

**THIRD CANADIAN GENERAL
INVESTMENT TRUST LIMITED**

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Managed by:



MorganMeighen
& ASSOCIATES

Investment Managers



THD
Third Canadian General
Investment Trust Limited

2005

**INCOME
AND GROWTH**

3

Third Quarter Report
September 30, 2005

Report to Shareholders

Third Canadian's results accelerated upwards in the third quarter, building on its strong performance posted in the first half of the year. The net asset value per share (NAV) return with dividends reinvested was 16.7% in the quarter compared to the 11.6% rise of the S&P/TSX Composite Total Return Index (S&P/TSX). This resulted in an impressive year-to-date NAV return of 36.4% as of September 30, 2005, outperforming the 20.7% return of the S&P/TSX by a wide margin. The market return, with dividends reinvested, was tightly correlated to the NAV results with shareholders receiving a 35.6% return for the nine-month period on their investment in Third Canadian common shares.

Once again, the key attraction for investors in the Canadian market has been energy. The Energy sector as a whole is currently the second largest in the S&P/TSX with a September 30, 2005 weighting of 27%, but has been gaining fast on the largest sector, Financials. Spectacular growth in the Energy constituents has reduced that sector's spread to the Financials to 4%, from 14% less than Financials at the beginning of the year. Financials had a weighting of 31% at quarter end.

In fact, EnCana Corporation has been rivalling Royal Bank of Canada for the number one spot in terms of market capitalization on the Toronto Stock Exchange. Three energy companies were represented in the top ten market capitalization rankings at quarter end versus only one at the



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

beginning of the year. In the list of year-to-date contributors to overall index points, energy stocks took seven of the top ten positions and represented 52% of the total point change of the S&P/TSX Composite Index.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Top Ten Investments at Market* – September 30, 2005

(Portfolio details on page 9)

	%		%
Canadian General Investments, Limited	74.8	Great Canadian Gaming Corporation	0.9
Canadian World Fund Limited	2.0	Trinidad Energy Services Income Trust	0.8
Northern Property Real Estate Investment Trust	0.9	AltaGas Income Trust	0.8
Home Capital Group Inc.	0.9	Vault Energy Trust	0.8
MGM MIRAGE	0.9	SanDisk Corporation	0.8
		Total	83.6

*Excludes cash and non-convertible preference shares.

Weighting of Portfolio Investments at Market – September 30, 2005

	%
Principal Assets	76.8
Canadian Income Trusts	12.8
Canadian Equities/Other	6.0
Foreign Equities	4.4
Total	100.0

PRINCIPAL ASSETS

Canadian General Investments, Limited (CGI), continues to reward its shareholders with an excellent performance record. Year to date, CGI's net asset value and market returns, inclusive of dividends, were 23.4% and 46.1%, respectively. The CGI warrants, representing a leveraged play on the common stock, have posted a most impressive 69.4% market gain in the first three quarters of 2005. As CGI's weighting is approximately 75% of the portfolio, Third Canadian has been a great beneficiary of these results.

NON-PRINCIPAL ASSETS

The non-principal asset weighting remains at approximately 25% of the portfolio at September 30, 2005. The objective of growth and income for the Fund has been achieved in this group with an asset blend of income trusts, U.S. and Canadian equities. Income trusts have formed the largest portion in this segment and have been responsible for a large part of the success of the non-principal assets in the portfolio.

