Focussed on Canada

CGI CANADIAN GENERAL INVESTMENTS, LIMITED

2019 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 17, 2019.

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.

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 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

Equity markets underwent a transformation in the first half of 2019 and staged a remarkable, symmetric rebound from the rapid and devastating downturn experienced in the last three months of 2018. Many of the major global markets, including the Canadian S&P/TSX Composite Index (S&P/TSX), fully recovered their losses sustained during that difficult period and are now, once again, approaching all-time highs. This display of volatility has been, at times, perplexing but clearly a reflection of quickly changing sentiment and nervousness on the part of investors who have been held hostage to a mix of valuation and economic concerns in an uncertain environment.

In the Canadian market context, it has been encouraging that positive returns have been available in all of the index sectors and have been broadly diverse. This constructive backdrop usually assists Canadian General Investments, Limited (CGI or the Company) in delivering returns to its shareholders, many of whom use CGI as a proxy to obtain quite broad, managed exposure to the Canadian equity market boosted by a small number of U.S. names, always maintaining a diversified portfolio. CGI has captured a good share of winners in the first half of 2019 and outperformed its benchmark by a wide margin. Net asset value per share (NAV) return, with dividends reinvested, was 26.5% compared to the S&P/TSX total return of 16.2%.

Although all sectors had positive returns, the range was quite wide and varied from Communications Services at 7.4% to Information Technology at 43.0%. There was also quite a range at the individual stock level where more than half had price returns below the S&P/TSX average and, surprisingly, about 20% were negative. To achieve outperformance, it was important to consider macro and micro elements in combination. Good choices allowed the portfolio to outperform the fairly high bar set by the benchmark. Being cognizant of all factors enhances CGI's bottom-up focus. This was illustrated in its first half results.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at June 30, 2019, compared with year end 2018, 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, 2019 the portfolio was overweight Consumer Discretionary, Industrials, Information Technology and Materials, and significantly underweight Financials, as compared to the sector weightings in the S&P/TSX.

	CGI		S&P/TSX	
SECTOR	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Information Technology	23.2%	16.9%	5.1%	4.0%
Industrials	17.0%	13.4%	11.4%	10.8%
Materials	15.1%	17.4%	11.0%	11.3%
Consumer Discretionary	13.5%	14.3%	4.2%	4.3%
Financials	9.9%	11.0%	32.0%	32.9%

The changes in CGI's sector weightings were primarily related to the performance of the individual securities within the sectors, as well as purchases made during the six months.

In reference to the macro level, CGI was fairly well positioned with overweight holdings in the top three performing index sectors (Information Technology, Health Care and Industrials) and underweight the bottom five sectors (Communication Services, Energy, Consumer Staples, Financials and Real Estate). On the micro level, a diverse mix of investments had varied results. Weighing on overall returns were some past winners that recently reversed course including Canada Goose Holdings Inc. (-15.1%), Norbord Inc. (-8.4%), Methanex Corporation (-8.1%) and Rogers Communications Inc. (1.6%). All of these experienced some downward pressures but remain in the portfolio on expectations they have recovery potential. Major contributors and top performers with gains in excess of 40% year to date included Shopify Inc., Air Canada, Dollarama Inc. and Lightspeed POS Inc.

A CGI characteristic in the last few years has been low portfolio turnover. Considered by some to be suited to the closed-end fund structure, low turnover also speaks to the investment strategy of attractive, and sometimes quite early, opportunities for a potential investment horizon measured in years rather than weeks or months. Somewhat in defiance of the rapid-fire mentality applied by investors today, CGI's long-term performance record provides support that, if applied appropriately, the steady and consistent long-term approach has been a winning formula for shareholders. Another strategy is for CGI usually to be fully invested. This is intended to overcome the negative results that appear to occur when investors attempt to frequently trade and time equity markets. Recent evidence of the successful application of this theory was when CGI patiently stayed the course through that trying latter part of 2018 and then being rewarded with the strong performance rebound this year.

