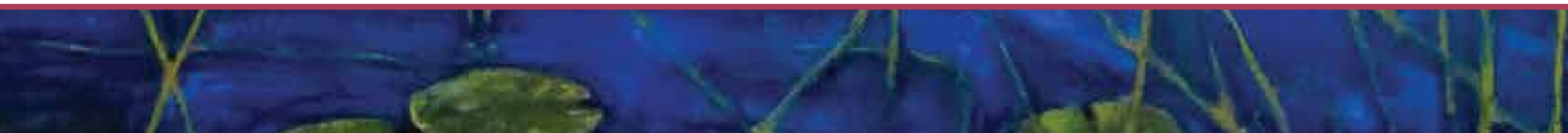
CGI
CANADIAN
GENERAL INVESTMENTS,
LIMITED

2017 ANNUAL REPORT

Focussed on Canada



Certain financial information contained in this report, including investment growth rates, rates of return and other such statistical information, are historical values; past performance is no assurance or indicator of future returns. Share prices, net asset values and investment returns will fluctuate. Stated historical returns assume the reinvestment of all distributions. Such financial information does not reflect any broker commissions, transaction costs or such other fees and expenses which may have been applicable nor income taxes payable by any shareholder, which would have the effect of reducing such historical returns. Stated returns for periods greater than one year are compound average annual rates of return. Further information concerning risk can be found in the Company's Annual Information Form which is available on the Company's website at www.canadiangeneralinvestments.ca or on SEDAR at www.sedar.com.

The Company is an investment fund, and as such, this annual report to shareholders carries a variety of information concerning stocks and other investments, all for informational purposes only. The reader should assume that the Company and all individuals and entities (including the Manager and members of its staff) who have contributed to this publication may have a conflict of interest. Readers should therefore not rely solely on this report in evaluating whether or not to buy or sell securities discussed herein.

Benchmark of S&P/TSX Composite Index: This is an index of the equity prices of the largest companies listed on the Toronto Stock Exchange (TSX) and is comprised of about 70% of market capitalization for all Canadian-based companies listed on the TSX. Index returns cited are on a total return basis (including reinvestment of distributions).

Cover: Shield and Shoreline, Georgian Bay, oil on panel.

Paul Mantrop is a working artist and founding member of the art collective "drawnonward". Over twenty years ago the artists of drawnonward began to travel throughout Canada in order to document its unique and varied regions. From the Queen Charlotte Islands to the Yukon, from the Gaspe to Newfoundland and throughout the Canadian Arctic. For the last ten years, Paul helped develop and teaches in an art program for Inuit youth. Today Paul paints from a studio in his home near Collingwood, Ontario. You can learn more about Paul at www.paulmantrop.com. He is represented by the Roberts Gallery in Toronto (www.robertsgallery.net).

Michael A. Smedley (Executive Vice-President & Chief Investment Officer of the Manager),
Vanessa L. Morgan (Chair), D. Greg Eckel (Portfolio Manager) and Jonathan A. Morgan (President & CEO)

Dear Fellow Shareholders,

We are pleased to present the 2017 annual report for Canadian General Investments, Limited (CGI or the Company). In this report, you will find information on the performance of CGI for 2017. The management report of fund performance contains a management discussion of fund performance, a financial highlights section incorporating per share information as well as various financial ratios, historical returns and a summary of investment portfolio which includes the top 25 holdings as at the end of the year. The full investment portfolio as at December 31, 2017 is provided as part of CGI's audited financial statements, which are also included as part of this report.

For the 12 months ended December 31, 2017, CGI's common shares recorded a net asset value per share (NAV) total return of 21.5% and a share price total return of 26.3% (share price change plus dividends). By comparison, the total return of its benchmark, the S&P/TSX Composite Index, was 9.1% during the same period.

During 2017, CGI paid two regular quarterly taxable dividends aggregating to $0.36 per common share, two quarterly capital gains dividends aggregating to $0.36, as well as a year-end special capital gains dividend of $0.04 per share, for an annual total of $0.76. Based on the year-end market price of the common shares, aggregate dividends paid represented a 3.2% yield to shareholders.

CGI has been managed by Morgan Meighen & Associates Limited (the Manager) since 1956. D. Greg Eckel, Senior Vice-President of the Manager, is the portfolio manager responsible for the management of CGI's investment portfolio.

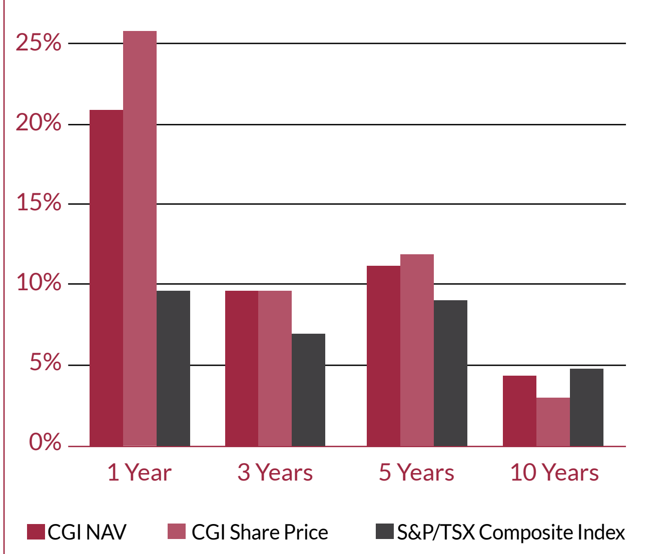
Further information about CGI, including the most recent NAV and market price, current performance, the portfolio's weekly top 10 holdings, historical dividend payments, as well as various financial and regulatory reports, can be found at www.canadiangeneralinvestments.ca.

We appreciate your investment in CGI.

Vanessa L. Morgan
Chair

Jonathan A. Morgan
President & CEO

Compound Annual Returns For The Periods Ending December 31, 2017



RESPONSIBILITY STATEMENT

In accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority, the Board of Directors confirms that to the best of its knowledge:

i. the financial statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

ii. the management report of fund performance includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The financial statements and management report of fund performance were approved by the Board of Directors on February 21, 2018.

Vanessa L. Morgan
Chair

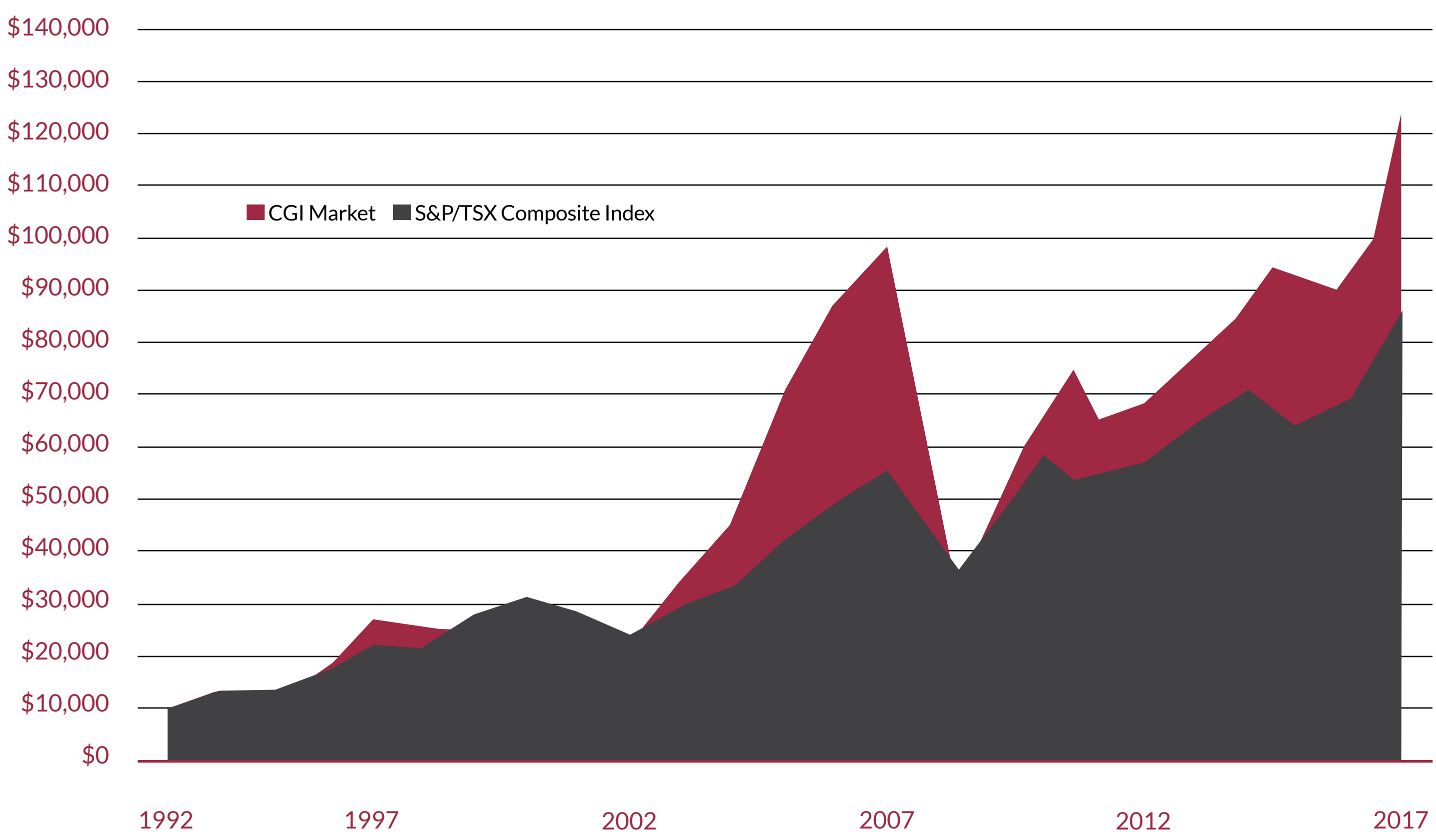
CANADIAN GENERAL INVESTMENTS, LIMITED (CGI)