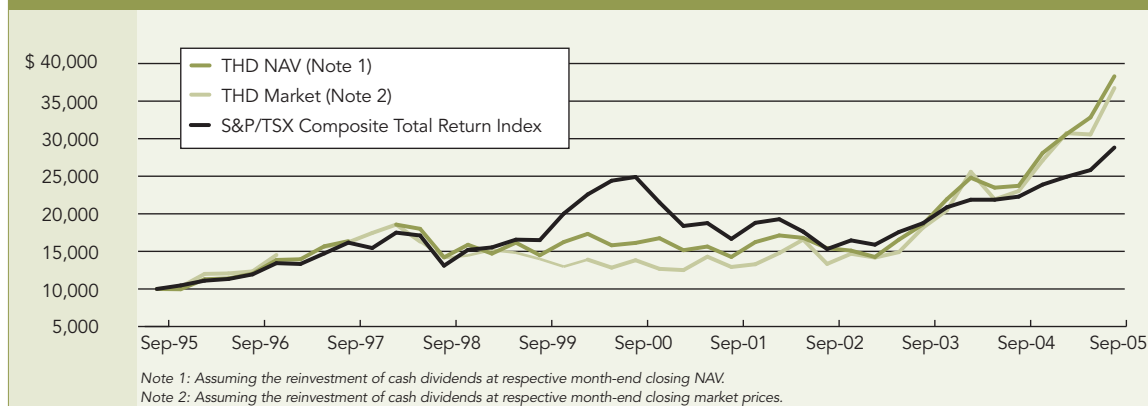
Third Canadian has been a beneficiary of its early and consistent participation in the Canadian income trust market. The income trust market has shown considerable growth in the past five years, and in late September 2005, the sector contained 230 funds with a \$170 billion market value. This compares to about 52 funds representing \$18 billion in

value at the end of 2000. A combination of low interest rates and an effective tax structure has made income trusts a compelling alternative for companies and their investors.

Recently, an explosion of companies converting to the income trust structure caused the Department of Finance to halt any related advance tax rulings and undertake a consultation period with industry participants. The focus appears to relate to perceived government tax revenue leakage, productivity issues and relative fairness of the trust structure vis-à-vis the corporate structure. These initiatives created turmoil in the trust market as corporations, income trusts and investors were left wondering what changes may occur, particularly as any remedy may be affected by political issues. The market recovered from its initial fallout as market participants analyzed the issues and made their assessments of potential change. Third Canadian is carefully monitoring these developments.

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

Growth of a \$10,000 Investment – to September 30, 2005



Management's Discussion & Analysis

Third Canadian's net asset value per share (NAV) returns, with dividends reinvested, for the nine- and three-month periods ended September 30, 2005 were 36.4% and 16.7%, respectively. By comparison, the returns of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX) for the same periods were 20.7% and 11.6%. At September 30, 2005, Third Canadian's net assets were \$207,033,000, up 16.5% and 35.6% from June 30, 2005 and December 31, 2004, respectively. The increases were largely attributable to uplifts of 20.5% and 47.2%, respectively, in the combined market value of the shares and warrants of Canadian General Investments, Limited (CGI), the Corporation's key principal asset, representing nearly 75% of Third Canadian's portfolio at September 30, 2005.

FINANCIAL REVIEW

For the nine months, Third Canadian had an increase in net assets resulting from operations of \$55,596,000, or \$11.57 per share. For the corresponding period in 2004, the amounts were \$9,497,000 and \$1.97, respectively.

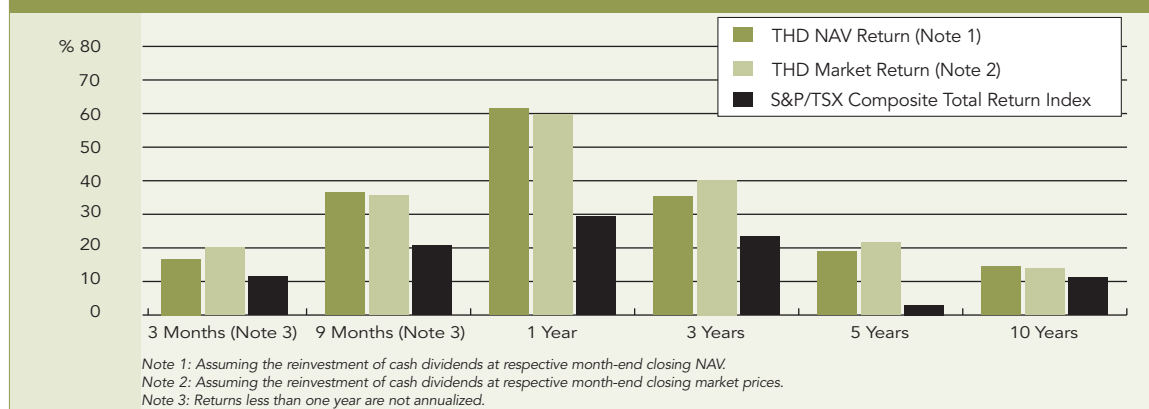
Strong portfolio performance resulted in a net gain on investments of \$53,902,000 for the current nine-month period, comprised of a net realized gain on investments of \$1,074,000 and a change in unrealized gain on investments of \$52,828,000. This compares to a net gain on investments of \$7,648,000 for the corresponding period in 2004.

