CGI
CANADIAN
GENERAL INVESTMENTS,
LIMITED

2018 INTERIM REPORT

Canadian General Investments, Limited (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).

RESPONSIBILITY STATEMENT

In accordance with the Disclosure and Transparency Rules (DTRs) 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 interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

iii. the interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

The financial statements and Management Report of Fund Performance were approved by the Board of Directors on July 18, 2018.

Vanessa L. Morgan
Chair

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 Interim 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.

Management Report of Fund Performance

This interim management report of fund performance contains financial highlights and should be read in conjunction with the interim financial report of the Company that follows this report. You can get a copy of the Company's annual financial statements at your request, and 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 or SEDAR at www.sedar.com.

Securityholders may also contact the Company using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

This report may contain forward-looking statements about the Company and markets that reflect the Manager's current expectations of future events. Forward-looking 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

RESULTS OF OPERATIONS

Performance

Investors were unwilling to push collective stock prices higher in the first half of 2018 and, with this pause, global equity markets have been generally unable to build anything further onto their gains of the last few years. Reasons for this change in attitude included the pace at which stock prices had moved higher, relative equity valuation levels, shifting economic forecasts, ongoing geopolitical concerns, changes in interest rates and last, but not least, a simmering but now growing concern for trade conflict and the inevitable repercussions on the global economy.

But once again, our oft-neglected Canadian market has proven itself not only as a diversification tool for foreign investors but also confirms its potential for incremental returns for international and domestic investors alike. In relative terms, Canada came to the fore during this period and fared better than most of its global peers with the S&P/TSX Composite Index (S&P/TSX) posting a positive 1.9% total return compared to other members in the major developed markets group many of which had returns in the negative single-digits.

Canadian General Investments, Limited (CGI) outperformed its benchmark, the S&P/TSX, by a wide margin during the period with a net asset value per share (NAV) return of 9.0%, with dividends reinvested. This achievement was in spite of, and in contrast to, the subdued general market return environment and it enabled CGI to build onto the medium- and longer-term gains which have accrued over time to all shareholders of the Company.

There was a broad diversity of returns in the Canadian market in the first half of 2018. The industry sectors were almost evenly split on either side of the flat line with six positive and five negative results but their percentage returns ranged widely from a minus eight to plus twenty-two. The spread of return differentials was evident on an intra-sector level as well and individual stocks posted large differences even within their own peer group.

In spite of the large variances that arose throughout all areas of the markets, CGI was well positioned on both the macro and micro levels. On the higher sector level, CGI was overweight four of the groups in positive territory and was underweight in all four areas that resided at the very bottom of the list in negative territory. On the individual security level, the portfolio had a diverse mix of leadership with names such as Canada Goose Holdings Inc. (+94.7%), Shopify Inc. (+50.8%), Canopy Growth Corp. (+29.2%), Parex Resources Inc. (+36.7%) and Norbord Inc. (+27.1%) which not only outperformed within their own peer level but also posted very high relative returns within the broader index level as well.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at June 30, 2018, compared with year end 2017, 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 June 30, 2018 the portfolio was overweight Consumer Discretionary, Industrials, Information Technology and Materials, and underweight Energy, as compared to the sector weightings in the S&P/TSX.

	CGI		S&P/TSX	
SECTOR	**June 30, 2018**	**December 31, 2017**	**June 30, 2018**	**December 31, 2017**
Materials	20.6%	21.1%	11.7%	11.5%
Consumer Discretionary	18.5%	16.3%	5.6%	5.4%
Information Technology	17.9%	12.9%	4.0%	3.2%
Industrials	13.0%	13.7%	10.3%	9.5%
Energy	10.9%	13.1%	19.5%	19.7%

Portfolio turnover has been trending lower and is now at its lowest point in the past five years. A patient and deliberate approach has been taken on the trading front as the portfolio has been performing well and its composition remains fairly well suited in the context of the current market.

In this period, trading activity included taking profits in the long-term holding of Alimentation Couche-Tard Inc. which is a very successful convenience store operator. It has grown through acquisition to become the largest such company in North America and is now expanding globally with an initial presence in Europe. However, as an investment, its stock price has been channel-bound and its upside capped by financial results that haven't completely met up with the high standards expected from the company by investors. With an uncertainty as to whether the traditional growth pattern will restart or when the financial metrics will improve, the position has been reduced.

The investment in Raging River Exploration Inc. was eliminated after a formal multi-month strategic repositioning process undertaken by the company resulted in the announcement of a proposed merger with Baytex Energy Inc. The news was met with disappointment by shareholders of both companies and stock prices suffered. After assessing the time and opportunity cost of waiting for shareholder and regulatory approvals and the work needed to rebuild a shareholder base for the new company, it was decided to sell and realize gains in the position.

Osisko Mining Inc. has been a disappointing investment for the Company with a stock price under pressure as small, exploration gold plays have fallen increasingly out of favour with investors. The situation worsened when the company announced its much anticipated initial mineral resource estimate and it didn't meet investor expectations. With limited catalysts on the horizon for a near- to medium-term recovery, losses were taken and the investment was eliminated.