CGI is a closed-end equity fund focussed on medium- to long-term investments in Canadian corporations. It strives, through prudent security selection, timely recognition of capital gains/losses and appropriate income-generating instruments, to provide better than average returns to investors.

CGI was established in 1930 and has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

The graph below is presented to illustrate the benefit of a long-term investment in CGI's common shares. A $10,000 investment in CGI would have grown to nearly $124,000 over the 25-year period ended December 31, 2017. This equates to a compound annual average growth rate of 10.6%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to over $87,000 or a compound average annual growth rate of 9.0%.

Growth of a $10,000 Investment – 25 Years to December 31, 2017



For the 50 years ended December 31, 2017, a $10,000 investment would have grown to over $2.2 million, representing a compound average annual return of 11.4%. The values for the benchmark for the same period were $850,000 and 9.3%, respectively.

This annual management report of fund performance contains financial highlights and should be read in conjunction with the complete audited annual financial statements of the Company that follow this report. Securityholders may request a copy of the Company's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, at no cost, by calling 416-366-2931 (Toll-free: 1-866-443-6097), by writing to the Company at 10 Toronto Street, Toronto, Ontario M5C 2B7 or by visiting the Company's website at www.canadiangeneralinvestments.ca. The interim report is also available on SEDAR at www.sedar.com.

This report may contain forward-looking statements about the Company and markets that reflect the Manager's current expectations of future events. Forwardlooking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions. Forward-looking statements are subject to risks, uncertainties and assumptions with respect to the Company and economic factors and actual results may differ materially for many reasons, including, but not limited to, market and general economic conditions, interest rates, foreign exchange rates, changes in government regulations and catastrophic events. As a result, the reader is cautioned not to place undue reliance on forward-looking statements. Further, any forward-looking information is current only as of the date of this report and there should be no expectation that such information will be updated as a result of new information, changing circumstances or future events, unless required by applicable law.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

Canadian General Investments, Limited (CGI or the Company) is a closed-end equity fund, focussed on medium- to long-term investments in primarily Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains/losses and appropriate income-generating instruments.

The Manager, Morgan Meighen & Associates Limited (MMA), utilizes a bottom-up investment strategy in an effort to achieve CGI's objective. With this type of investment strategy, the Manager first seeks individual companies with attractive investment potential, then proceeds to consider the larger industry, economic and global trends affecting those companies. This investment style allows for sector weightings that can differ from those of the benchmark, the S&P/TSX Composite Index (S&P/TSX).

RISK

The risks associated with an investment in the Company are as disclosed in the Company's Annual info Form which is available on the Company's website at www.canadiangeneralinvestments.ca or on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

Performance

The Canadian equity markets were lethargic for a good portion of 2017, in a mostly flat to declining trend-line for the first nine months of the year until finally breaking out of the doldrums in September when a strong and steady rally ensued and lasted through the end of the year. This enabled the benchmark S&P/TSX to post a 9.1% return for the year which was better than its average return over the last 10 years and strong enough to push the index to all-time record highs. In comparison, CGI performed very well and captured many of the opportunities available in the market. CGI had a remarkable year in both absolute and relative performance with an NAV return, including reinvestment of dividends, of 21.5%, a result that outperformed the benchmark by a wide margin.

Although decent, the S&P/TSX's results lagged most of the double-digit returns of its peer group of major world equity indices and this was disappointing after being the indisputable, lead performer in 2016. This rather sudden year-over-year change in positioning is fairly normal in the short term, as markets reflect the nuances of the different regions and adjust quickly to their own unique environments and attributes. A longer-term perspective adjusts for this volatility and investors who have held Canadian exposure for any length of time have been rewarded with market performance that stands out well relative to its peers. Over the years, both domestic and foreign investors have received solid returns with the foreign shareholders of CGI also getting the additional benefit of diversification in their portfolios.

The slow start to Canadian market performance in 2017 can be attributed to a number of factors. Coming off a strong 2016, investors seemed to pause, reflecting on the higher stock valuation levels in context to prospects. In addition, there was considerable noise and trepidation resulting from unknown initiatives and potential changes in policies arising from a new and different President of the United States and his incoming administration. Changes of policy affecting

Canada's relationship with the United States can be quite profound and meaningful, particularly for economic prospects, as we are each other's largest export markets and over many years tightly integrated. Other factors also contributed to a suppression of confidence.

The Energy group was the biggest drag on S&P/TSX returns and was negative throughout the year, ending well into the red with a -10% return, the only sector not in positive territory. These results are meaningful, as the sector's second-largest weighting in the index (19.7%) is highly influential on the overall result. Energy stocks and the underlying commodity did not have the usual correlation that is generally exhibited between the two in 2017. Unlike stocks, the price of the benchmark WTI crude oil had a good comeback during the year, off the low $40's per barrel mid-year and climbing to $60 by year end, a price that produced a 12% gain for the year. The commodity price strength seemed to reflect confidence in good global demand, successful supply restraint controls being achieved from OPEC agreements and other oil producing allies, and inventory reductions. However, investors had a pessimistic outlook, which was reflected in their valuations of energy stocks. Uncertainty regarding the sustainability of supply quota arrangements, the staggering growth potential of on-shore U.S. shale production, the possibility of policy change allowing access to previously protected areas in the U.S. and some made-in-Canada handicaps on additional pipeline takeaway capacity and carbon taxes were included as issues that have made some investors lose interest in the group. CGI began the year almost market weight the group and the reduced exposure with elimination of Painted Pony Energy Ltd. and Peyto Exploration & Development Corp. during the year. Although this positioning was effective on a relative basis with a fairly big weighting differential (13.1% vs 19.7% to the S&P/TSX at December 31, 2017), CGI's total returns were negatively affected by the unavoidable and prevalent losses posted in this group. Energy-linked investments dominated CGI's worst performers list and even shares held of well regarded companies like Enbridge Inc., Raging River Exploration Inc., Whitecap Resources Inc. and Secure Energy Services Inc. suffered and were found near the bottom of the individual returns in the portfolio.

The Materials sector can be quite meaningful to overall results as it is CGI's biggest weighting of the portfolio (21.1% at year-end) and a large overweight relative to the benchmark. Following on a very strong year in 2016, the S&P/TSX Materials group had more subdued results in 2017 and posted returns of 7.7%. For CGI, a focus on the base metals area and a few other stock specific selections produced much greater returns than the average would suggest and members of this group made sizable contributions to the performance. The base metals group includes First Quantum Minerals Ltd., Lundin Mining Corporation and Hudbay Minerals Inc. and all of them had returns in excess of 30%. An addition to the group later in the year, Teck Resources Limited, has also performed well so far. Franco-Nevada Corporation, one of the largest investments in the portfolio and the core gold holding, once again outperformed by a wide margin with a positive 25% return compared to the gold sub-index at negative 2.0%. However, the smaller gold positions of Osisko Mining Inc. and Tahoe Resources Inc. did not fare as well and had negative returns. Norbord Inc. gave exposure to the strong Forest Products sub-sector and had a return over 25% and Methanex Corporation had gains greater than 30%. CGI remains committed to this sector as a late-cycle opportunity that should benefit greatly from its sensitivity to global industrial growth.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at December 31, 2017, compared with year end 2016, and with the S&P/TSX. The weightings for CGI represent the market value of each sector as a percentage of the total investment portfolio. At December 31, 2017 the portfolio was overweight Consumer Discretionary, Industrials and Materials, and underweight Energy and Financials, as compared to the sector weightings in the S&P/TSX.