Third Canadian's net investment income for the first nine months of 2005 was \$1,694,000, down from the \$1,849,000 for the corresponding period last year. Total investment income increased by 12.7% with regular dividends from CGI at \$916,000 in both periods, representing 79.7% and 74.8% of total dividend income. Canadian income trusts, representing approximately 55% of the non-principal assets at quarter end, generated significant interest and other income, which represented 45.1% and 35.1% of total investment income during the respective 2005 and 2004 year-to-date periods.

Total expenses in the first nine months of 2005 increased by 29.8%, attributable primarily to management fees, driven by higher portfolio values, and interest on bank borrowings. Interest increased by 27.7% from the corresponding period last year, largely a result of higher borrowing levels supported by favourable interest rates. Borrowings averaged \$20.4 million during the first nine months of 2005 compared to an average of \$15.3 million over the same period in 2004. The Company has in place a credit facility totalling \$27 million with a major Canadian chartered bank, primarily for leverage purposes.

During the nine months ended September 30, 2005 and 2004, Third Canadian paid regular quarterly dividends totalling \$0.225 per share to its shareholders.

Compound Average Annual Rates of Return vs. S&P/TSX Composite Total Return Index
– For the periods to September 30, 2005



INVESTMENT OBJECTIVE AND STRATEGIES

Third Canadian is a closed-end fund with the objective of providing its investors with above average returns, comprised of a blend of current income and long-term capital appreciation, primarily through its investment in its principal assets, Canadian income trusts and equities, as well as foreign equities. The Manager of Third Canadian principally employs a bottom-up investment strategy with its non-principal assets. As a closed-end fund, the primary risk to the Corporation is market risk – the exposure to market price changes in the securities held within the portfolio. Third Canadian attempts to mitigate this risk by maintaining a diverse portfolio of non-principal assets. In addition, the principal assets themselves represent well-diversified underlying portfolios.

PRINCIPAL ASSETS

CGI, the largest principal asset, is a Canadian closed-end equity fund, actively managed, with a similar investment strategy, by the same Manager as Third Canadian. For the first nine months of 2005, CGI's diluted NAV and market returns, both including the reinvestment of dividends, were 23.4% and 46.1%, respectively.

CGI's top five economic sectors and investments (excluding cash and non-convertible preference shares) as at September 30, 2005 were as shown in the table below. Information concerning CGI, including its quarterly report, is available at www.mmainvestments.com. Further information is also 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 2.0% of Third Canadian's portfolio at September 30, 2005. Year to date to September 30, 2005, CWF's NAV and market returns were 0.5% and 17.3%, respectively, while its benchmark, the Morgan Stanley All-Country World Free Index, posted a return of 1.9% (in Canadian dollar terms).

OUTLOOK

We are optimistic that the marketplace will continue to reflect favourable results in 2005. Through its principal and other assets, Third Canadian will continue to offer investors a listed, leveraged and well-diversified portfolio.

Canadian General Investments, Limited

<i>Top 5 Sectors</i>	<i>% at market</i>	<i>Top 5 Investments</i>	<i>% at market</i>
Energy	29.5	Cameco Corporation	3.1
Financials	22.2	Rogers Communications Inc.	2.9
Materials	13.1	TSX Group Inc.	2.3
Consumer Discretionary	9.1	TELUS Corporation	2.1
Industrials	8.2	Enbridge Inc.	1.9
	82.1		12.3

Comparison of Market Price to NAV – September 30, 1995 to September 30, 2005



Consolidated Statements of Net Assets

	As at Sept. 30, 2005 <i>(Unaudited)</i> \$	As at Dec. 31, 2004 <i>(Audited)</i> \$
<i>(in thousands of dollars, except per share amounts)</i>		
Assets		
Investments at market value	259,063	184,145
Cash	933	3,594
Accrued interest and dividends receivable	397	213
Income taxes recoverable	349	15
	260,742	187,967
Liabilities		
Bank indebtedness	24,858	16,984
Payable on securities purchased	-	1,247
Accounts payable and accrued liabilities	84	102
Future income taxes on unrealized net capital gains	28,767	16,908
	53,709	35,241
Net Assets	207,033	152,726
Shareholders' Equity		
Capital stock	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments*	158,822	105,994
Retained earnings	39,026	37,547
	207,033	152,726
Number of shares outstanding	4,805,910	4,805,910
Net asset value per share	43.08	31.78