On the buy side, the Company participated in the initial public offering for IPL Plastics Inc. (IPL), a leading, global manufacturer of plastic packaging products used in the food and consumer, agricultural, logistics and environmental markets. The company has a broad and balanced product portfolio selling into a highly diverse blue chip customer base with three-quarters of its sales in North America and one-quarter in Europe. There is the expectation that the steady growth pattern exhibited in the last few years can be extended well into the foreseeable future as management is confident in its approach of combining in-house organic initiatives along with a successfully executed and proven acquisition strategy to deliver similar results.

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 portfolio return, positively impacting CGI's NAV return.

Dividend and interest income was $6,923,000 for the six months, up 11.9% from 2017. Management fees and dividends on preference shares are the largest expenses of the Company. Management fees increased by 14.5% to $4,868,000, as a result of higher average monthly portfolio values compared to 2017. The dividends on preference shares were unchanged.

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 six months ended June 30, 2018, there was a net recoverable related to tax of $1,779,000, compared to a net recoverable of $706,000 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 June 30, 2018, the Company had refundable capital gains tax on hand of approximately $282,000 (June 30, 2017 - $1,276,000), which is refundable on payment of capital gains dividends of approximately $4.9 million (June 30, 2017 - $12.5 million). The Company has refundable dividend tax on hand of approximately $187,000 as at June 30, 2018 (June 30, 2017 – $nil), which is refundable on the payment of taxable dividends. As at June 30, 2018, the Company has approximately $1,351,000 (June 30, 2017 - $3,108,000) in unused non-capital losses for tax purposes, which can be used to offset income taxes otherwise payable in future years. These losses expire in 2038.

RECENT DEVELOPMENTS

Outlook

The general sentiment among equity investors remains subdued and many analysts have become less constructive on their outlooks going forward.

Although, for now, the North Korea situation has been put on the backburner and the global economy remains steady, other issues have either remained in place or have come to the fore. Brexit deliberations are moving extremely slowly and create a great deal of uncertainty for both U.K. and European markets. Interest rate considerations are still highly influential, but have become more regionally influenced so are being interpreted not only on the economic impact in the country-specific sense but also in the context of effect on the still sensitive global level. But trade tensions have recently accelerated to the top of the list of market worries. The U.S. president has already invoked tariffs on steel and aluminum, but has threatened further action on billions of dollars more of goods that are imported into the U.S. This affects all major trading partners including Canada, Mexico, the European Union, the U.K. and China. Already, reciprocal actions have been put in place to counter these measures and fears of an escalation in this back and forth battle creates the prospect of a full-blown trade war. History has shown that no one wins in a trade war and tariffs have been a poor choice of weaponry in trade negotiations. The extent and duration of this conflict will determine its fallout on all of the major economies and could undermine the broadest global recovery in years.

Against this unsettling backdrop, market volatility has increased and upward momentum has been broken. It is unlikely that the situation can be resolved in the very near term, however, it is hoped that a rational solution will be found to defuse the turmoil before the markets and the economy take a severe downturn. Anything is possible but, with the limited information that is available, outcomes are indeterminable at this point and guesswork is not usually best practice in the formulation of investment scenarios.

It is the intent for CGI to stay the course and not get whipsawed with the violent market turns that may occur in the short term but is staying vigilant and is ready to react to information flows that may assist in the formulation of the Manager's medium- and longer-term strategies.

Related Party Transactions

The Company is managed by Morgan Meighen & Associates Limited (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, 2017 – 37%) ownership interest in the Company. As a result of its ownership position in the Company in the six months ended June 30, 2018, Third Canadian received dividends from net investment income of $2,899,000 (2017 - $2,747,000).

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 six months ended June 30, 2018 and the prior five financial years.

The Company's Net Assets per Share (1)

	6 months ended June 30, 2018	2017	2016	2015	2014	2013
Net assets - beginning of period	$33.14	$27.98	$24.38	$27.05	$25.65	$21.87
Increase (decrease) from operations						
Total revenue	0.38	0.64	0.65	0.61	0.65	0.71
Total expenses (excluding common share dividends)	(0.38)	(0.70)	(0.67)	(0.71)	(0.74)	(0.71)
Realized gains (losses) for the period	(0.35)	1.73	0.90	1.49	1.20	1.48
Unrealized gains (losses) for the period	3.23	4.27	3.40	(3.26)	1.05	3.13
Refundable income tax recovery (expense)	0.09	(0.02)	0.08	(0.04)	-	(0.07)
Total increase (decrease) from operations(2)	2.97	5.92	4.36	(1.91)	2.16	4.54
Dividends paid to common shareholders						
Taxable dividends	(0.38)	(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)	(0.38)	(0.76)	(0.76)	(0.76)	(0.76)	(0.76)
Net assets - end of period(4)	$35.73	$33.14	$27.98	$24.38	$27.05	$25.65

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

	Six months ended June 30, 2018	2017	2016	2015	2014	2013
Total net asset value (000's) (1)	$745,302	$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	20,861,141
Management expense ratio (2) (3) (6)	2.18%	2.31%	2.66%	2.63%	2.63%	2.95%
Trading expense ratio (4) (6)	0.02%	0.04%	0.12%	0.08%	0.07%	0.12%
Portfolio turnover rate (5)	1.90%	10.36%	21.45%	16.37%	13.11%	23.80%
Net asset value per share (1)	$35.73	$33.14	$27.98	$24.38	$27.05	$25.65
Closing market price (1)	$24.95	$23.73	$19.45	$18.75	$20.05	$18.40

(1) This information is provided as at the end of the financial period 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: 2018 (to June 30, annualized) – 1.52%, 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.

