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Third Canadian General
Investment Trust Limited

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Managed by:



MorganMeighen

& ASSOCIATES

Investment Managers

GROWTH AND INCOME

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FIRST QUARTER REPORT - *March 31, 2004*

Report to Shareholders

Third Canadian is pleased to report excellent performance numbers for the first quarter of 2004, continuing to build momentum on the spectacular results achieved in 2003. For the quarter ended March 31, 2004, its net asset value return with dividends reinvested was 13.0%, well above the 4.9% rise of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX). Third Canadian's market return with dividends reinvested was a formidable 25.1% – strong performance by any measure.

Principal Assets

Key to the overall success of Third Canadian is the performance of its principal assets. Representing almost 75% of the assets at quarter-end, Canadian General Investments, Limited (CGI), the primary principal asset, is the major influence on portfolio results. As can be inferred from the aforementioned returns for Third Canadian, CGI also built on its highly successful year in 2003, recording a net asset value return of 8.4% and a market return of 11.1%, including reinvestment of dividends, for the first quarter.

Although these short-term results are being highlighted for the purposes of a quarterly report, CGI's mandate is to provide long-term growth and income. On this measure, CGI has also been highly successful. Its 15-year compound average market rate of return with dividends reinvested was



Jonathan A. Morgan, President; Vanessa L. Morgan, Chairman; Michael A. Smedley, Chief Portfolio Officer of the Manager

12.6% at December 31, 2003, well exceeding its relative benchmark, the S&P/TSX, which posted 8.6%. From an investor's perspective, leverage to these results should be compelling; for every \$1.00 change in CGI's share price, Third Canadian's net asset value per share (NAV) currently changes by approximately \$1.30.

Non-Principal Assets

Notwithstanding the relative size and influence of the principal assets, the non-principal assets form an integral part of Third Canadian's portfolio. In spite of the appearance of a bias to income related product, as represented by the

Top Ten Investments at Market* – March 31, 2004

(Portfolio details on page 9)

	%		%
Canadian General Investments, Limited	72.5	Home Capital Group Inc.	0.9
Canadian World Fund Limited	2.8	RioCan Real Estate Investment Trust	0.9
Sierra Wireless, Inc.	1.4	Connors Bros. Income Fund	0.8
AltaGas Services Inc.	1.3	Energy Savings Income Fund	0.7
Enerplus Resources Fund	1.0	Newalta Income Fund	0.7
		Total	83.0

* Excludes cash and non-convertible preference shares.

Weighting of Portfolio Investments at Market – March 31, 2004

	%
Principal Assets	75.3
Canadian-Listed	22.2
U.S.-Listed	1.8
U.K.-Listed	0.7

approximate half weighting in Canadian income trusts, this group has shown an ability to contribute to growth through capital appreciation. For example, in the first quarter, this group's market value grew by 17.9%, outperforming both principal assets and the S&P/TSX. Its total market value stood at \$40,807,000 at March 31, 2004, compared to \$34,623,000 at December 31, 2003 and \$27,831,000 at March 31, 2003.

An important contributing factor to the success of this portfolio segment results from one of the advantages traditional closed-end funds have over mutual funds – leverage ability. The Board and Management have incorporated this ability into the Company's investment guidelines and have maintained an active leverage strategy. The results speak for themselves as the current environment of low cost borrowed funds and good performance is a powerful combination for the creation of shareholder value.

Income Trust Developments

The income trust sector continues to grow both in number and in absolute dollars. In the first quarter of 2004, more than \$4 billion was raised. The sector now has over 140 members and a market capitalization greater than \$90 billion.

The explosive growth of the sector has attracted a great deal of attention and commentary. Recent concern was focused on the trust structure and its impact on tax revenues received by the federal government. Two studies, one commissioned by the government and one by the trust industry, both

concluded that any tax revenue losses were immaterial in the long-term. Subsequently, a federal budget included sector-related proposals that did not alter the income tax structure and, although restricting pension funds in some ways, permits all investors to participate in the sector.

Another positive for the sector is pending legislation from the Province of Ontario regarding the liability issue of income trusts. It appears likely that this would give the trusts the same liability protection that is afforded to corporations.