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

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, 2004. 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

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$	\$	\$
Investment income				
Dividends	584	577	1,722	1,835
Interest and other	589	361	1,464	991
	1,173	938	3,186	2,826
Expenses				
Management fees	238	174	663	512
Interest	220	150	563	441
Directors' fees	21	17	52	42
Investor relations	5	4	20	26
Other	22	24	139	86
	506	369	1,437	1,107
Net investment income before income taxes	667	569	1,749	1,719
Income tax recovery (provision)	(73)	2	(55)	130
Net investment income for the period	594	571	1,694	1,849
Realized and unrealized gains (losses) on investments*				
Net realized gain (loss) on investments	565	(774)	1,074	(1,615)
Change in unrealized gain on investments - net of future income taxes	28,545	1,569	52,828	9,263
Net gain on investments	29,110	795	53,902	7,648
Increase in net assets resulting from operations for the period	29,704	1,366	55,596	9,497
Increase in net assets resulting from operations per share				
(based on 4,805,910 (2004 - 4,805,910) weighted average shares outstanding during the period)	6.18	0.28	11.57	1.97

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

Consolidated Statements of Cash Flows

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Increase in net assets resulting from operations for the period	29,704	1,366	55,596	9,497
Add (deduct) non-cash items				
Realized (gain) loss on disposition of investments before income taxes	(585)	945	(1,094)	2,110
Change in unrealized gain on investments	(34,940)	(1,914)	(64,687)	(11,304)
Increase in future income taxes on unrealized gain on investments	6,395	345	11,859	2,041
Purchases of investments during the period	(11,251)	(5,708)	(25,090)	(15,194)
Proceeds of disposition of investments during the period	7,132	3,876	15,953	12,375
Net change in non-cash balances related to operations	(130)	(1,014)	(1,783)	(2,347)
	(3,675)	(2,104)	(9,246)	(2,822)
Financing activities				
Increase in bank indebtedness	3,854	1,733	7,874	1,719
Dividends paid	(360)	(360)	(1,081)	(1,081)
Decrease (increase) in refundable dividend tax on hand	(68)	(69)	(208)	355
	3,426	1,304	6,585	993
Net decrease in cash during the period	(249)	(800)	(2,661)	(1,829)
Cash - Beginning of period	1,182	1,137	3,594	2,166
Cash - End of period	933	337	933	337

Consolidated Statements of Retained Earnings

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$	\$	\$
Retained earnings - Beginning of period	38,295	35,514	37,547	35,374
Net investment income for the period	594	571	1,694	1,849
Net realized gain (loss) on investments*	565	(774)	1,074	(1,615)
Net (increase) decrease in refundable dividend tax on hand	(68)	(69)	(208)	355
	39,386	35,242	40,107	35,963
Dividends paid	(360)	(360)	(1,081)	(1,081)
Retained earnings - End of period	39,026	34,882	39,026	34,882
Dividends per share	0.075	0.075	0.225	0.225

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

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

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
<i>(Unaudited)</i>				
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
The net realized gain (loss) on investments was as follows:				
Proceeds from disposition of investments	7,132	3,876	15,953	12,375
Investments at cost - Beginning of period	66,770	57,838	61,243	58,016
Investments purchased during the period	11,251	5,708	25,090	15,194
Investments at cost - End of period	(71,474)	(58,725)	(71,474)	(58,725)
Cost of investments disposed of during the period	6,547	4,821	14,859	14,485
Realized gain (loss) on disposition of investments before income taxes	585	(945)	1,094	(2,110)
Income tax recovery (provision) on allowable capital losses (realized net taxable capital gains)	(20)	171	(20)	495
Net realized gain (loss) on investments	565	(774)	1,074	(1,615)
The change in unrealized gain on investments was as follows:				
Unrealized gain on investments - Beginning of period	130,277	84,746	105,994	77,052
Change in unrealized gain on investments - net of future income taxes	28,545	1,569	52,828	9,263
Unrealized gain on investments - End of period	158,822	86,315	158,822	86,315