(6) Ratios for the six months ended June 30, 2018 have been annualized.

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.

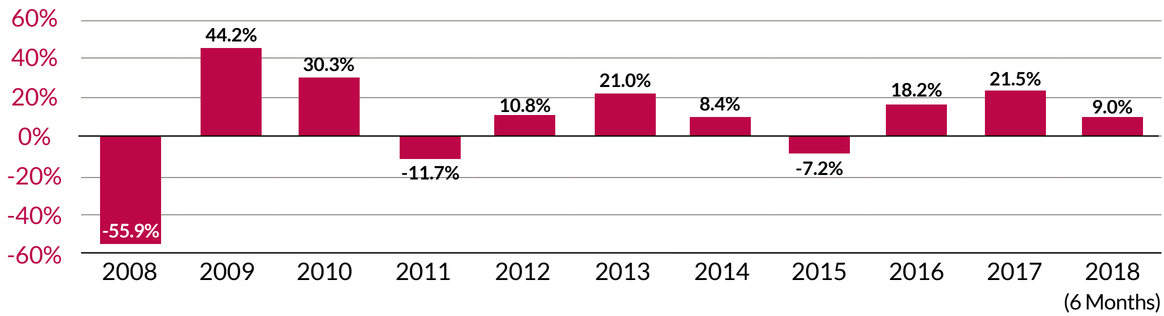
PAST PERFORMANCE

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.

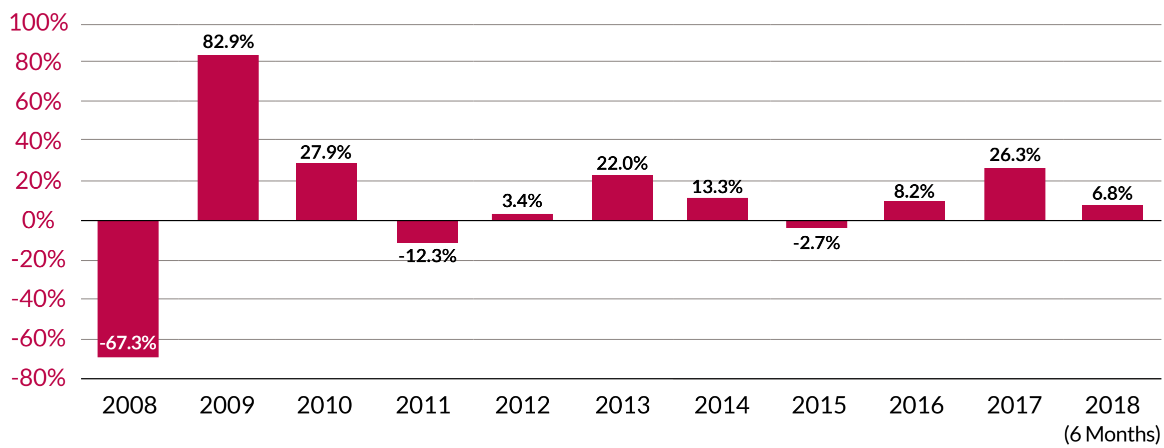
YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown, as well as the interim performance for the six months ended June 30, 2018, 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 financial period.

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.



SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

Top 25 Holdings			
Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
NVIDIA Corporation	Information Technology	5.6	4.7
Amazon.com, Inc.	Consumer Discretionary	5.2	4.4
Dollarama Inc.	Consumer Discretionary	4.9	4.1
Shopify Inc.	Information Technology	4.8	4.0
First Quantum Minerals Ltd.	Materials	4.7	3.9
Canada Goose Holdings Inc.	Consumer Discretionary	4.2	3.5
Franco-Nevada Corporation	Materials	4.1	3.4
Bank of Montreal	Financials	3.7	3.1
Canadian Pacific Railway Limited	Industrials	3.7	3.1
Mastercard Incorporated	Information Technology	3.6	3.0
Methanex Corporation	Materials	3.4	2.9
Norbord Inc.	Materials	3.3	2.8
Air Canada	Industrials	3.3	2.7
Royal Bank of Canada	Financials	3.3	2.7
Parex Resources Inc.	Energy	3.2	2.6
CCL Industries Inc.	Materials	2.9	2.4
Toronto-Dominion Bank	Financials	2.7	2.2
Canopy Growth Corporation	Health Care	2.6	2.2
Open Text Corporation	Information Technology	2.4	2.0
The Descartes Systems Group Inc.	Information Technology	2.3	1.9
WSP Global Inc.	Industrials	2.2	1.8
Enbridge Inc.	Energy	2.1	1.8
Rogers Communications Inc.	Telecommunication Services	2.1	1.8
Home Depot, Inc.	Consumer Discretionary	2.1	1.7
Hudbay Minerals Inc.	Materials	2.0	1.6
		84.4*	70.3
Total Net Asset Value* ($000's)			$745,302
Total Investment Portfolio* ($000's)			$892,059

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($148.9 million) in the form of preference shares and bank loan, other assets and other liabilities. The Total Investment Portfolio includes a payable on securities purchased, net of a receivable on securities sold of $0.5M.