Despite these positive developments, we remain vigilant for any events, including rising interest rates, further government involvement in the sector, and the failure of individual trusts to maintain their distribution policies, which could impact negatively on the sector as a whole.

Outlook

Leadership from CGI, the main engine of performance for Third Canadian, is expected, given further strength in Canadian equity markets. The non-principal assets, an important and notably stabilizing element of the portfolio, will continue to be actively managed to enhance overall returns.

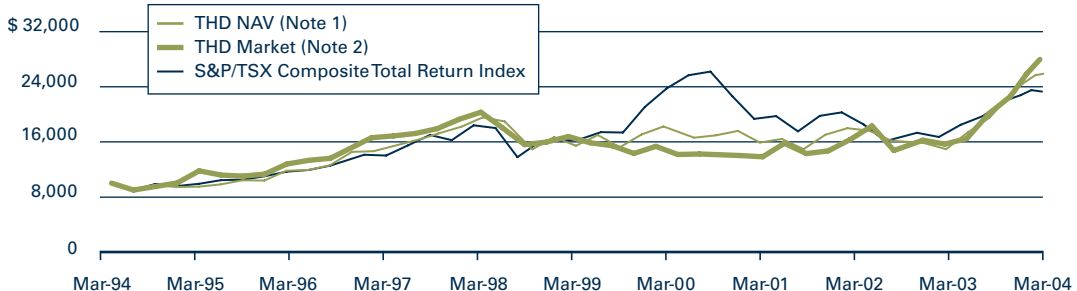


Vanessa L. Morgan,
Chairman



Jonathan A. Morgan,
President

Growth of a \$10,000 Investment – to March 31, 2004



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

Management's Discussion & Analysis

Third Canadian is a closed-end investment fund that measures its return by the growth of net assets with dividends reinvested. For the first quarter of 2004, Third Canadian's net asset value return with dividends reinvested was 13.0%, well outperforming the 4.9% return of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX).

Financial review

At March 31, 2004, net assets were \$137,051,000, up 12.7% and 69.8% from year-end 2003 and March 31, 2003, respectively. The increases were largely attributable to appreciation in the combined market value of the shares and warrants of Canadian General Investments, Limited (CGI), the Corporation's key principal asset, which represented almost three-quarters of Third Canadian's portfolio at quarter-end.

For the first three months of 2004, Third Canadian had net investment income of \$708,000, a 4.3% increase over the \$679,000 recorded for the first quarter of 2003.

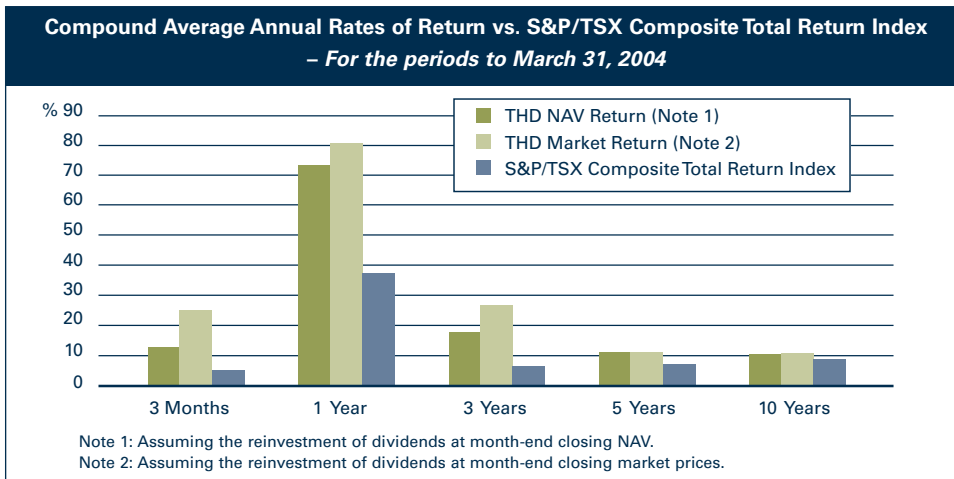
For the 2004 first quarter, total investment income, comprised of dividends, interest and other income, decreased by 12.6% to \$940,000 from \$1,076,000 for the same period in 2003. Dividends earned from CGI continue to be the mainstay of this income category. At \$458,000 in both periods,

these dividends represented 70.2% and 58.3% of total dividend income for the first quarters of 2004 and 2003, respectively. In the first quarters of both 2004 and 2003, approximately 90% of interest and other income related to Canadian income trust distributions. The income trust holdings, representing approximately one-half of the non-principal portfolio segment at the end of the first quarter of 2004, have been a growing portion of this segment over several years.