	CGI		S&P/TSX	
SECTOR	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Materials	21.1%	18.3%	11.5%	11.8%
Consumer Discretionary	16.3%	15.0%	5.4%	5.0%
Industrials	13.7%	12.2%	9.5%	8.9%
Financials	13.3%	15.5%	34.6%	35.0%
Energy	13.1%	20.7%	19.7%	21.4%

Aside from Energy, all of the other sectors in the S&P/TSX had positive returns in 2017 and, unlike in 2016 when exposure had to be concentrated in the resources to keep pace with the benchmark, the set of performance opportunities in the market was larger. Theoretically, a broader market provides a more favourable environment for actively managed, diversified equity funds like CGI.

The list of CGI's best performers was representative of the wide variety and dispersion of returns in the market and this highlighted the benefit that is sometimes available from individual stock picking based on a bottom-up strategy similar to that used in the management of CGI's portfolio. Shopify Inc., provider of a global e-commerce platform for on-line retailing, was bought in late 2016 and was the number one performer, more than doubling in price in 2017 and jumping into the top ten largest holdings. Air Canada moved back into the top ten again with a lift of almost 90%. Both Shopify and Air Canada were market standouts and ended in the top five in terms of price performance in the entire S&P/TSX. Dollarama Inc., CGI's largest holding, the dominant discount retailer in Canada, continued its extraordinary run and delivered impressive and consistent financial performance. It was a top five performer for CGI and in the top 15 in the S&P/TSX. Its cumulative contribution to the Company's success since purchase in the IPO in 2009 has been remarkable, with market value now at 15 times cost even after realizing capital gains of $44 million over the years. There still remains another $35 million in unrealized gains.

A number of diverse, long-term investments in CGI's portfolio also posted returns in excess of 20%, making major contributions. These comprised solid companies from various sector groups and included Brookfield Canada Office Properties (BOX), Canadian Pacific Railway Ltd., Rogers Communications Inc., Genworth MI Canada Inc. and The Descartes Systems Group Inc.

The Company's trading activity was extremely low this year and the portfolio turnover ratio was only 10.4%. A cautious outlook at the beginning of the year which was followed by subdued markets for most of the first nine months validated the Manager's patient trading approach. On the whole, portfolio positioning was appropriate and worked well as market conditions played out.

One of the few new additions made in the portfolio during the year was a purchase in October of Canopy Growth Corporation, the largest, publicly traded, diversified, licensed cannabis company in Canada. As legalization of recreational marijuana looks set to become a reality in Canada mid-year 2018, the emergence of a new industry brings along with it great interest and investment potential which, although difficult to quantify, induces some level of participation.

Leverage employed by CGI, in the form of both preference shares issued by the Company, as well as a credit facility, served to enhance the effect of the overall positive portfolio return, positively impacting CGI's NAV return.

Dividend and interest income was $12,608,000 for the year, down 3.1% from 2016, primarily as a result of a one-time distribution by BOX of $987,000 in April 2016. Management fees and dividends on preference shares are the largest expenses of the Company. Management fees increased by 15.2% to $8,676,000, as a result of higher average monthly portfolio values compared to 2016. The dividends on preference shares decreased 31.6%, due to the redemption of the $75 million 3.90% cumulative, redeemable Class A preference shares, Series 3 at par by CGI on June 10, 2016. The leverage offered by the Series 3 shares had been replaced with a $75 million non-revolving, three-year fixed-rate credit facility that bears interest at 2.28% and is fully drawn. Interest expense on the credit facility partially offset the decrease in dividends on preference shares.

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily realized gains on the sale of investments – at an effective rate of approximately 20%. As a result of its investment corporation status under Canadian tax law, CGI can recover taxes paid or payable on its realized taxable capital gains through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income and capital gains in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For the year ended December 31, 2017, there was a net payable related to tax of $334,000, compared to a net recoverable of $1,627,000 in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. As at December 31, 2017, the Company had refundable capital gains tax on hand of approximately $1,115,000 (December 31, 2016 - $1,251,000), which is refundable on payment of capital gains dividends of approximately $12.4 million (December 31, 2016 - $12.6 million). The Company has refundable dividend tax on hand of approximately $1,067,000 as at December 31, 2017 (December 31, 2016 – $651,000), which is refundable on the payment of taxable dividends.

RECENT DEVELOPMENTS

Outlook

Fueled by the unusual synchronization of stronger global economic growth across many regions, equity markets posted strong returns in 2017. With interest rates remaining low, labour markets improving and corporate fundamentals getting better, many of the same conditions that supported the market remain in place. However, there are some caveats. For instance, the trend for global economic expansion remains positive but questions remain regarding its strength and potential for disruption. Low interest rates and central bank quantitative easing have provided for relatively cheap capital but some countries, like Canada and the United States, have already started the normalization process, providing concern as to what timing or level is appropriate to avoid disrupting the ongoing recovery. Global trade and trade policy have underpinned the efficient movement of goods and have proven beneficial for all of the participants involved but the potential rise of trade protectionism, particularly voiced from the United States, could be disruptive and may affect cooperation and future growth prospects. For Canada, the ongoing renegotiation and the threat of a NAFTA dismantling carries great uncertainty and may result in negative consequences for the North American region and its markets. Likewise, Brexit negotiations also continue and, although difficult to assess the outcome, changes are most certain to occur which are likely to cause some manner of destabilization in the European region and its markets.

In the short term, momentum looks set to carry the equity markets higher, but support for the trend will have to come from a favourable environment and the continuation of global economic expansion. On average, excluding the Energy sector, stock valuations are considered stretched and so company earnings growth will need to be the driving force for further price appreciation in equities. In Canada, the disconnection of stock valuations from the underlying commodity during WTI's recent price appreciation in the sizable Energy group raises the potential of an added boost to Canadian market results if this association were to reconnect.

A steady domestic economy, strong global demand for commodities and expanding opportunities in the export markets make for a promising environment and reinforces positive investor expectations for 2018.

RELATED PARTY TRANSACTIONS

The Company is managed by MMA, a company under common control with CGI. MMA provides continuing advice and investment management services, as well as administration, financial reporting and other ancillary services required by a publicly listed company. For more details concerning the services that are provided by MMA and the management fee that is charged to the Company, see "Management Fees".

Third Canadian General Investment Trust Limited (Third Canadian), a private, Ontario-based corporation under common control with the Company, has an approximate 37% (December 31, 2015 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, during the year ended December 31, 2016, Third Canadian received dividends from net investment income of $2,746,000 (2016 - $3,662,000) and dividends from net realized gain on investments of $3,052,000 (2016 - $2,136,000).

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Company and are intended to help you understand the Company's financial performance for the past five years.

THE COMPANY'S NET ASSETS PER SHARE (1)

	2017	2016	2015	2014	2013
Net assets – beginning of year	$27.98	$24.38	$27.05	$25.65	$21.87
Increase (decrease) from operations					
Total revenue	0.64	0.65	0.61	0.65	0.71
Total expenses (excluding common share dividends)	(0.70)	(0.67)	(0.71)	(0.74)	(0.71)
Realized gains for the year	1.73	0.90	1.49	1.20	1.48
Unrealized gains (losses) for the year	4.27	3.40	(3.26)	1.05	3.13
Refundable income tax refund (expense)	(0.02)	0.08	(0.04)	-	(0.07)
Total increase (decrease) from operations(2)	5.92	4.36	(1.91)	2.16	4.54
Dividends paid to common shareholders					
Taxable dividends	(0.36)	(0.48)	(0.28)	(0.24)	(0.26)
Capital gains dividends	(0.40)	(0.28)	(0.48)	(0.52)	(0.50)
Total dividends(3)	(0.76)	(0.76)	(0.76)	(0.76)	(0.76)
Net assets – end of year(4)	$33.14	$27.98	$24.38	$27.05	$25.65

(1) This information is derived from the Company's audited annual financial statements.

(2) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Dividends were paid in cash.

(4) This is not a reconciliation of the beginning and ending net assets per share.

