sector. Investors have a need for such products if savings rates stay low or decline further.

During the quarter, the Manager diversified the portfolio by reallocating some capital from oil and gas income trusts and non-dividend paying stocks into other types of income trusts, including **CPL Long Term Care Real Estate Investment Trust**, **Chemtrade Logistics Income Fund** and **North West Company Fund**. CPL,



with a market yield of approximately 11% at quarter-end, is suitable for Third's high-income focus. Chemtrade was launched in July to provide removal services for chemical byproducts. North West, yielding roughly 10% at quarter-end, is the only significant retail chain in the Canadian north.

In recognition of results for the nine months, the Board of Directors of Third Canadian has authorized an extra dividend of \$0.15 per share to be paid on December 15, 2001 to shareholders of record on November 30. Including the four regular quarterly dividend payments, total dividends paid per share for 2001 will be \$0.45, representing a yield of 3.3% on the October 17, 2001 market price of \$13.60.

Third's discount from net asset value was 22.1% at quarter-end. Some investors regard this as part of a "double discount" as related to the discount of CGI, which was 29.8% at September 30. For investors purchasing Third Canadian stock, a wide discount can represent a bargain, but market prices of closed-end funds can move up on improvement in portfolio value, independent of whether or not the discount widens, narrows or stays the same, benefiting all shareholders.

Much of the high pricing is probably already wrung out of the portfolio's equities. Continued good bottom-up stock selection and the decline in interest rates would serve Third Canadian well in the months ahead.

A handwritten signature in cursive script that reads "E. Louise Morgan".

E. Louise Morgan, Chairman

Management's Discussion and Analysis

Third Canadian outperformed the benchmark TSE 300 Total Return Index despite some negative performance in the Company's portfolio in retreating global markets during the third quarter of 2001. For the three months ended September 30, 2001, net asset value per share (NAV) with distributions reinvested decreased by 8.8%. On a comparative basis, this was significantly better than the benchmark, which decreased 11.3%. As a closed-end fund and holding company that seeks long-term growth and income, Third measures its total return on a basis of growth of net assets.

Third Canadian's market price closed the quarter at \$13.50, down 10.0% in the quarter. The discount to NAV ranged from 17.7% to 25.8%, closing at 22.1%, slightly higher than the 21.5% level at the end of the second quarter.

Net Assets

Principal assets, represented by the shares and warrants of Canadian General Investments, Limited (CGI) and shares of Canadian World Fund Limited (CWF), decreased in market value by 8.2% and 17.6% respectively for the third quarter. Non-principal assets declined by 11.3% for the same period. However, over the nine months, non-principal assets appreciated by 2.0% whereas principal assets declined by 17.8%.

Decreases in portfolio values in the current quarter led to a decline in unrealized appreciation in value of investments of \$8,905,000, after deducting a \$2,114,000 decrease in the Company's future income tax liability. On a comparative basis, the third quarter of 2000 showed a net increase of \$232,000 in unrealized appreciation in value of investments.

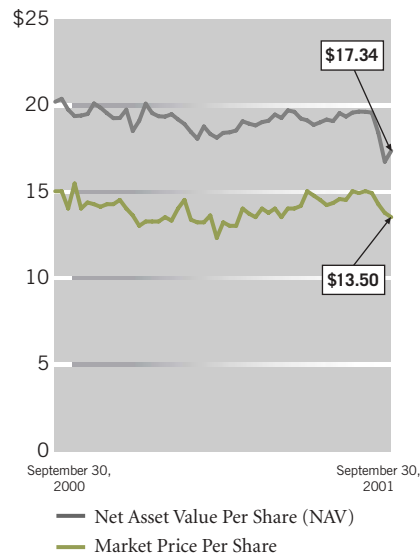
Net realized gain on investments for the third quarter was \$111,000, compared to \$1,373,000 in the same period of 2000, the latter being heavily influenced by a gain of \$2.4 million on Third's investment in Robert Fleming Holdings Limited.