Total expenses increased by 8.9% to \$366,000 quarter-over-quarter, primarily a result of higher management fees, driven by the increase in portfolio assets. Interest on bank borrowings used for leverage continued to fall due to historically low rates, resulting in a decrease of 6.3% to \$148,000 for the current quarter. Borrowings were \$15 million in both quarters.

The net gain on investments for the first quarter of 2004 was a substantial \$15,175,000 compared to a net loss on investments of \$5,316,000 for the comparative quarter of 2003. The figures were largely impacted by the increase in unrealized appreciation of investments of \$16,109,000 in the 2004 first quarter and the corresponding decrease of \$5,061,000 in 2003.

During the first quarter of both 2004 and 2003, Third Canadian paid a quarterly dividend of \$0.075 per share to



its shareholders. Subsequent to quarter-end, the Board approved a second quarter dividend of \$0.075 to be paid on June 15, 2004 to shareholders of record on May 31.

Principal assets

CGI is an actively managed Canadian closed-end equity fund with well-diversified holdings. For the first quarter of

2004, CGI's diluted NAV and market return, both including the reinvestment of dividends, were 8.4% and 11.1%, respectively.

CGI's top five S&P/TSX sectors and investments (excluding cash, short-term investments and non-convertible preference shares) as at March 31, 2004 were as follows:

Canadian General Investments, Limited			
<i>Top 5 Sectors</i>	<i>% at market</i>	<i>Top 5 Investments</i>	<i>% at market</i>
Financials	27.4	Home Capital Group Inc.	2.3
Energy	16.2	Nortel Networks Corporation	2.0
Materials	14.7	TSX Group Inc.	2.0
Consumer Discretionary	8.0	Brascan Corporation	1.9
Utilities	7.2	Sierra Wireless, Inc.	1.7
	73.5		9.9

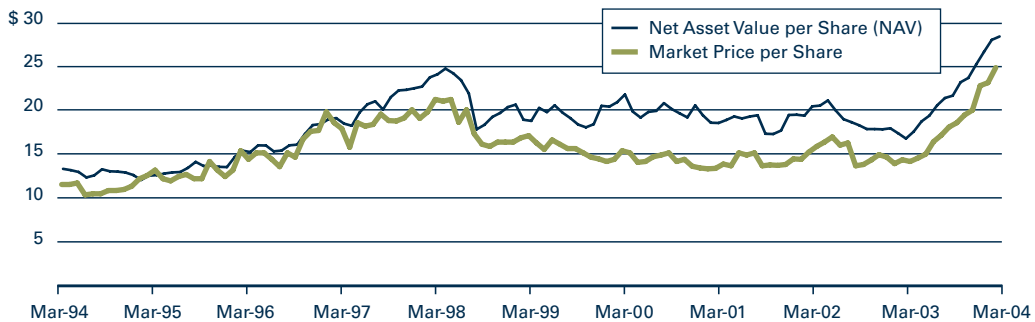
Information concerning CGI, including its quarterly report, is available via email (cgifund@mmainvestments.com) or toll-free at 1-866-443-6097.

Canadian World Fund Limited (CWF), established in 1994, is a global equities fund that constituted about 3% of Third Canadian's portfolio at March 31, 2004. For the quarter, CWF's net asset value per share appreciated by 8.4%, while its share price advanced 13.9%, both measures significantly outperforming its benchmark, the Morgan Stanley All-Country World Free Index, which returned 3.9% (in Canadian dollar terms) for the period.

Prospects

Ongoing favourable market conditions should allow continuation of CGI's strong share performance trend which would certainly benefit Third Canadian, while investors' desire for income should keep the income trust sector stable. Through its principal asset holdings and the mainly income related other assets, Third Canadian will continue to offer investors one of the most diversified portfolios among closed-end funds in Canada.