Consolidated Statement of Investments

September 30, 2005 (Unaudited)

Number of Shares or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
PRINCIPAL ASSETS - 76.8%			
7,629,811	Canadian General Investments, Limited	20,969	170,374
1,526,578	Canadian General Investments, Limited, warrants	-	23,280
1,120,211	Canadian World Fund Limited	5,601	5,254
TOTAL PRINCIPAL ASSETS		26,570	198,908
CANADIAN INCOME TRUSTS - 12.8%			
75,000	AltaGas Income Trust, units	787	2,092
70,000	ARC Energy Trust, units	577	1,687
135,000	Art In Motion Income Fund, units	999	775
35,000	Bonnett's Energy Services Trust, units	350	508
43,000	CCS Income Trust, units	1,512	1,332
75,000	Connors Bros. Income Fund, units	713	1,083
40,000	Davis + Henderson Income Fund, units	404	848
30,000	Fording Canadian Coal Trust, units	312	1,487
35,000	Gateway Casinos Income Fund, units	604	604
19,000	The Keg Royalties Income Fund, units	170	245
40,000	Labrador Iron Ore Royalty Income Fund, units	955	1,073
100,000	Lakeport Brewing Income Fund, units	1,001	1,260
60,000	Livingston International Income Fund, units	974	1,343
60,000	Newalta Income Fund, units	952	1,365
30,000	North West Company Fund, units	454	927
130,000	Northern Property Real Estate Investment Trust, units	1,738	2,353
85,000	Pembina Pipeline Income Fund, units	827	1,309
30,000	Penn West Energy Trust, units	860	1,095
45,200	Shiningbank Energy Income Fund, units	188	1,169
55,200	Stoneham Drilling Trust, units	791	1,361
100,000	TransForce Income Fund, units	1,515	1,632
64,100	Tree Island Wire Income Fund, units	906	814
135,000	Trinidad Energy Services Income Trust, units	1,208	2,149
150,000	Vault Energy Trust, units	1,738	2,060
45,000	Wajax Income Fund, units	1,086	1,046
50,000	Westshore Income Fund, units	560	685
55,000	Yellow Pages Income Fund, units	544	795
TOTAL CANADIAN INCOME TRUSTS		22,725	33,097

Number of Shares or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>			
CANADIAN EQUITIES/OTHER - 6.0%			
32,786	Canadian Western Bank	795	1,225
40,000	CCL Industries Inc, B NV	989	1,200
14,400	Corby Distilleries Ltd., B NV	484	1,044
33,600	First Capital Realty Inc.	519	715
26,880	First Capital Realty Inc., warrants 8/31/2008	-	208
100,000	Grande Cache Coal Corporation	1,134	740
125,000	Great Canadian Gaming Corporation	1,686	2,219
60,000	Home Capital Group Inc.	779	2,250
1,150,000	Magna International Inc., 6.50% 3/31/2010	1,355	1,311
60,000	Nortel Networks Corporation, preferred Series 5	768	1,026
54,800	Rothmans Inc.	598	1,185
15,000	SNC-Lavalin Group Inc.	1,003	1,126
650,000	Terra Energy Corp.^	1,022	1,261
325,000	Terra Energy Corp., warrants 7/26/2006^	83	127
TOTAL CANADIAN EQUITIES/OTHER		11,215	15,637
FOREIGN EQUITIES - 4.4%			
75,000	Dollar Financial Corp.	1,463	1,043
44,000	MGM MIRAGE	1,460	2,236
10,000	NetEase.com, Inc., ADR	981	1,045
55,000	NETELLER PLC	1,009	935
30,000	palmOne, Inc.	963	987
35,000	SanDisk Corporation	1,534	1,960
20,000	The Toro Company	1,154	854
22,000	Walgreen Co.	1,221	1,110
30,000	XM Satellite Radio Holdings Inc., A	1,179	1,251
TOTAL FOREIGN EQUITIES		10,964	11,421
TOTAL INVESTMENTS			
-September 30, 2005		71,474	259,063
-December 31, 2004		61,243	184,145
-September 30, 2004		58,725	157,826

^ 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.

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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

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.