Although quite minimal, trading activity in the first half of the year had a bias to purchases. Only one sale was made in this period, a remnant of a holding in Tahoe Resources Inc., reduced in size in past years and the small, remaining piece was finally sold into the market rather than tendering to the Pan American Silver takeout offer of cash and stock. It was a disappointing end for a holding that had shown great promise earlier with a proven management team and an extraordinary mine in Guatemala. It was crippled when it could not overcome the repercussions from one of the greatest perils in the global mining industry, that of geopolitical and country risk. On the buy side, a few new positions will be highlighted: Canadian National Railway Company (CNR) augments CGI's exposure to the favourable economic environment currently being experienced in North America. Dependant on trading patterns, of course, a resolution to international trade issues could improve business conditions for the company. CNR has a well placed network with exposure to both Canadian coasts and down the mid-U.S. region through to the Gulf of Mexico. The company has continued to focus on reducing its operating ratio and is expected to show double-digit EPS growth potential. Another key addition was Waste Connections, Inc. It is the third-largest waste management company in North America and provides CGI with another way to gain additional exposure to the strong U.S. economy. It has a unique integration model, is somewhat recession resistant, grows both organically and through acquisition and has leading margins in the industry. CGI also participated in the IPO of Lightspeed POS Inc. It is a scalable, cloud-based point-of-sale software platform initially targeted at small and medium brick and mortar businesses but expandable to e-commerce and offering end-to-end business processes. It has a high level of recurring revenue and has huge growth potential in its large addressable market. To complete the list, Aurora Cannabis Inc., Medipharm Labs Corp., Pluralsight Inc. and Roper Technologies Inc. were the other additions to the portfolio in the first half of this year.

Dividend and interest income was $7,262,000 for the six months, up 4.9% from 2018. Management fees, dividends on preference shares and interest and financing charges are the largest expenses of the Company. Management fees increased by 2.4% to $4,986,000, as a result of higher average monthly portfolio values compared to 2018. The dividends on preference shares were flat. Interest and financing charges increased 7.7%, as a result of the Company having borrowed an additional $25 million, as well as borrowings carrying a higher interest rate (2.80% versus 2.28%), since early June 2019, as described below.

Leverage

On June 5, 2019, CGI entered into an amended and restated credit agreement for a $100 million one-year non-revolving credit facility. Amounts may be borrowed under this secured facility through prime rate loans, which bear interest at the greater of the bank's prime rate and the Canadian Deposit Offered Rate (CDOR) plus 1.00% per annum, or bankers' acceptances, which bear interest at the CDOR plus 0.75% per annum. This facility has an evergreen feature, which allows the Company continued use of the facility indefinitely beyond the initial one-year term, provided the bank has not given CGI one-year's notice that it is terminating the facility. As at June 30, 2019, the Company has not received such notice.

The amended and restated credit agreement has the effect of extending the maturity date and increasing the credit limit on the $75 million three-year fixed-rate credit facility that was scheduled to mature on June 6, 2019. The additional $25 million (face amount) was drawn down on June 5, resulting in the full $100 million facility being drawn at June 30, 2019, with bank borrowing representing 13.3% of CGI's net assets (December 31, 2018 – 12.5%).

The borrowed money continues to be used to increase the size of the portfolio as part of a leverage strategy in an effort to enhance returns to common shareholders. The new 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 an asset coverage restriction requiring that net assets divided by the principal amount of the bank loan be greater than 3.0 times. The Company was in compliance with the covenant during the period ended June 30, 2019 and the year ended December 31, 2018.

In addition to the $100 million credit facility (December 31, 2018 – $75 million), CGI also has outstanding $75 million 3.75% cumulative, redeemable Class A preference shares, Series 4, which become redeemable, at par, to the Series 4 shareholders on or after June 15, 2023 (December 31, 2018 – $75 million).

Both the cash borrowing and the preference shares act as leverage to common shareholders. As at June 30, 2019, the combined leverage represented 23.2% of CGI's net assets (December 31, 2018 – 24.8%). In the six month periods ended June 30, 2019 and June 30, 2018, this leverage served to increase the effect of overall positive portfolio returns, positively impacting CGI's NAV return.

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, 2019, there was a net recoverable related to tax of $2,352,000, compared to a net recoverable of $1,779,000 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, 2019, the Company had no federal refundable capital gains taxes on hand (December 31, 2018 – $758,000, which are refundable on payment of capital gains dividends of approximately $5.4 million) and Ontario refundable capital gains taxes on hand of approximately $121,000 (December 31, 2018 – $903,000), which are refundable on payment of capital gains dividends of approximately $2.1 million (December 31, 2018 – $15.7 million). The Company has refundable dividend tax on hand of approximately $46,000 as at June 30, 2019 (December 31, 2018 – $1,316,000), which is refundable on the payment of taxable dividends. As at June 30, 2019, the Company has approximately $4.8 million (December 31, 2018 – $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 2039.