Sector Allocation	% of Net Asset Value*	% of Investment Portfolio
Materials	24.7	20.6
Consumer Discretionary	22.1	18.5
Information Technology	21.5	17.9
Industrials	15.5	13.0
Energy	13.0	10.9
Financials	12.3	10.3
Health Care	3.7	3.0
Telecommunication Services	3.5	2.9
Real Estate	1.3	1.1
Cash & Cash Equivalents	1.2	1.0
Utilities	0.8	0.7
Consumer Staples	0.2	0.2

Asset Allocation	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	93.9	78.5
Foreign Equities	24.7	20.6
Cash & Cash Equivalents	1.2	1.0

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($148.9 million) in the form of preference shares and bank loan, other assets and other liabilities. The Total Investment Portfolio includes a payable on securities purchased, net of a receivable on securities sold of $0.5M.

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.

Interim Financial Report

June 30, 2018

The auditor of the Company has not reviewed this interim financial report.

Shareholders of the Company appoint an independent auditor to audit the Company's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Company's interim financial report, this must be disclosed in an accompanying notice.

Statements of Financial Position

As at June 30, 2018 (Unaudited) and December 31, 2017
(in thousands of Canadian dollars, except per share amounts)

	Note	June 30, 2018	December 31, 2017
Assets			
Current assets			
Investments	5	883,985	834,859
Cash		8,596	5,868
Receivable on securities sold		2,689	-
Interest and dividends receivable		992	793
HST receivable		131	98
Income taxes recoverable		2,057	-
Total assets		898,450	841,618
Liabilities			
Current liabilities			
Payable on securities purchased		3,212	-
Accounts payable and accrued liabilities	12	910	875
Accrued dividends on preference shares		116	123
Income taxes payable		-	391
Bank loan – current portion	6	74,936	-
Total current liabilities		79,174	1,389
Bank loan	6	-	74,902
Preference shares	7	73,974	73,887
		73,974	148,789
Total liabilities		153,148	150,178
Net assets		745,302	691,440
Equity			
Share capital	8	128,568	128,568
Retained earnings		616,734	562,872
Total equity		745,302	691,440
Net assets per common share		35.73	33.14

The notes on pages 19-32 are an integral part of the financial statements.

Statements of Comprehensive Income

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars, except per share amounts)

	Note	2018	2017
Income			
Net gains on investments			
Dividend income		6,905	6,326
Interest for distribution purposes		18	(137)
Net realized gain (loss) on sale of investments		(7,254)	12,077
Net change in unrealized gain on investments		67,325	15,302
Net gains on investments		66,994	33,568
Securities lending revenue	**13**	924	30
Total net income		67,918	33,598
Expenses			
Management fees	**12**	4,868	4,252
Dividends on preference shares		1,399	1,399
Interest and financing charges	**6,7**	973	964
Listing and regulatory costs		182	170
Directors' fees and expenses	**12**	119	103
Transaction costs on purchases and sales		94	76
Withholding taxes	**10**	63	57
Investor relations		57	80
Custodial fees		51	46
Audit fees		29	29
Independent review committee fees and expenses	**12**	23	10
Security holder reporting costs		12	9
Legal fees		12	15
Other		26	25
Total operating expenses		7,908	7,235
Investment income before income taxes		60,010	26,363
Refundable income tax recovery	**9**	(1,779)	(706)
Increase in net assets from operations		61,789	27,069
Increase in net assets from operations, per common share		2.96	1.30

The notes on pages 19-32 are an integral part of the financial statements.

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total
At December 31, 2016	128,568	455,076	583,644
Increase in net assets from operations	-	27,069	27,069
Dividends paid to common shareholders from net investment income	-	(7,510)	(7,510)
At June 30, 2017	128,568	474,635	603,203
At December 31, 2017	128,568	562,872	691,440
Increase in net assets from operations	-	61,789	61,789
Dividends paid to common shareholders from net investment income	-	(7,927)	(7,927)
At June 30, 2018	128,568	616,734	745,302

The notes on pages 19-32 are an integral part of the financial statements.