RATIOS AND SUPPLEMENTAL DATA

	2017	2016	2015	2014	2013
Total net asset value (000's) (1)	$691,440	$583,644	$508,528	$564,382	$535,055
Number of shares outstanding (1)	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141
Management expense ratio (2) (3)	2.31%	2.66%	2.63%	2.63%	2.95%
Trading expense ratio (4)	0.04%	0.12%	0.08%	0.07%	0.12%
Portfolio turnover rate (5)	10.36%	21.45%	16.37%	13.11%	23.80%
Net asset value per share (1)	$33.14	$27.98	$24.38	$27.05	$25.65
Closing market price (1)	$23.73	$19.45	$18.75	$20.05	$18.40

(1) This information is provided as at December 31 of the year shown.

(2) Management expense ratio (MER) is based on total expenses (including leverage costs but excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) Excluding leverage costs (dividends on preference shares and interest and financing charges), the Company's MERs were as follows: 2017 - 1.54%, 2016 - 1.65%, 2015 - 1.57%, 2014 - 1.58%, 2013 - 1.66%.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs as an annualized percentage of daily average net asset value during the period.

(5) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between the turnover rate and the performance of a fund.

MANAGEMENT FEES

The Company pays a management fee that is calculated and paid monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. The Company's management fees were used by MMA to pay costs for managing the portfolio and making investment decisions, as well as the provision of administrative services including making brokerage arrangements for the purchase and sale of securities, calculating the daily net asset value of the Company, maintaining financial and corporate records, preparing financial statements and all required regulatory filings and assisting in promotion activities. The officers of the Company are remunerated by MMA in their capacity as directors and/or officers of MMA and receive no compensation from CGI.

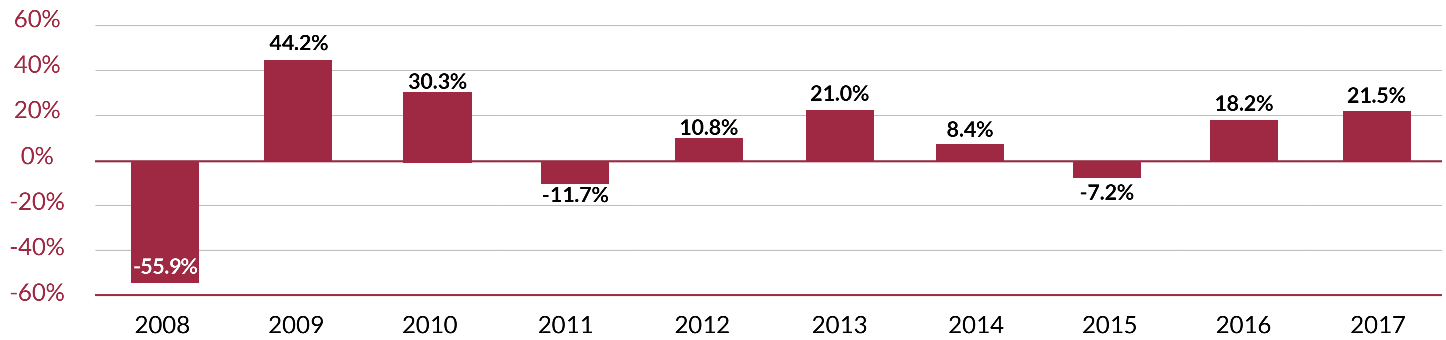
PAST PERFORMANCE

The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that would have reduced returns or performance. How the Company has performed in the past does not necessarily indicate how it will perform in the future.

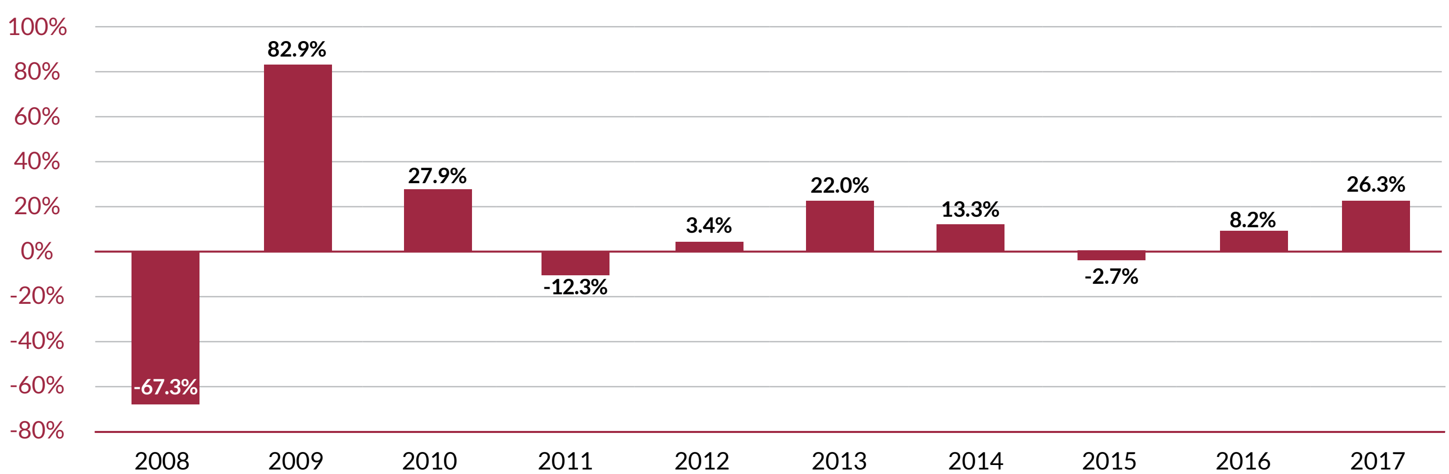
YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each year.

The bar chart below illustrates CGI's **net asset value per share return**, with dividends reinvested at net asset value per share.



The bar chart below illustrates CGI's **share price return**, with dividends reinvested at the market price.



ANNUAL COMPOUND RETURNS

The following table shows the Company's historical annual compound total returns for the periods indicated, compared with the S&P/TSX. The Index return is also calculated on a total return basis, assuming that all distributions are reinvested.

	1 Year	3 Years	5 Years	10 Years
Canadian General Investments, Limited – NAV	21.5%	10.0%	11.8%	3.5%
Canadian General Investments, Limited – Share Price	26.3%	10.0%	12.9%	2.5%
S&P/TSX Composite Index	9.1%	6.6%	8.6%	4.6%

The S&P/TSX Composite Index is a market capitalization-weighted index that provides a broad measure of performance of the Canadian equity market.

SUMMARY OF INVESTMENT PORTFOLIO

as at December 31, 2017

Sector Allocation

	% of Net Asset Value*	% of Investment Portfolio
Materials	25.6	21.1
Consumer Discretionary	19.9	16.3
Industrials	16.7	13.7
Financials	16.2	13.3
Energy	15.9	13.1
Information Technology	15.7	12.9
Telecommunication Services	3.8	3.2
Health Care	3.5	2.8
Real Estate	1.5	1.2
Consumer Staples	1.0	0.9
Utilities	1.0	0.8
Cash & Cash Equivalents	0.8	0.7

Asset Allocation

	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	99.0	81.4
Foreign Equities	21.8	17.9
Cash & Cash Equivalents	0.8	0.7

Top 25 Holdings

Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
Dollarama Inc.	Consumer Discretionary	5.5	4.5
NVIDIA Corporation	Information Technology	4.7	3.9
First Quantum Minerals Ltd.	Materials	4.6	3.8
Franco-Nevada Corporation	Materials	4.6	3.8
Air Canada	Industrials	4.3	3.6
Bank of Montreal	Financials	4.0	3.3
Canadian Pacific Railway Limited	Industrials	3.9	3.2
Amazon.com, Inc.	Consumer Discretionary	3.7	3.1
Royal Bank of Canada	Financials	3.7	3.0
Shopify Inc.	Information Technology	3.4	2.8
Hudbay Minerals Inc.	Materials	3.2	2.7
Methanex Corporation	Materials	3.0	2.5
Mastercard Incorporated	Financials	2.9	2.4
Open Text Corporation	Information Technology	2.8	2.4
Norbord Inc.	Materials	2.8	2.3
CCL Industries Inc.	Materials	2.8	2.3
Toronto-Dominion Bank	Financials	2.8	2.3
Parex Resources Inc.	Energy	2.5	2.1
Enbridge Inc.	Energy	2.4	2.0
Canada Goose Holdings Inc.	Consumer Discretionary	2.3	1.9
Rogers Communications Inc.	Telecommunication Services	2.3	1.9
Canopy Growth Corporation	Health Care	2.2	1.8
The Descartes Systems Group Inc.	Information Technology	2.1	1.7
Home Depot, Inc.	Consumer Discretionary	2.1	1.7
WSP Global Inc.	Industrials	2.0	1.7
		80.6*	66.7

Total Net Asset Value* ($000's)	$691,440
Total Investment Portfolio* ($000's)	$840,728

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($148.8 million) in the form of preference shares and bank loan, other assets and other liabilities.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Company's web site at www.canadiangeneralinvestments.ca, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7

MANAGEMENT REPORT

THE ACCOMPANYING FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT AND APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY. MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION AND REPRESENTATIONS CONTAINED IN THESE FINANCIAL STATEMENTS.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements. The significant accounting policies, which Management believes are appropriate for the Company, are described in note 3 to the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing Management's performance of its financial reporting responsibilities. An Audit Committee comprised of non-Management Directors is appointed by the Board. The Audit Committee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with Management and the external Auditors. The Audit Committee reports to the Board of Directors prior to the approval of the audited financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external Auditor, who is appointed by the shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on page 12.