Operations

For the nine-month period ended September 30, 2001, total investment income, comprised of dividends, interest and other income increased significantly by 34.7% to \$2,976,000 from \$2,209,000 for the same period in 2000. Income trusts, major holdings in the Canadian-listed segment of the Company's portfolio for several years, were the major contributor to the

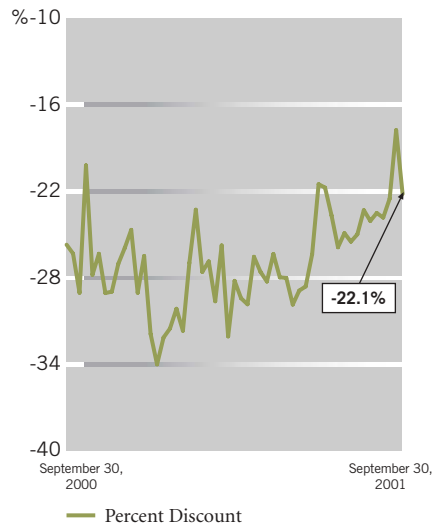
COMPARISON OF MARKET PRICE TO NAV

Twelve months ended September 30, 2001



DISCOUNT TO NAV

Twelve months ended September 30, 2001



increase. Third's investments in income trusts represented 23.1% of its actively managed portfolio at quarter-end. These trusts operate in a wide range of businesses, including real estate, oil and gas, cold storage and goods distribution and manufacturing.

The increase in dividend income in the third quarter was mainly due to the purchase of dividend-paying Canadian-listed holdings in the period from late 2000 to the beginning of the third quarter of 2001. As well, additional dividends were earned from CGI, a result of shares received by way of its special \$1.40 stock dividend paid in December 2000. Dividends received from CGI represented 63.6% and 65.0% of total dividend income for the current and prior nine-month periods, respectively.

Total expenses for the nine months remained relatively unchanged from the comparative period last year. Management fees declined as a result of lower portfolio values. Fees are calculated quarterly in arrears at the annual rate of 1% of consolidated net asset value, excluding tax liabilities, bank indebtedness and the holdings of the principal assets, and at the rate of 0.2% of the market value of the principal assets. Interest, which is the major expense item, increased marginally over last year. Going forward, Third Canadian should continue to benefit from lower borrowing costs in the declining Canadian interest rate environment. Third's weighted average interest rate on the \$15,000,000 face value of bank borrowing was 5.1% at September 30, 2001, significantly lower than the 6.6% rate at September 30, 2000.

Income tax assessments for prior years were received in the third quarter of 2001 resulting in aggregate interest income of \$101,000 and interest expense of \$40,000.

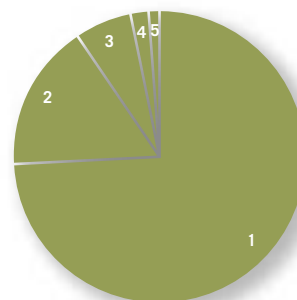
On September 15, 2001, the Company paid a quarterly dividend of \$0.075 per share, consistent with the corresponding third quarter of 2000. Dividend payments for both nine-month periods aggregated \$0.225 per share.

Discounts

Third Canadian effectively trades at a "double discount" since its portfolio value of investments reflects the market prices of CGI and CWF and not their net asset values. At the end of the third quarter, CGI and CWF were trading at discounts of 29.8% and 31.0%, respectively. Due to the narrowing

WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET

September 30, 2001



1	Principal Assets	74.2%
2	Canadian-Listed	16.3%
3	U.K.-Listed	6.3%
4	U.S.-Listed	2.0%
5	Other	1.2%

INVESTMENT PORTFOLIO TEN LARGEST INVESTMENTS

September 30, 2001

Company	Market Value (000's)	% at Market
Canadian General Investments, Limited	\$69,769	71.0
Canadian World Fund Limited	3,137	3.2
Asset Management Investment Company PLC	2,340	2.4
Sceptre Investment Counsel Limited	1,817	1.8
Rothmans Inc.	1,624	1.6
Sherritt International Corporation	1,065	1.1
Danier Leather Inc.	923	0.9
Collins Stewart Holdings PLC	854	0.9
Chemtrade Logistics Income Fund	814	0.8
Corby Distilleries Limited	756	0.8
Totals	\$83,099	84.5

of both CGI and CWF's individual discounts, the "double discount" narrowed from 41.6% at the end of the second quarter to 40.1% at September 30.