Statements of Cash Flows

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars)

	Note	2018	2017
Cash flows from operating activities			
Increase in net assets from operations		61,789	27,069
Adjustments for:			
Amortization of financing charge	**6, 7**	121	116
Net realized (gain) loss on sale of investments		7,254	(12,077)
Net change in unrealized gain on investments		(67,325)	(15,302)
Purchases of investments		(12,823)	(18,265)
Proceeds of disposition of investments		24,291	38,830
Dividends paid to preference shareholders		1,399	1,399
Interest and dividends receivable		(199)	108
HST receivable		(33)	-
Income taxes payable (recoverable)	**9**	(2,448)	905
Accounts payable and accrued liabilities		35	(57)
Net cash flows from operating activities		12,061	22,726
Cash flows from financing activities			
Dividends paid to common shareholders		(7,927)	(7,510)
Dividends paid to preference shareholders		(1,406)	(1,407)
Net cash flows used in financing activities		(9,333)	(8,917)
Net increase in cash		2,728	13,809
Cash at the beginning of the period		5,868	13,655
Cash at the end of the period		8,596	27,464
Items classified as operating activities			
Interest received		7	111
Dividends received, net of withholding taxes		6,776	6,302
Preference share dividends and interest paid	**6,7**	2,254	2,259
Income taxes paid (recovered) - net	**9**	670	(1,611)

The notes on pages 19-32 are an integral part of the financial statements.

Schedule of Investment Portfolio

As at June 30, 2018

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Consumer Discretionary (18.5%)		
	Auto Components		
145,000	Magna International Inc.	5,244	11,087
	Household Durables		
90,000	Installed Building Products, Inc.	8,474	6,691
	Internet & Direct Marketing Retail		
17,500	Amazon.com, Inc.	14,614	39,105
	Multiline Retail		
720,000	Dollarama Inc.	2,472	36,691
	Specialty Retail		
8,000	AutoZone, Inc.	4,864	7,056
60,000	Home Depot, Inc.	10,085	15,389
25,000	Ulta Beauty, Inc.	8,721	7,673
	Textiles, Apparel & Luxury Goods		
405,000	Canada Goose Holdings Inc.	9,876	31,315
265,000	Gildan Activewear Inc.	5,425	9,813
	Total Consumer Discretionary	69,775	164,820
	Consumer Staples (0.2%)		
	Food & Staples Retailing		
30,000	Alimentation Couche-Tard Inc., B SV	632	1,713
	Total Consumer Staples	632	1,713
	Energy (10.9%)		
	Energy Equipment & Services		
1,260,000	Secure Energy Services Inc.	10,396	9,148
	Oil, Gas & Consumable Fuels		
335,000	Enbridge Inc.	3,447	15,744
950,000	Parex Resources Inc.	11,085	23,579
140,000	Suncor Energy Inc.	5,382	7,490
220,000	Tourmaline Oil Corp.	7,446	5,168
226,000	TransCanada Corporation	6,260	12,855
245,000	Vermilion Energy Inc.	10,893	11,615
1,263,661	Whitecap Resources Inc.	11,827	11,259
	Total Energy	66,736	96,858

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Financials (10.3%)		
	Banks		
275,000	Bank of Montreal	10,640	27,945
245,000	Royal Bank of Canada	10,191	24,253
260,000	Toronto-Dominion Bank	5,599	19,783
	Capital Markets		
76,900	Economic Investment Trust Limited	3,851	8,689
	Thrifts & Mortgage Finance		
254,500	Genworth MI Canada Inc.	5,141	10,888
	Total Financials	35,422	91,558
	Health Care (3.0%)		
	Pharmaceuticals		
675,000	Aphria Inc.	9,330	8,012
500,000	Canopy Growth Corporation	7,143	19,210
	Total Health Care	16,473	27,222
	Industrials (13.0%)		
	Airlines		
1,150,000	Air Canada	5,923	24,437
	Building Products		
145,000	Masco Corporation	6,590	7,133
	Construction & Engineering		
235,000	WSP Global Inc.	10,389	16,267
	Marine		
332,000	Algoma Central Corporation	2,555	4,920
	Road & Rail		
115,000	Canadian Pacific Railway Limited	6,352	27,706
350,000	TFI International Inc.	5,029	14,193
	Trading Companies & Distributors		
375,000	Russel Metals Inc.	3,243	10,076
100,000	SiteOne Landscape Supply, Inc.	8,233	11,039
	Total Industrials	48,314	115,771

The notes on pages 19-32 are an integral part of the financial statements.

Schedule of Investment Portfolio

As at June 30, 2018

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Information Technology (17.9%)		
	IT Services		
105,000	Mastercard Incorporated, A	7,360	27,126
80,000	Square, Inc.	6,840	6,483
	Semiconductors & Semiconductor Equipment		
135,000	NVIDIA Corporation	9,513	42,043
	Software		
400,000	The Descartes Systems Group Inc.	10,317	17,132
380,000	Open Text Corporation	5,661	17,583
	Software & Services		
185,000	Shopify Inc.	9,783	35,465
	Technology Hardware, Storage & Peripherals		
58,000	Apple Inc.	2,198	14,114
	Total Information Technology	51,672	159,946
	Materials (20.6%)		
	Chemicals		
275,000	Methanex Corporation	7,109	25,564
	Containers and Packaging		
330,000	CCL Industries Inc., B NV	9,114	21,268
500,000	IPL Plastics Inc.	6,750	6,675
	Metals & Mining		
1,800,000	First Quantum Minerals Ltd.	11,566	34,866
315,000	Franco-Nevada Corporation	14,401	30,224
2,000,000	HudBay Minerals Inc.	11,199	14,660
1,200,000	Lundin Mining Corporation	8,182	8,772
525,000	Tahoe Resources Inc.	7,827	3,397
410,000	Teck Resources Limited, B SV	12,327	13,731
	Paper & Forest Products		
460,000	Norbord Inc.	11,919	24,868
	Total Materials	100,394	184,025