Vanessa L. Morgan
Chair

Jonathan A. Morgan
President & CEO

February 21, 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Canadian General Investments, Limited
(the Company)

We have audited the accompanying financial statements of the Company, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016 and the statements of comprehensive income, changes in net assets and cash flows for the years ended December 31, 2017 and December 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants
Toronto, Ontario

February 21, 2018

Statements of Financial Position

As at December 31, 2017 and December 31, 2016
(in thousands of Canadian dollars, except per share amounts)

	Note	December 31, 2017	December 31, 2016
Assets			
Current assets			
Investments	5	834,859	716,821
Cash		5,868	13,655
Interest and dividends receivable		793	943
HST receivable		98	180
Income taxes recoverable		–	1,554
Total assets		841,618	733,153
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	875	841
Accrued dividends on preference shares		123	123
Income taxes payable		391	-
Total current liabilities		1,389	964
Bank loan	6	74,902	74,835
Preference shares	7	73,887	73,710
		148,789	148,545
Total liabilities		150,178	149,509
Net assets		691,440	583,644
Equity			
Share capital	8	128,568	128,568
Retained earnings		562,872	455,076
Total equity		691,440	583,644
Net assets per common share		33.14	27.98

The notes on pages 19-28 are an integral part of the financial statements.

Approved by the Board of Directors

Director

Director

Statements of Comprehensive Income

For the years ended December 31
(in thousands of Canadian dollars, except per share amounts)

	Note	2017	2016
Income			
Net gains on investments			
Dividend income		12,722	11,895
Interest for distribution purposes		(114)	1,124
Net realized gain on sale of investments		36,197	19,539
Net change in unrealized gain on investments		89,182	70,936
Net gains on investments		137,987	103,494
Securities lending revenue	13	704	522
Total net income		138,691	104,016
Expenses			
Management fees	12	8,676	7,529
Dividends on preference shares		2,813	4,113
Interest and financing charges	6, 7	1,950	1,182
Listing and regulatory costs		273	275
Transaction costs on purchases and sales		229	648
Directors' fees and expenses	12	215	248
Investor relations		151	240
Withholding taxes	10	113	95
Custodial fees		94	80
Audit fees		54	53
Security holder reporting costs		41	52
Independent review committee fees and expenses	12	27	37
Legal fees		20	67
Other		51	53
Total operating expenses		14,707	14,671
Investment income before income taxes		123,984	89,345
Refundable income tax expense (recovery)	9	334	(1,627)
Increase in net assets from operations		123,650	90,972
Increase in net assets from operations, per common share		5.93	4.36

The notes on pages 19-28 are an integral part of the financial statements.

Statements of Changes in Net Assets

For the years ended December 31
(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total
At December 31, 2015	128,568	379,960	508,528
Increase in net assets from operations	-	90,972	90,972
Dividends paid to common shareholders from net investment income	-	(10,014)	(10,014)
Dividends paid to common shareholders from net realized gain on investments	-	(5,842)	(5,842)
At December 31, 2016	128,568	455,076	583,644
Increase in net assets from operations	-	123,650	123,650
Dividends paid to common shareholders from net investment income	-	(7,510)	(7,510)
Dividends paid to common shareholders from net realized gain on investments	-	(8,344)	(8,344)
At December 31, 2017	128,568	562,872	691,440

The notes on pages 19-28 are an integral part of the financial statements.

Statements of Cash Flows

For the years ended December 31
(in thousands of Canadian dollars)

	Note	2017	2016
Cash flows from operating activities			
Increase in net assets from operations		123,650	90,972
Adjustments for:			
Amortization of financing charge	6, 7	244	217
Net realized gain on sale of investments		(36,197)	(19,539)
Net change in unrealized gain on investments		(89,182)	(70,936)
Purchases of investments		(79,744)	(145,086)
Proceeds of disposition of investments		87,085	159,359
Dividends paid to preference shareholders		2,813	4,113
Interest and dividends receivable		150	(21)
HST receivable		82	(24)
Income taxes payable (recoverable)	9	1,945	(2,490)
Accounts payable and accrued liabilities		34	153
Net cash flows from operating activities		10,880	16,718
Cash flows from financing activities			
Preference shares redeemed		–	(75,000)
Proceeds from bank loan		–	74,797
Dividends paid to common shareholders		(15,854)	(15,856)
Dividends paid to preference shareholders		(2,813)	(4,242)
Net cash flows used in financing activities		(18,667)	(20,301)
Net decrease in cash		(7,787)	(3,583)
Cash at the beginning of the year		13,655	17,238
Cash at the end of the year		5,868	13,655
Items classified as operating activities			
Interest received		134	1,029
Dividends received, net of withholding taxes		12,839	11,755
Preference share dividends and interest paid	6, 7	4,518	5,197
Income taxes paid (recovered) - net	9	(1,613)	863

The notes on pages 19-28 are an integral part of the financial statements.

As at December 31, 2017

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Consumer Discretionary (16.3%)		
	Auto Components		
145,000	Magna International Inc.	5,244	10,330
	Household Durables		
90,000	Installed Building Products, Inc.	8,474	8,559
	Multiline Retail		
240,000	Dollarama Inc.	2,472	37,692
	Retailing		
17,500	Amazon.com, Inc.	14,614	25,627
60,000	Home Depot, Inc.	10,085	14,240
25,000	Ulta Beauty, Inc.	8,721	7,002
	Specialty Retail		
8,000	AutoZone, Inc.	4,864	7,126
	Textiles, Apparel & Luxury Goods		
405,000	Canada Goose Holdings Inc.	9,876	16,083
265,000	Gildan Activewear Inc.	5,425	10,762
	Total Consumer Discretionary	69,775	137,421
	Consumer Staples (0.9%)		
	Food & Staples Retailing		
110,000	Alimentation Couche-Tard Inc., B SV	2,316	7,215
	Total Consumer Staples	2,316	7,215
	Energy (13.1%)		
	Oil, Gas & Consumable Fuels		
335,000	Enbridge Inc.	3,447	16,468
950,000	Parex Resources Inc.	11,085	17,252
1,675,000	Raging River Exploration Inc.	7,902	13,400
1,260,000	Secure Energy Services Inc.	10,396	11,038
1,410,000	Storm Resources Ltd.	7,767	3,807
140,000	Suncor Energy Inc.	5,382	6,461
220,000	Tourmaline Oil Corp.	7,446	5,012
226,000	TransCanada Corporation	6,260	13,827
245,000	Vermilion Energy Inc.	10,893	11,192
1,263,661	Whitecap Resources Inc.	11,827	11,310
	Total Energy	82,405	109,767

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Financials (13.3%)		
	Banks		
275,000	Bank of Montreal	10,640	27,662
245,000	Royal Bank of Canada	10,190	25,149
260,000	Toronto-Dominion Bank	5,599	19,149
	Capital Markets		
76,900	Economic Investment Trust Ltd.	3,851	8,843
	Consumer Finance		
105,000	Mastercard Incorporated, A	7,360	19,901
	Thrifts & Mortgage Finance		
254,500	Genworth MI Canada Inc.	5,141	11,071
	Total Financials	42,781	111,775
	Health Care (2.8%)		
	Pharmaceuticals		
475,000	Aphria Inc.	6,869	8,882
500,000	Canopy Growth Corporation	7,143	14,870
	Total Health Care	14,012	23,752
	Industrials (13.7%)		
	Airlines		
1,150,000	Air Canada	5,923	29,762
	Capital Goods		
145,000	Masco Corporation	6,590	7,978
100,000	SiteOne Landscape Supply, Inc.	8,233	9,604
	Construction & Engineering		
235,000	WSP Global Inc.	10,389	14,079
	Marine		
332,000	Algoma Central Corporation	2,555	5,325
	Road & Rail		
115,000	Canadian Pacific Railway Ltd.	6,352	26,411
350,000	TFI International Inc.	5,029	11,501
	Trading Companies & Distributors		
375,000	Russel Metals Inc.	3,243	10,939
	Total Industrials	48,314	115,599

The notes on pages 19-28 are an integral part of the financial statements.