CGI, a well-diversified Canadian equity fund, continues to be a key component in the double discount calculation and in future portfolio gains. Representing in excess of 70% of Third's portfolio assets at quarter-end, CGI is well positioned across many sectors in the Canadian marketplace. For the current quarter, CGI's fully-diluted net asset value return with distributions reinvested outperformed its benchmark, the TSE 300 Total Return Index. CGI's top five sectors and top five holdings as of September 30, 2001 were as follows:

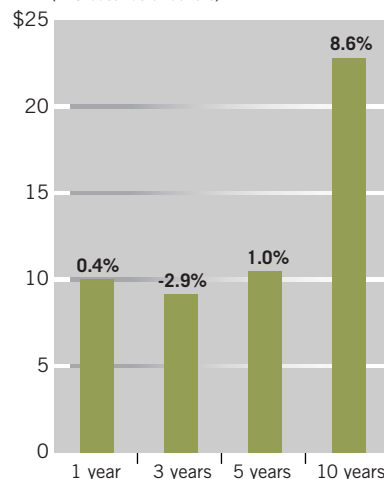
<u>Canadian General Investments, Limited</u>			
	%		%
<u>Top 5 Sectors</u>	<u>at market</u>	<u>Top 5 Holdings</u>	<u>at market</u>
Financial Services	18.2	Royal Bank of Canada	3.8
Oil & Gas	17.2	Corby Distilleries Limited	3.1
Consumer Products	10.9	Suncor Energy, Inc.	2.7
Communications & Media	10.1	George Weston Limited	2.6
Industrial Products	<u>8.6</u>	Husky Energy Inc.	<u>2.4</u>
	<u>65.0</u>		<u>14.6</u>

Outlook

Although uncertainty is expected to continue in global markets, Third Canadian's focus on high income and growth in addition to the declining interest rate environment should help it to maintain or improve on its positioning.

GROWTH OF A \$10,000 INVESTMENT*

For 1, 3, 5 and 10 years to September 30, 2001
(in thousands of dollars)



*Assuming reinvestment of dividends at month-end closing prices.

Consolidated Statements of Net Assets

<i>(in thousands of dollars, except per share amounts)</i>	As at September 30, 2001 (Unaudited)	As at December 31, 2000 (Audited)	As at September 30, 2000 (Unaudited)
Assets			
Investments	\$ 98,299	\$ 113,565	\$ 120,959
Cash	573	9,403	1,564
Receivable on securities sold	229	–	4,803
Accrued interest and dividends	232	235	89
Income taxes recoverable	1,668	–	1,061
	101,001	123,203	128,476
Liabilities			
Bank indebtedness	14,978	14,919	14,965
Payable on securities purchased	257	568	2,432
Accounts payable and accrued liabilities	48	60	42
Income taxes payable	–	2,267	–
	15,283	17,814	17,439
Future income taxes on unrealized net capital gains	2,405	6,333	14,063
	17,688	24,147	31,502
Net Assets	\$ 83,313	\$ 99,056	\$ 96,974
Shareholders' Equity			
Capital stock	\$ 6,504	\$ 6,504	\$ 6,504
Contributed surplus	2,681	2,681	2,681
Unrealized gain on investments	39,887	56,856	55,196
Retained earnings	34,241	33,015	32,593
	\$ 83,313	\$ 99,056	\$ 96,974
Number of shares outstanding	4,805,910	4,805,910	4,805,910
Net asset value per share	\$ 17.34	\$ 20.61	\$ 20.18