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Real Estate (1.1%)		
4,000,000	**Real Estate Management & Development**		
	StorageVault Canada Inc.	10,600	9,880
	Total Real Estate	10,600	9,880
	Telecommunication Services (2.9%)		
	Diversified Telecommunication Services		
220,000	TELUS Corporation	6,057	10,274
	Wireless Telecommunication Services		
250,000	Rogers Communications Inc., B NV	3,505	15,610
	Total Telecommunication Services	9,562	25,884
	Utilities (0.7%)		
	Multi-Utilities		
190,000	Canadian Utilities Limited, A NV	2,140	6,308
	Total Utilities	2,140	6,308
	Transaction costs	(638)	-
	Total investments (99.1%)	411,082	883,985
	Cash (1.0%)		8,596
	Receivables on securities sold (0.3%)		2,689
	Payable on securities purchased (-0.4%)		(3,212)
	Investment portfolio (100.0%)		892,058

NV: non-voting

SV: subordinate voting

The notes on pages 19-32 are an integral part of the financial statements.

Notes to the Financial Statements

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 July 18, 2018.

2 BASIS OF PRESENTATION

The Company's interim financial statements for the six months ended June 30, 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS), including the application of International Accounting Standard 34 *Interim Financial Reporting*, and follow the same accounting policies and methods of computation as the most recent annual financial statements.

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 New standards adopted by the Company

Effective January 1, 2018, the Company adopted *IFRS 9 Financial instruments*, which replaces *IAS 39, Financial Instruments: Recognition and Measurement*. The impact of the adoption of the new accounting policy is disclosed in note 3.2. The adoption of IFRS 9 has been applied retrospectively and did not result in a change to the classification or measurement of financial instruments, in either the current or prior periods.

3.2 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. Prior to the adoption of IFRS 9, the Company's investments were designated at fair value through profit or loss (FVTPL). On adoption of IFRS 9 the securities are mandatorily classified as FVTPL. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company and the Manager are primarily focussed on fair value information and use that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

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.

3.3 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.

3.4 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.

3.5 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.

3.6 Cash

Cash is comprised of demand deposits with reputable financial institutions.

3.7 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.

3.8 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.

3.9 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.

3.10 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 classified at FVTPL. As at June 30, 2018 and December 31, 2017, the Company has no subsidiaries.

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.

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 June 30, 2018 and December 31, 2017. As at June 30, 2018 and December 31, 2017, 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 June 30, 2018 the ratio was 5.95 times (December 31, 2017 – 5.60 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 the period ended June 30, 2018 and the year ended December 31, 2017.

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 June 30, 2018 or December 31, 2017.

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.

As at June 30, 2018, all financial liabilities of the Company, except for the Class A preference shares, Series 4, fall due within twelve months. At as December 31, 2017, all financial liabilities of the Company, except for the Class A preference shares, Series 4, and bank loan 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 June 30, 2018 and December 31, 2017, 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 June 30, 2018, the Company's investment portfolio had a 20.6% (December 31, 2017 – 17.9%) weighting in U.S. dollars. As at June 30, 2018, 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 $9,193,000 or approximately 1.2% (December 31, 2017 - $7,536,000 or approximately 1.1%).

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 June 30, 2018, 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 $44,199,000 or approximately 5.9% (December 31, 2017 - $41,743,000 or approximately 6.0%).

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:

Industry sector	June 30, 2018	December 31, 2017
Materials	20.6%	21.1%
Consumer Discretionary	18.5%	16.3%
Information Technology	17.9%	12.9%
Industrials	13.0%	13.7%
Energy	10.9%	13.1%
Financials	10.3%	13.3%
Health Care	3.0%	2.8%
Telecommunication Services	2.9%	3.2%
Real Estate	1.1%	1.2%
Cash	1.0%	0.7%
Utilities	0.7%	0.8%
Consumer Staples	0.2%	0.9%
Receivable on securities sold	0.3%	0.0%
Payable on securities purchased	(0.4%)	0.0%
	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.

5.2 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 2018 and 2017 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 the period ended June 30, 2018 and the year ended December 31, 2017.

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 June 30, 2018				
Financial assets at FVTPL:				
Investments	883,985	-	-	883,985
As at December 31, 2017				
Financial assets at FVTPL:				
Investments	834,859	-	-	834,859

During the six months ended June 30, 2018 and the year ended December 31, 2017, 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 June 30, 2018 and December 31, 2017.