Schedule of Investment Portfolio

As at December 31, 2017

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Information Technology (12.9%)		
	Communications Equipment		
120,000	Applied Optoelectronics, Inc.	8,280	5,683
	Semiconductors & Semiconductor Equipment		
135,000	NVIDIA Corporation	9,513	32,711
	Software		
440,000	Open Text Corporation	6,555	19,672
	Software & Services		
400,000	The Descartes Systems Group Inc.	10,317	14,296
185,000	Shopify Inc.	9,783	23,514
	Technology Hardware, Storage & Peripherals		
58,000	Apple Inc.	2,198	12,291
	Total Information Technology	46,646	108,167
	Materials (21.1%)		
	Chemicals		
275,000	Methanex Corporation	7,109	20,944
	Containers and Packaging		
330,000	CCL Industries Inc., B NV	9,114	19,166
	Metals & Mining		
1,800,000	First Quantum Minerals Ltd.	11,566	31,698
315,000	Franco-Nevada Corporation	14,401	31,645
2,000,000	HudBay Minerals Inc.	11,199	22,260
1,200,000	Lundin Mining Corporation	8,182	10,032
1,500,000	Osisko Mining Inc.	7,957	5,085
525,000	Tahoe Resources Inc.	7,827	3,166
410,000	Teck Resources Limited, B SV	12,327	13,477
	Paper & Forest Products		
460,000	Norbord Inc.	11,919	19,573
	Total Materials	101,601	177,046
	Real Estate (1.2%)		
	Real Estate Management & Development		
4,000,000	StorageVault Canada Inc.	10,600	10,520
	Total Real Estate	10,600	10,520

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Telecommunication Services (3.2%)		
	Diversified Telecommunication Services		
220,000	TELUS Corporation	6,057	10,476
	Wireless Telecommunication Services		
250,000	Rogers Communications Inc., B NV	3,505	16,013
	Total Telecommunication Services	9,562	26,489
	Utilities (0.8%)		
	Multi-Utilities		
190,000	Canadian Utilities Limited, A NV	2,140	7,108
	Total Utilities	2,140	7,108
	Transaction costs	(871)	-
	Total investments (99.3%)	429,281	834,859
	Cash (0.7%)		5,868
	Investment Portfolio (100.0%)		840,727

NV: non-voting

SV: subordinate voting

The notes on pages 19-28 are an integral part of the financial statements.

For the years ended December 31, 2017 and 2016

1 GENERAL INFORMATION

Canadian General Investments, Limited (CGI or the Company) is domiciled in Canada and incorporated under the laws of Ontario, Canada. The address of its registered office is 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

CGI is a closed-end equity fund focussed on medium- to long-term investments in Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains and appropriate income-generating instruments.

The Company's investment and administration activities are managed by Morgan Meighen & Associates Limited (the Manager).

The Company's common and preference shares are publicly listed and trade on the Toronto Stock Exchange (symbols CGI, CGI.PR.D). The common shares also trade on the London Stock Exchange (symbol CGI).

These financial statements were authorized for issue by the Board of Directors on February 21, 2018.

2 BASIS OF PRESENTATION

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

3.1 Financial assets and financial liabilities

Classification

The Company recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Investment transactions are recorded on the trade date. The Company's investments are designated as fair value through profit or loss (FVTPL). All other financial assets and liabilities are classified as loans and receivables or financial liabilities, as applicable, and are measured at amortized cost and reflect the amount to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Publicly listed securities are valued at the last traded market price on the reporting date, where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Company's policy is to recognize transfers into and out of the fair value hierarchy as of the date of the event or change in circumstances giving rise to the transfer.

Unlisted securities that trade on an over-the-counter market and other securities, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), are valued using available sources of information and commonly used valuation techniques, using primarily observable inputs. The Company considers observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

3.2 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at period-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions. The Canadian dollar is the Company's functional and presentation currency.

3.3 Investment income

Dividend income is recorded on the ex-dividend date. Interest for distribution purposes is recognized on an accrual basis and represents interest income earned from a real estate income trust (REIT) held by the Company. Securities lending revenue is recognized as earned.

3.4 Securities lending

Securities lent are not derecognized in the Company's statement of financial position as the Company retains substantially all the risks and rewards of ownership.

3.5 Cash

Cash is comprised of demand deposits with reputable financial institutions.

3.6 Preference shares

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Company has one series of its Class A preference shares in issue: Series 4. The preference shares have priority over the common shares with respect to the payment of dividends and the return of capital and the distribution of assets in the event of liquidation. The preference shares provide investors with the right to require redemption for cash at values and dates set out in the table in note 7 and also in the event of the Company's liquidation.

The preference shares are classified as financial liabilities and are stated at amortized cost using the effective interest method.

3.7 Increase in net assets from operations, per common share

The increase in net assets from operations, per common share is calculated by dividing increase in net assets from operations by the weighted-average number of common shares outstanding during the period.

3.8 Taxation

The Company qualifies as an investment corporation under Section 130 of the Income Tax Act (Canada) (the Act) and, as such, is subject to a reduced rate of income tax on its net investment income other than dividends received from taxable Canadian corporations. Taxes paid on taxable dividends paid from corporations resident in Canada are refundable on the payment of taxable dividends to shareholders related to these dividends.

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 20%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation and pays out sufficient dividends related to these realized gains. Refundable income taxes paid or recovered are recorded as an expense or recovery in the period in which such tax becomes payable or receivable.

In addition, temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Company's investment portfolio and its adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of the Company's portfolio exceeds its ACB, a deferred tax liability arises which is fully offset by the future refundable taxes available to the Company as an investment corporation. Conversely, when the ACB exceeds the fair values of the portfolio, a deferred tax asset is generated. A deferred tax asset is also generated to the extent that the Company has available and unutilized capital and non-capital tax losses. However, these net deferred tax assets have not been recorded in the statements of financial position since, with the exception of refundable income taxes described above, the Company does not record income taxes.

3.9 Investment in associates and subsidiaries

The Company has determined that it meets the definition of "investment entity". An investment entity is an entity that (i) obtains funds from one or more investors for the purpose of providing them with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgment that the Company has made in determining that it meets this definition is that fair value is used as the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

Subsidiaries are entities over which the Company has control through its exposure or rights to variable returns and has the ability to affect those returns through its power over the entities. As the Company meets the definition of an investment entity, all subsidiaries, if any, are measured at FVTPL. The Company's investments may also include associates over which the Company has significant influence and these are designated at FVTPL.

3.10 Future accounting changes

IFRS 9, Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The Manager has been evaluating the standard and has currently determined that the impact to the Company will include additional disclosures related to the classification of certain financial instruments to align with the classifications under IFRS 9. Adoption of the standard will not impact net assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Designation of investments at FVTPL is the most significant judgement used by management in the preparation of these financial statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

In the normal course of operations, the Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). In general, the Manager seeks to minimize the potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio managers, by ongoing monitoring of the Company's positions and market events, and by diversifying the investment portfolio within the policies and guidelines set by the Board of Directors of the Company, in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate, security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, the Manager considers other criteria such as asset class, industry, country and currency.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main exposure to credit risk may consist of investments in debt instruments, including short-term securities, bonds, preferred shares, interest and dividends receivable, amounts due from brokers as well as securities on loan as part of the Company's securities lending program. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of other assets represents the maximum credit risk exposure as at December 31, 2017 and December 31, 2016. As at December 31, 2017 and December 31, 2016, the Company had no investments in debt instruments.

All transactions in securities are settled/paid for on delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Company's custodian has received payment. Payment is made on a purchase once the securities have been received by the Company's custodian. The trade will fail if either party fails to meet its obligation.