Note to Consolidated Financial Statements

The accompanying consolidated financial statements should be read in conjunction with the notes to the company's audited financial statements for the year ended December 31, 2000. These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

Consolidated Statements of Operations

(Unaudited)

(in thousands of dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Investment income				
Dividends	\$ 739	\$ 499	\$ 2,158	\$ 1,943
Interest and other	346	145	818	266
	1,085	644	2,976	2,209
Expenses				
Management fees	127	134	388	414
Interest	231	249	723	701
Directors' fees	11	8	28	25
Other	28	35	110	104
	397	426	1,249	1,244
Investment income before income taxes	688	218	1,727	965
Income tax recovery	(10)	(94)	(129)	(242)
Net investment income	698	312	1,856	1,207
Realized and unrealized gain (loss) on investments				
Net realized gain on investments	111	1,373	451	617
Change in unrealized appreciation in value of investments	(8,905)	232	(16,969)	(2,551)
Net gain (loss) on investments	(8,794)	1,605	(16,518)	(1,934)
Increase (decrease) in net assets resulting from operations	\$ (8,096)	\$ 1,917	\$ (14,662)	\$ (727)

Consolidated Statements of Retained Earnings

(Unaudited)

(in thousands of dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Retained earnings - Beginning of period	\$ 33,792	\$ 31,268	\$ 33,015	\$ 31,850
Net investment income for the period	698	312	1,856	1,207
Net realized gain on investments	111	1,373	451	617
Dividends	(360)	(360)	(1,081)	(1,081)
Retained earnings – End of period	\$ 34,241	\$ 32,593	\$ 34,241	\$ 32,593

Consolidated Statements of Changes in Net Assets

(Unaudited) (in thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Increase (decrease) in net assets resulting from operations	\$ (8,096)	\$ 1,917	\$ (14,662)	\$ (727)
Distributions to shareholders from net investment income	(360)	(360)	(1,081)	(1,081)
Increase (decrease) in net assets	(8,456)	1,557	(15,743)	(1,808)
Net assets - Beginning of period	91,769	95,417	99,056	98,782
Net assets - End of period	\$ 83,313	\$ 96,974	\$ 83,313	\$ 96,974
Dividends per share	\$ 0.075	\$ 0.075	\$ 0.225	\$ 0.225

Consolidated Statements of Net Gain (Loss) on Investments

(Unaudited) (in thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 30, 2001	September 30, 2000	September 30, 2001	September 30, 2000
Proceeds from disposition of investments	\$ 6,792	\$ 8,259	\$ 12,207	\$ 14,376
Investments at cost, beginning of period	55,110	53,344	50,376	54,003
Investments purchased during the period	7,584	4,676	17,302	11,236
Investments at cost, end of period	(56,007)	(51,700)	(56,007)	(51,700)
Cost of investments disposed of during the period	6,687	6,320	11,671	13,539
Realized gain on disposition of investments				
before income taxes	105	1,939	536	837
Income taxes on realized net taxable capital gains	(6)	566	85	220
Net realized gain on investments	111	1,373	451	617
Change in unrealized appreciation in value of investments	(8,905)	232	(16,969)	(2,551)
Net gain (loss) on investments	\$ (8,794)	\$ 1,605	\$ (16,518)	\$ (1,934)