Comparison of Market Price to NAV – March 31, 1994 to March 31, 2004



Consolidated Statements of Net Assets

	As at March 31, 2004 <i>(Unaudited)</i>	As at December 31 2003 <i>(Audited)</i>	As at March 31, 2003 <i>(Unaudited)</i>
<i>(In thousands of dollars, except per share amounts)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	\$	\$	\$
Assets			
Investments	165,346	145,813	96,173
Cash	867	2,166	1,287
Receivable on securities sold	404	–	–
Accrued interest and dividends	177	219	214
Income taxes recoverable	–	–	85
	166,794	148,198	97,759
Liabilities			
Bank indebtedness	14,970	14,943	14,940
Payable on securities purchased	–	–	547
Accounts payable and accrued liabilities	60	79	39
Income taxes payable	418	820	–
	15,448	15,842	15,526
Future income taxes on unrealized net capital gains	14,295	10,745	1,539
	29,743	26,587	17,065
Net Assets	137,051	121,611	80,694
Shareholders' Equity			
Capital stock	6,504	6,504	6,504
Contributed surplus	2,681	2,681	2,681
Unrealized gain on investments	93,161	77,052	37,558
Retained earnings	34,705	35,374	33,951
	137,051	121,611	80,694
Number of shares outstanding	4,805,910	4,805,910	4,805,910
Net asset value per share	28.52	25.30	16.79

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, 2003. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

Consolidated Statements of Operations

<i>(Unaudited)</i> <i>(In thousands of dollars, except per share amounts)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Investment income		
Dividends	652	785
Interest and other	288	291
	940	1,076
Expenses		
Management fees	158	121
Interest	148	158
Directors' fees	14	11
Investor relations	5	4
Other	41	42
	366	336
Investment income before income taxes	574	740
Income tax recovery (provision)	134	(61)
Net investment income	708	679
Realized and unrealized gain (loss) on investments		
Net realized loss on investments	(934)	(255)
Change in unrealized appreciation of investments	16,109	(5,061)
Net gain (loss) on investments	15,175	(5,316)
Increase (decrease) in net assets resulting from operations	15,883	(4,637)
Increase (decrease) in net assets resulting from operations per share	3.30	(0.96)

Consolidated Statements of Retained Earnings

<i>(Unaudited)</i> <i>(In thousands of dollars, except per share amounts)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Retained earnings – Beginning of period	35,374	33,964
Net investment income for the period	708	679
Net realized loss on investments	(934)	(255)
Dividends	(360)	(360)
Provision for refundable dividend tax on hand	(83)	(77)
Retained earnings – End of period	34,705	33,951
Dividends per share	0.075	0.075

Consolidated Statements of Changes in Net Assets

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Increase (decrease) in net assets resulting from operations	15,883	(4,637)
Dividends	(360)	(360)
Net increase in refundable dividend tax on hand	(83)	(77)
Increase (decrease) in net assets	15,440	(5,074)
Net assets – Beginning of period	121,611	85,768
Net assets – End of period	137,051	80,694

Consolidated Statements of Net Gain (Loss) on Investments

<i>(Unaudited)</i> <i>(In thousands of dollars)</i>	<i>Three Months Ended</i>	
	March 31, 2004	March 31, 2003
	\$	\$
Proceeds from disposition of investments	3,432	1,537
Investments at cost, beginning of period	58,016	56,338
Investments purchased during the period	4,585	2,591
Investments at cost, end of period	(57,890)	(57,076)
Cost of investments disposed of during the period	4,711	1,853
Realized loss on disposition of investments before income taxes	(1,279)	(316)
Income tax recovery on allowable capital losses	345	61
Net realized loss on investments	(934)	(255)
Change in unrealized appreciation of investments	16,109	(5,061)
Net gain (loss) on investments	15,175	(5,316)

Consolidated Statement of Investments

March 31, 2004 (Unaudited)