Credit risk with respect to the Company's securities lending program is considered minimal given the nature of the collateral, as well as the indemnification provided by the agent administering the program (note 13).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the Company is a publicly traded, closed-end investment fund with a fixed number of common shares outstanding, unlike an open-ended mutual fund, it is not exposed to the liquidity risk associated with daily cash redemptions of securities. However, as part of a leverage strategy, the Company currently has one series of Class A preference shares outstanding: Series 4 for $75 million with a redemption date of June 15, 2023 and a $75 million, non-revolving, three-year fixed rate facility that bears interest at 2.28%. Included in the Series 4 preference share provisions is a restriction which precludes payment of a common share dividend unless, after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times. At December 31, 2017 the ratio was 5.60 times (December 31, 2016 - 4.87 times). Included in the bank loan covenants is an asset coverage restriction requiring that the net assets divided by the principal amount of the bank loan be greater than 3.0 times. The Company was in compliance during year ended December 31, 2017 and the period from origination of the loan on June 9, 2016 until December 31, 2016.

Liquidity risk is managed by investing the majority of the Company's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions to maintain liquidity. Restricted and unlisted securities, if any, are identified in the schedule of investment portfolio. There are no restricted securities as at December 31, 2017 or December 31, 2016.

Leverage decisions, whether in the form of bank borrowings or bond or preference share issues from treasury, are at the discretion of the Company's Board of Directors.

All financial liabilities of the Company, except for the Class A preference shares, Series 4, and bank loan as at December 31, 2017 and December 31, 2016, fall due within twelve months.

Market risk

The Company's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets would have been affected by a possible change in the relevant risk at each reporting date. In practice, the actual results may differ and the differences could be material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Although the Company may invest in interest-bearing financial instruments, the substantial majority of the Company's financial assets and financial liabilities, except for the Class A preference shares and bank loan, are non-interest-bearing or have short maturities. As a result, the Company is not subject to significant amounts of risk on its investments due to fluctuations in the prevailing levels of market interest rates.

As at December 31, 2017 and December 31, 2016, the Company had no investments in debt instruments.

The Company's Class A preference shares outstanding have a fixed coupon rate and the bank loan has a fixed interest rate. While they themselves do not subject the Company to interest rate risk, any new issues, whether or not in connection with the redemption date of the preference shares or the maturity of the bank loan, will be subject to the prevailing interest rate environment at that time.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Securities trading in foreign markets are also exposed to currency risk, as the price in local terms in the foreign market is converted to Canadian dollars to determine fair value. The Company's policy is not to enter into any hedging arrangements.

As at December 31, 2017, the Company`s investment portfolio had a 17.9% (December 31, 2016 – 15.3%) weighting in U.S. dollars. As at December 31, 2017, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $7,536,000 or approximately 1.1% (December 31, 2016 - $5,584,000 or approximately 1.0%).

Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to an individual investment or its issuer, or by factors affecting all similar instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well diversified portfolio. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's equity and debt (if any) instruments are susceptible to other price risk arising from uncertainty about future prices of the instruments.

As at December 31, 2017, a 5% increase or decrease in market prices in the investment portfolio, excluding short-term securities, with all other variables held constant, would have resulted in the Company's net assets increasing or decreasing, respectively, by approximately $41,743,000 or approximately 6.0% (December 31, 2016 - $35,841,000 or approximately 6.1%).

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Company's concentration risk:

	December 31, 2017	December 31, 2016
Materials	21.1%	18.3%
Consumer Discretionary	16.3%	15.0%
Industrials	13.7%	12.2%
Financials	13.3%	13.3%
Energy	13.1%	20.7%
Information Technology	12.9%	10.4%
Telecommunication Services	3.2%	3.1%
Health Care	2.8%	0.0%
Real Estate	1.2%	2.2%
Consumer Staples	0.9%	2.0%
Utilities	0.8%	0.9%
Cash	0.7%	1.9%
	100.0%	100.0%

Sensitivity analyses are provided for information purposes only. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Capital risk management

The Company considers capital to be composed of its equity, as well as its outstanding preference shares and bank loan. The Company's primary objective when managing its capital is to ensure that activities are carried out in accordance with the investment objective of the Company, as described in note 1. In addition, the Company monitors its adherence to the provisions of its outstanding Class A preference shares and bank loan. In particular, included in the preference shares provisions is a dividend payment restriction, which provides that the Company shall not pay a dividend on its common shares unless after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times. All common share dividend payments made in 2017 and 2016 were in compliance with this provision. Included in the bank loan covenants is an asset coverage restriction requiring that the net assets divided by the principal amount of the bank loan be greater than 3.0 times. The Company was in compliance with this covenant during year ended December 31, 2017 and the period from origination of the loan on June 9, 2016 until December 31, 2016.

5.3 Fair value measurements

The Company classifies its investments within a fair value hierarchy, based on the inputs used in their fair value measurement. The hierarchy of inputs is summarized below:

Level 1: Unadjusted quoted prices at the measurement date in active markets for identical assets

Level 2: Directly or indirectly observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar assets in markets that are not active

Level 3: Inputs for the assets that are not based on observable market data

Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information and commonly used valuation techniques.

All other financial instruments of the Company, which may include cash, receivable on securities sold or payable on securities purchased, interest and dividends receivable, accounts payable and accrued liabilities, accrued dividends on preference shares, bank loan and preference shares are carried at amortized cost.

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
As at December 31, 2017				
Financial assets at FVTPL:				
Investments	834,859	-	-	834,859
As at December 31, 2016				
Financial assets at FVTPL:				
Investments	716,821	-	-	716,821

During the years ended December 31, 2017 and December 31, 2016, there were no investments transferred between the levels.

The Manager is responsible for performing fair value measurements included in the financial statements of the Company, including Level 3 measurements, if any. The Manager obtains pricing from a third party pricing vendor.

6 BANK LOAN

On June 9, 2016, the Company entered into a credit agreement giving it access to $75.0 million and drew down the full amount. The credit facility is a non-revolving, three-year fixed rate facility that bears interest at 2.28% per annum to be paid quarterly. The purpose of the credit facility was to fund the redemption of the Class A preference shares, Series 3. The facility is secured with a first-ranking charge on the Company's property and assets, including the investment portfolio and requires the Company to comply with certain covenants including maintenance of asset coverage ratios. The Company was in compliance with all of the covenants as at December 31, 2017 and December 31, 2016.

Bank loan consists of the following:

(in thousands of dollars)	December 31, 2017	December 31, 2016
Secured, non-revolving, 2.28%, three-year fixed rate credit facility, maturing June 9, 2019	75,000	75,000
Less: Unamortized debt issue costs	98	165
	74,902	74,835

7 PREFERENCE SHARES

The Company is authorized to issue, in series, a class of preference shares of which the following are outstanding:

Class A preference shares	December 31, 2017 Number of shares	December 31, 2016 Number of shares	Stated amount per share $	Cumulative annual dividend rate %	Date of issue	December 31, 2017 Amount $ (In thousands)	December 31, 2016 Amount $ (In thousands)
Series 4	3,000,000	3,000,000	25.00	3.75	May 30, 2013	75,000	75,000
						75,000	75,000
Deferred issuance costs (net of amortization of $765,000 (December 31, 2016 - $588,000))						1,113	1,290
						73,887	73,710

On June 10, 2016, the Company redeemed its $75,000,000, 3.90% cumulative, redeemable Class A preference shares, Series 3.

The Company may redeem for cash, the Series 4 shares, in whole or in part, at the following prices during the defined periods:

	$26.00	$25.75	$25.50	$25.25	$25.00
Series 4	June 15, 2018 to June 14, 2019	June 15, 2019 to June 14, 2020	June 15, 2020 to June 14, 2021	June 15, 2021 to June 14, 2022	June 15, 2022 and thereafter (1)

(1) The holders may require the Company to redeem the Series 4 shares on or after June 15, 2023 for a cash price of $25.00 per share.

Subsequent to December 31, 2017, the Company declared a quarterly dividend of $0.23438 per share payable on March 15, 2018 to Series 4 shareholders of record at the close of business on February 28, 2018.

8 SHARE CAPITAL

Common Shares

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2017, there are 20,861,141 (December 31, 2016 - 20,861,141) common shares issued and outstanding with no par value.

Subsequent to December 31, 2017, the Company declared a quarterly dividend of $0.19 per share payable on March 15, 2018 to common shareholders of record at the close of business on February 28, 2018.

9 INCOME TAXES

As at December 31, 2017, the Company had federal refundable capital gains taxes on hand of approximately $391,000 (December 31, 2016 - $527,000), which are refundable on payment of capital gains dividends of approximately $2.8 million (December 31, 2016 - $3.8 million) and Ontario refundable capital gains taxes on hand of approximately $712,000 (December 31, 2016 - $724,000), which are refundable on payment of capital gains dividends of approximately $12.4 million (December 31, 2016 - $12.6 million).