Consolidated Statement of Investments

September 30, 2001

NUMBER OF SHARES OR PAR VALUE		MARKET	
		COST	VALUE
<i>(in thousands of dollars)</i>			
PRINCIPAL ASSETS			
7,629,811	Canadian General Investments, Limited	20,969	64,090
1,526,578	Canadian General Investments, Limited wts	–	5,679
1,120,211	Canadian World Fund Limited	5,601	3,137
		<u>26,570</u>	<u>72,906</u>
CANADIAN-LISTED			
17,200	Aliant Inc.	568	533
70,000	ARC Energy Trust	657	743
70,000	Atlas Cold Storage Income Trust+	681	728
75,000	Chemtrade Logistics Income Fund*	831	814
100,000	Conoco Canada Resources Limited pfd. series A	441	450
14,400	Corby Distilleries Ltd. B	484	756
43,000	CPL Long Term Care Real Estate Investment Trust*	573	598
90,000	Danier Leather Inc.	972	923
25,950	Enerplus Resources Fund	572	603
33,600	First Capital Realty Inc.	519	412
9,800	Inco Limited pfd. series E	675	665
50,000	Legacy Hotels Real Estate Investment Trust	405	348
30,000	North West Company Fund*	454	480
237,800	Novicourt Inc.	562	416
10,000	PanCanadian Petroleum Limited	461	377
60,000	Rothmans Inc.+	1,310	1,624
132,400	Sceptre Investment Counsel Limited A*	2,463	1,817
300,000	Sherritt International Corporation	1,358	1,065
35,200	Shiningbank Energy Income Fund	129	431
50,000	TimberWest Forest Corp.+	574	582
25,000	TransAlta Corporation+	635	538
164,700	Viceroy Homes Limited A+	889	634
85,000	Viking Energy Royalty Trust	360	533
		<u>16,573</u>	<u>16,070</u>
U.K.-LISTED			
42,000	Aberdeen Asset Management PLC	556	312
800,000	Asset Management Investment Company PLC	3,262	2,340

NUMBER OF SHARES OR PAR VALUE		MARKET	
		COST	VALUE
<i>(in thousands of dollars)</i>			
U.K.-LISTED (continued)			
120,000	Collins Stewart Holdings PLC	921	854
30,000	Edinburgh Fund Managers Group PLC	402	268
65,000	Finsbury Life Sciences Investment Trust PLC	118	140
1,000,000	Govett High Income Investment Trust PLC*	816	429
1,875	The Lindsell Train Investment Trust PLC	440	450
75,765	London Stock Exchange PLC+	439	594
75,000	Premier Asset Management PLC	322	234
111,000	Singer & Friedlander Group PLC	680	541
		<u>7,956</u>	<u>6,162</u>
U.S.-LISTED			
20,000	The European Warrant Fund, Inc.	563	171
20,000	The Gabelli Global Multimedia Trust Inc.	513	248
10,000	General American Investors Company, Inc.	508	498
42,100	Morgan Stanley Dean Witter Emerging Markets Debt Fund, Inc.	467	460
40,000	Templeton Emerging Markets Income Fund, Inc.	673	636
		<u>2,724</u>	<u>2,013</u>
OTHER			
28,000	The China Heartland Fund Ltd.	444	387
13,000	Fleming Russia Securities Fund Ltd.	326	215
20,000	The India I.T. Fund Limited	829	221
31,000	The Taiwan Opportunities Fund Ltd.	585	325
		<u>2,184</u>	<u>1,148</u>
TOTAL INVESTMENTS			
	– September 30, 2001	<u>\$ 56,007</u>	<u>\$ 98,299</u>
	– December 31, 2000	<u>\$ 50,376</u>	<u>\$ 113,565</u>
	– September 30, 2000	<u>\$ 51,700</u>	<u>\$ 120,959</u>
Changes from June 30, 2001			
* New Holdings			
+ Increased Holdings			

Corporate Information – Third Canadian General Investment Trust Limited

Office of the Company

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Stock Exchange Listings

The Toronto Stock Exchange
Trading Symbol: THD

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

Registrar and Transfer Agent

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

Publication

The Company calculates and releases its net asset value per share (NAV) on a daily basis. NAV and market price information are published in the financial press in Canada on a daily basis and at the weekend in the United States.

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

Stock Data – Common Shares

September 30, 2001:

Price	\$13.50
Net Asset Value	\$17.34
Discount	22.1%