Number of Shares or Par Value	Investment – % of Total Market Value	Cost (in thousands of dollars)	Market Value
PRINCIPAL ASSETS – 75.3%			
7,629,811	Canadian General Investments, Limited	\$20,969	\$107,199
1,526,578	Canadian General Investments, Limited wts.	–	12,747
1,120,211	Canadian World Fund Limited	5,601	4,593
TOTAL PRINCIPAL ASSETS		26,570	124,539
CANADIAN-LISTED – 22.2%			
45,000	Advanced Fiber Technologies Income Fund	396	643
100,000	AltaGas Services Inc.	1,120	2,193
70,000	ARC Energy Trust	585	1,095
90,000	Associated Brands Income Fund	828	959
500,000	Canadian Western Bank conv. deb. 5.5% due March 31, 2008	501	696
130,000	Cedara Software Corp.*	978	1,131
50,000	Chemtrade Logistics Income Fund	532	974
75,000	Connors Bros. Income Fund	724	1,320
14,400	Corby Distilleries Ltd. B	484	911
40,000	DALSA Corporation	722	792
40,000	Davis + Henderson Income Fund	413	776
70,000	Energy Savings Income Fund	860	1,165
43,450	Enerplus Resources Fund	999	1,670
33,600	First Capital Realty Inc.	519	572
26,880	First Capital Realty Inc. wts. 8/31/08	–	121
20,000	Fording Canadian Coal Trust	611	1,059
60,000	Home Capital Group Inc. B	779	1,500
45,000	Hot House Growers Income Fund	450	520
45,000	KCP Income Fund	575	428
60,000	The Keg Royalties Income Fund	566	703
60,000	Livingston International Income Fund+	989	1,042
60,000	Newalta Income Fund+	953	1,144
60,000	Nortel Networks Corporation pfd. series 5	768	1,305
30,000	North West Company Fund	454	744
65,000	Northern Property Real Estate Investment Trust	785	1,049
237,800	Novicourt Inc.	562	438
85,000	Pembina Pipeline Income Fund	827	1,126
52,500	Prime Restaurants Royalty Income Fund	524	537

Number of Shares or Par Value	Investment – % of Total Market Value	Cost (in thousands of dollars)	Market Value
90,000	RioCan Real Estate Investment Trust	\$ 1,059	\$ 1,481
27,400	Rothmans Inc.	598	938
115,700	Russel Metals Inc.*	854	1,040
100,000	Sceptre Investment Counsel Limited A	1,860	710
230,000	Sherritt International Corporation conv. deb. 6% due December 15, 2006	177	240
370,000	Sherritt International Corporation conv. deb. 7% due December 15, 2013	370	459
45,200	Shiningbank Energy Income Fund	235	804
49,000	Sierra Wireless, Inc.	808	2,351
60,000	Trinidad Energy Services Income Trust*	468	494
164,700	Viceroy Homes Limited A	889	878
55,000	Yellow Pages Income Fund	550	680
TOTAL CANADIAN-LISTED		26,372	36,688
U.K.-LISTED – 0.7%			
350,000	Asset Management Investment Company PLC	1,427	422
235,000	UK COAL PLC	461	754
TOTAL U.K.-LISTED		1,888	1,176
U.S.-LISTED – 1.8%			
15,000	International Game Technology*	828	884
15,000	Juniper Networks, Inc.*	545	511
10,000	Littelfuse, Inc.*	419	487
500,000	Magna Entertainment Corp. conv. deb. 7.25% due December 15, 2009	792	606
5,000	Zebra Technologies Corporation A*	476	455
TOTAL U.S.-LISTED		3,060	2,943
TOTAL INVESTMENTS			
– March 31, 2004		\$57,890	\$165,346
– December 31, 2003		\$58,016	\$145,813
– March 31, 2003		\$57,076	\$ 96,173

Changes from December 31, 2003: *New Holdings; *Increased Holdings

Corporate Information

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

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Toronto

BANKERS

Royal Bank of Canada
Toronto

SOLICITORS

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

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: THD

STOCK DATA

March 31, 2004	
Price	\$ 24.90
Net Asset Value	\$ 28.52
Discount	12.7%

PUBLICATION

Net asset value per share (NAV) and/or market price and market return are published daily/weekly in various media in Canada and the United States. These include: Globe and Mail, National Post, New York Times, Wall Street Journal, and Barron's.

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.

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