The Company is also subject to a special tax of 38-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of $0.3833 for each $1 of such dividends paid. The Company has $1,067,000 of refundable dividend tax on hand as at December 31, 2017 (December 31, 2016 - $651,000).

The Company's refundable income tax expense (recovery) during the year is determined as follows:

(in thousands of dollars)	2017	2016
Provision for income taxes on investment income before income taxes		
Provision for income taxes based on combined Canadian federal and provincial income tax rate of 39.5%	48,974	35,291
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(4,722)	(4,449)
Dividends on preference shares	1,111	1,625
Net change in unrealized gain	(35,227)	(28,020)
Non-taxable portion of net realized gains	(7,149)	(3,859)
Increase (decrease) in refundable dividend tax on hand	418	(1,162)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(1,423)	101
Income taxes recoverable on dividends from net realized gains on investments	(1,648)	(1,154)
Refundable income tax expense (recovery)	334	(1,627)

In accordance with the Act, a corporation can qualify as an investment corporation if certain tests are satisfied. One of the tests is that the corporation cannot have specified shareholders. A specified shareholder is generally a shareholder, who, along with certain persons to whom the shareholder is considered to be related, has a greater than 25% shareholding. The Company has had specified shareholders since June 20, 1996. The specified shareholder rules of the Act generally allow the Company to maintain its investment corporation status as long as it does not have any specified shareholders other than those specified shareholders existing on June 20, 1996. In addition, the specified shareholders as at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

10 WITHHOLDING TAXES

The Company incurs withholding taxes imposed by certain countries on investment income. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are shown as a separate item in the statements of comprehensive income. During the year ended December 31, 2017, the average withholding tax rate paid by the Company was 15.0% (December 31, 2016 - 15.0%).

11 FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Company's financial instruments by category. All the Company's financial liabilities were carried at amortized cost:

(in thousands of dollars)	Financial assets at FVTPL Designated at inception	Financial assets at amortized cost	Total
December 31, 2017			
Cash	–	5,868	5,868
Investments	834,859	–	834,859
Interest and dividends receivable	–	793	793
	834,859	6,661	841,520
December 31, 2016			
Cash	–	13,655	13,655
Investments	716,821	–	716,821
Interest and dividends receivable	–	943	943
	716,821	14,598	731,419

All gains and/or losses recorded on the statement of comprehensive income relate to investments designated at fair value through profit or loss.

12 RELATED PARTY INFORMATION

Third Canadian General Investment Trust Limited (Third Canadian) owns 36.6% of the common shares of the Company, and is therefore considered a related party. Jonathan A. Morgan and Vanessa L. Morgan, both directors and executive officers of the Company, beneficially own directly or indirectly or exercise control or direction over an aggregate of 100% of the common shares of Third Canadian. Including the holding by Third Canadian, Mr. Morgan and Ms. Morgan together own directly or indirectly or exercise control or direction over an aggregate of 52.5% of the outstanding common shares of the Company, making them the ultimate controlling party.

Transactions with related entities

Management fees

The Company's activities are managed by the Manager pursuant to a management agreement dated January 1, 2006. Mr. Morgan and Ms. Morgan together own directly or indirectly 85%, and are both directors and executive officers, of the Manager. Management fees are paid monthly to the Manager for services received in connection with the management of the Company's financial accounts and investment portfolio, among other services. These fees are calculated monthly at 1% per annum of the fair value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month.

During the year ended December 31, 2017 $8,666,000 (2016 - $7,603,000) was paid to the Manager with $792,000 accrued and included in accounts payable and accrued liabilities as at December 31, 2017 (December 31, 2016 - $689,000).

Dividends

As a result of its ownership position in the Company, during the year ended December 31, 2017, Third Canadian received dividends from net investment income of $2,746,000 (2016 - $3,662,000) and dividends from net realized gain on investments of $3,052,000 (2016 - $2,136,000).

Key management personnel compensation

No compensation was paid or is payable by the Company to any executive of the Manager in his or her capacity as a director or officer of the Company.

During the year ended December 31, 2017, the independent directors of the Company received directors' fees aggregating $195,000 (2016 - $224,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the year ended December 31, 2017, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating $26,000 (2016 - $36,000).

13 SECURITIES LENDING

The Company participates in a securities lending program with its custodian, CIBC Mellon Trust Company. Collateral is held by the custodian as agent for the Company and generally comprises Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit ratings, and other short-term securities, of at least 105% of the fair value of securities on loan. In the event that any of the loaned securities are not returned to the Company and the value of the collateral held is less than the fair value of the securities not returned, the custodian shall indemnify the Company for any such shortfall.

At December 31, 2017, the Company had loaned securities with a fair value of $82,606,000 (December 31, 2016 - $81,668,000) and the custodian held collateral of $87,472,000 (December 31, 2016 - $88,508,000). This collateral is not reflected in the statements of financial position and consisted of the following:

	December 31, 2017	December 31, 2016
Securities lending collateral		
Federal government debt securities	37.8%	27.6%
Provincial government debt securities	54.6%	47.9%
Banker's acceptances	0.0%	24.5%
U.S. government debt securities	7.6%	0.0%
	100.0%	100.0%

A reconciliation of the gross earnings from securities lending to the net earnings from securities lending is as follows:

(in thousands of dollars)	December 31, 2017		December 31, 2016	
Gross securities lending earnings	1,543	100.0%	886	100.0%
Fees	(469)	(30.4%)	(348)	(39.3%)
Withholding taxes	(370)	(24.0%)	(16)	(1.8%)
Net securities lending earnings	704	45.6%	522	58.9%

CORPORATE INFORMATION

BOARD OF DIRECTORS

James F. Billett
President, J.F. Billett Holdings Ltd.

A. Michelle Lally
Partner, Osler, Hoskin & Harcourt LLP

Jonathan A. Morgan
Executive Vice-President and Chief Operating Officer, Morgan Meighen & Associates Limited

Vanessa L. Morgan
President & Chief Executive Officer, Morgan Meighen & Associates Limited

R. Neil Raymond
President, Feejay Corporation Canada Ltd.

Michael A. Smedley
Executive Vice-President & Chief Investment Officer, Morgan Meighen & Associates Limited

Richard O'C. Whittall
President, 097146 BC Ltd.

AUDIT COMMITTEE

James F. Billett (Chair)
R. Neil Raymond
Richard O'C. Whittall

CORPORATE GOVERNANCE COMMITTEE

A. Michelle Lally
Jonathan A. Morgan
R. Neil Raymond (Chair)

INDEPENDENT DIRECTORS COMMITTEE

James F. Billett
A. Michelle Lally (Chair)
R. Neil Raymond
Richard O'C. Whittall

OFFICERS

Vanessa L. Morgan, CFA
Chair

Jonathan A. Morgan, CIM
President & CEO

Frank C. Fuernkranz, CPA, CA, CFA
Secretary & CFO

Christopher J. Esson, CPA, CA, CFA
Treasurer

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website: www.canadiangeneralinvestments.ca

MANAGER

Morgan Meighen & Associates Limited
Toronto

AUDITOR

PricewaterhouseCoopers LLP
Toronto

INDEPENDENT REVIEW COMMITTEE

James F. Billett
A. Michelle Lally
R. Neil Raymond (Chair)
Richard O'C. Whittall

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website: www.computershare.com/investor

To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare at the above address. We are pleased to offer you the convenience of Direct Registration System (DRS), a system that allows you to hold securities in 'book entry' form without the need for a physical certificate. For additional information, please refer to the Questions and Answers section at:
www.computershare.com/investorcentrecanada

To participate, simply send your share certificate to Computershare along with a letter requesting the deposit of the shares into DRS.

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STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbols:

Common Shares	CGI
Preference Shares, Series 4	CGI.PR.D

The London Stock Exchange

Trading Symbol:

Common Shares	CGI

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 U.K.

The Company posts ongoing top 10 portfolio investments (priced at market), together with current NAV and market return information on its website. CGI also posts its top 25 holdings on its website on a quarterly basis. Similar information is available directly from the Company upon request.

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

The Plan, administered by the Company'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 Company 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.

ANNUAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Canadian General Investments, Limited will be held at 11:00am (Toronto time), Wednesday, April 18, 2018 at Twenty Toronto Street Conferences and Events, Salon 3, 2nd Floor, 20 Toronto Street, Toronto, Ontario, Canada, M5C 2B8.

Telephone: (416) 869-1047
website: www.20toronto.ca

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

Managed by:

MORGAN MEIGHEN
& ASSOCIATES
Investment Management

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