Bank loan consists of the following:

	June 30, 2018	December 31, 2017
Secured, non-revolving, 2.28%, three-year fixed rate credit facility, maturing June 9, 2019	75,000	75,000
Less: Unamortized debt issue costs	64	98
	74,936	74,902

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	June 30, 2018 Number of shares	December 31, 2017 Number of shares	Stated amount per share $	Cumulative annual dividend rate %	Date of issue	June 30, 2018 Amount $ (In thousands)	December 31, 2017 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 $852,000 (December 31, 2017 - $765,000))						1,026	1,113
						73,974	73,887

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 June 30, 2018, the Company declared a quarterly dividend of $0.23438 per share payable on September 15, 2018 to Series 4 shareholders of record at the close of business on August 31, 2018.

8 SHARE CAPITAL

Common shares

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2018, there are 20,861,141 (December 31, 2017 - 20,861,141) common shares issued and outstanding with no par value.

Subsequent to June 30, 2018, the Company declared a quarterly dividend of $0.19 per share payable on September 15, 2018 to common shareholders of record at the close of business on August 31, 2018.

9 INCOME TAXES

As at June 30, 2018, the Company had no federal refundable capital gains taxes on hand (December 31, 2017 - $391,000, which are refundable on payment of capital gains dividends of approximately $2.8 million) and Ontario refundable capital gains taxes on hand of approximately $282,000 (December 31, 2017 - $712,000), which are refundable on payment of capital gains dividends of approximately $4.9 million (December 31, 2017 - $12.4 million).

As at June 30, 2018, the Company has approximately $1,351,000 (December 31, 2017 - $nil) in unused non-capital losses for tax purposes, which can be used to offset income taxes otherwise payable in future years. These losses expire in 2038.

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 $187,000 of refundable dividend tax on hand as at June 30, 2018 (December 31, 2017 - $1,067,000).

The Company's refundable income tax recovery during the period is determined as follows:

(in thousands of dollars)	2018	2017
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%	23,704	10,413
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(2,562)	(2,344)
Dividends on preference shares	552	552
Net change in unrealized gain	(26,594)	(6,044)
Non-taxable portion of net realized gains (losses)	1,993	(4,770)
Decrease in refundable dividend tax on hand	(906)	(649)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	3	(57)
Non-recoverable taxes on taxable losss	2,031	2,193
Refundable income tax recovery	(1,779)	(706)

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 six months ended June 30, 2018, the average withholding tax rate paid by the Company was 15.0% (December 31, 2017 - 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	Financial assets at amortized cost	Total
June 30, 2018			
Cash	-	8,596	8,596
Investments	883,985	-	883,985
Interest and dividends receivable	-	992	992
	883,985	9,588	893,573
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

All gains and/or losses recorded on the statement of comprehensive income relate to investments measured 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 July 18, 2018. 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 six months ended June 30, 2018 $4,819,000 (2017 - $4,232,000) was paid to the Manager with $841,000 accrued and included in accounts payable and accrued liabilities as at June 30, 2018 (December 31, 2017 - $792,000).

Dividends

As a result of its ownership position in the Company, during the six months ended June 30, 2018, Third Canadian received dividends from net investment income of $2,899,000 (2017 - $2,747,000).

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 six months ended June 30, 2018, the independent directors of the Company received directors' fees aggregating $107,000 (2017 - $91,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the six months ended June 30, 2018, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating $22,000 (2017 - $10,000).

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.

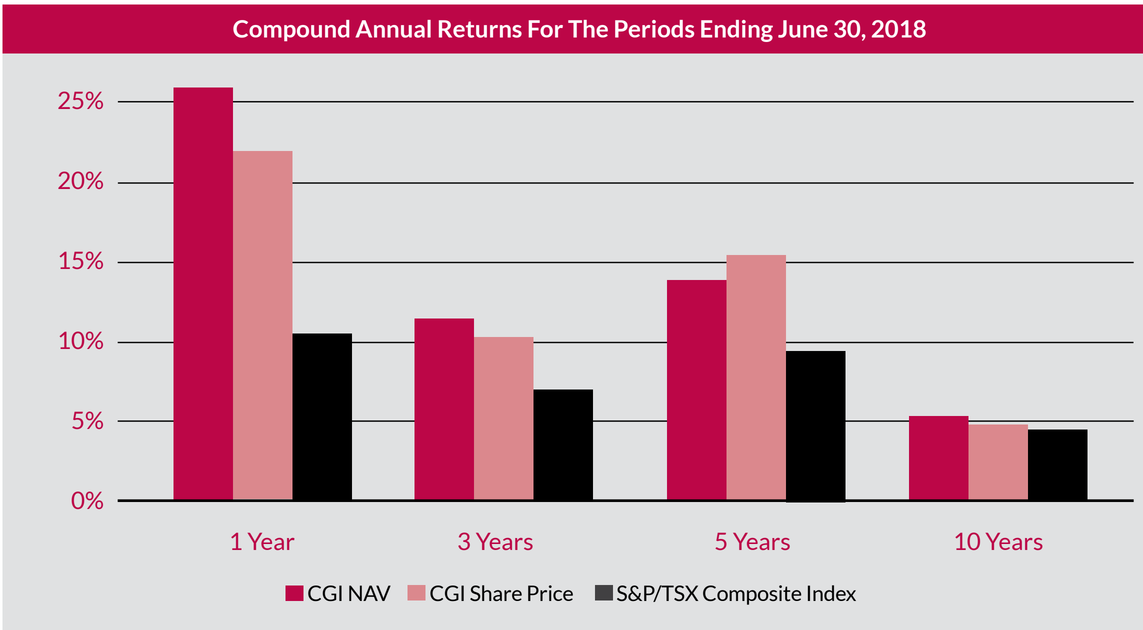
At June 30, 2018, the Company had loaned securities with a fair value of $106,260,000 (December 31, 2017 - $82,606,000) and the custodian held collateral of $114,192,000 (December 31, 2017 - $87,472,000). This collateral is not reflected in the statements of financial position and consisted of the following:

	June 30, 2018	December 31, 2017
Securities lending collateral		
Federal government debt securities	26.1%	37.8%
Provincial government debt securities	66.9%	54.6%
U.S. government debt securities	6.3%	7.6%
Foreign government debt securities	0.7%	0.0%
	100.0%	100.0%

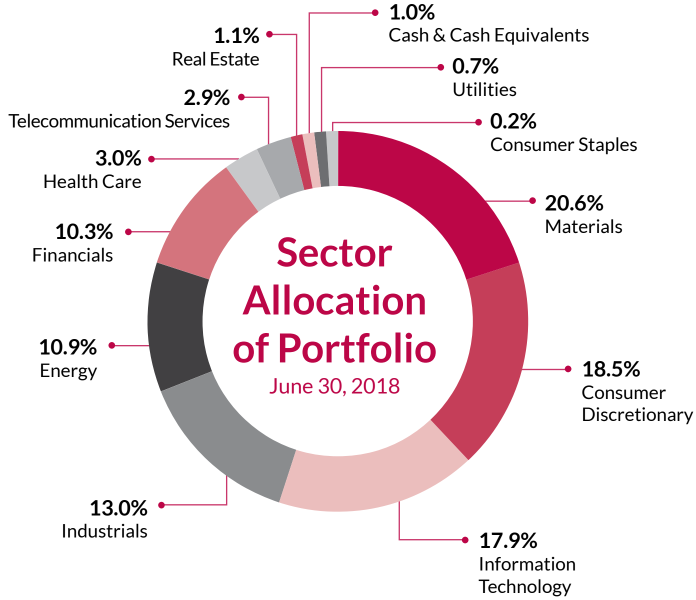
A reconciliation of the gross earnings from securities lending to the net earnings from securities lending is as follows:

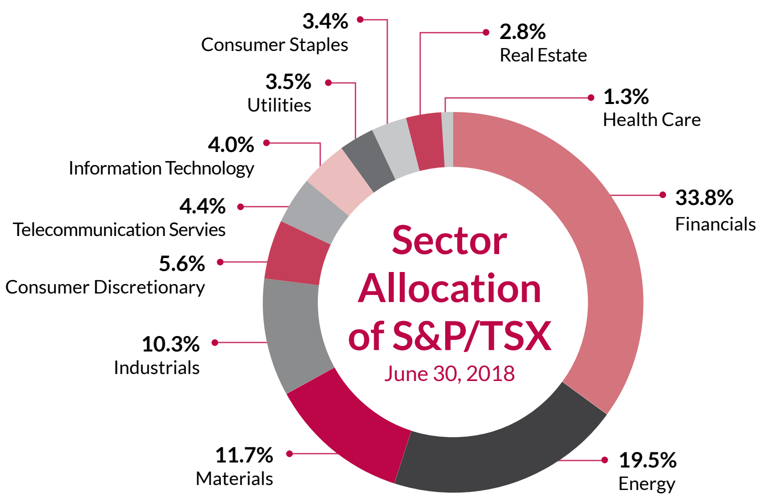
(in thousands of dollars)	June 30, 2018		June 30, 2017	
Gross securities lending earnings	1,640	100.0%	55	100.0%
Fees	(623)	(38.0%)	(20)	(36.8%)
Withholding taxes	(93)	(5.7%)	(5)	(8.0%)
Net securities lending earnings	924	56.3%	30	55.2%

Additional Charts



Additional Charts





U.K. SHAREHOLDER INFORMATION

Stockdale Securities Limited are the Company's official stockbrokers in the United Kingdom. They can be contacted for market-making and share trading on the London Stock Exchange. They can be reached at:

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DIVIDENDS AND WITHHOLDING TAX

CGI pays two types of dividends to common shareholders: regular (taxable) dividends and capital gains dividends. At present, for dividend payments to U.K. shareholders, regular dividends are generally subject to withholding tax of 15%, whereas capital gains dividends are not subject to any withholding tax.

Managed by:

MORGAN MEIGHEN & ASSOCIATES Investment Management

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