Recent Developments

Outlook

About the only forward-looking comment that could be made at this time, unfortunately is that the future is beset with uncertainty. Many of the markets' influential and overriding concerns have been around for a while now and still remain unresolved.

In the case of NAFTA (USMCA), even though the successful conclusion of negotiations for the next version provided some relief in the North American context, the approval process required to pass it into law keeps getting extended and opens up the possibility of renewed political involvement before the United States and Canada can finalize the agreement. Fortunately, one of the participants, Mexico, has taken the lead and has passed the document into law. But until it's over, it's not over and, although relegated to the backburner for now, this issue remains in play as a low probability disruptor.

As the Brexit issue keeps getting pushed further along the calendar, it remains a mystery. It has thrown the U.K. political scene into turmoil which adds uncertainty and though distant and indirectly connected to North America, Brexit has the potential to impact all markets.

However, the overwhelming cloud over stock markets for months has been trade tensions between China and the United States. Indeed, after months of seemingly productive advancements towards something, meetings were abruptly halted, additional and retaliatory tariffs were put in place and a ratcheting up of threats and hostilities ensued. Investors were hoping that meetings between the two countries' leaders at the G-20 at the end of June could restart negotiations and begin to relieve some of the fallout that had arisen as a result of the trade-war and arrest further deterioration. Fortunately, an announcement by China and the U.S. at the event that, at least for now, a cease-fire agreement had been agreed to and the stalled trade talks would resume. Once again, financial markets were calmed short term, but doubts persist about the two nations' willingness to compromise on a long-term solution.

Markets have absorbed many of the negative issues quite well, having shown great resilience in spite of these trade tensions and a slowing global economy. Perhaps investors have so far been encouraged with a supportive low interest rate environment and retain hope that those who are in positions of responsibility are committed and determined to remedy the outstanding ailments before there is an acceleration of further economic damage on the global scene.

As a participant, CGI can be affected by all of these market gyrations and will likely follow general overall trends, particularly in the short term. In spite of the inevitable ups and downs, the Manager remains committed to finding and holding suitable productive investments in its pursuit of value creation for CGI's shareholders.

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, 2018 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, during the six months ended June 30, 2019, Third Canadian received dividends from net investment income of $3,052,000 (2018 – $2,899,000).

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, 2019 and the prior five financial years.

The Company's Net Assets per Share (1)

	6 months ended June 30, 2019	2018	2017	2016	2015	2014
Net assets - beginning of year	$28.87	$33.14	$27.98	$24.38	$27.05	$25.65
Increase (decrease) from operations						
Total revenue	0.41	0.82	0.64	0.65	0.61	0.65
Total expenses (excluding common share dividends)	(0.39)	(0.74)	(0.70)	(0.67)	(0.71)	(0.74)
Realized gains (losses) for the year	(0.27)	1.36	1.73	0.90	1.49	1.20
Unrealized gains (losses) for the year	7.76	(4.91)	4.27	3.40	(3.26)	1.05
Refundable income tax refund (expense)	0.11	(0.04)	(0.02)	0.08	(0.04)	-
Total increase (decrease) from operations(2)	7.62	(3.51)	5.92	4.36	(1.91)	2.16
Dividends paid to common shareholders						
Taxable dividends	(0.40)	(0.57)	(0.36)	(0.48)	(0.28)	(0.24)
Capital gains dividends	-	(0.19)	(0.40)	(0.28)	(0.48)	(0.52)
Total dividends(3)	(0.40)	(0.76)	(0.76)	(0.76)	(0.76)	(0.76)
Net assets - end of period(4)	$36.09	$28.87	$33.14	$27.98	$24.38	$27.05

(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, 2019	2018	2017	2016	2015	2014
Total net asset value (000's) (1)	$752,955	$602,163	$691,440	$583,644	$508,528	$564,382
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)	2.24%	2.15%	2.31%	2.66%	2.63%	2.63%
Trading expense ratio (4) (6)	0.04%	0.03%	0.04%	0.12%	0.08%	0.07%
Portfolio turnover rate (5)	0.30%	2.31%	10.36%	21.45%	16.37%	13.11%
Net asset value per share (1)	$36.09	$28.87	$33.14	$27.98	$24.38	$27.05
Closing market price (1)	$25.30	$20.51	$23.73	$19.45	$18.75	$20.05

(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: 2019 (to June 30, annualized) – 1.56%, 2018 – 1.48%, 2017 – 1.54%, 2016 – 1.65%, 2015 – 1.57%, 2014 – 1.58%.

(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, 2019 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.

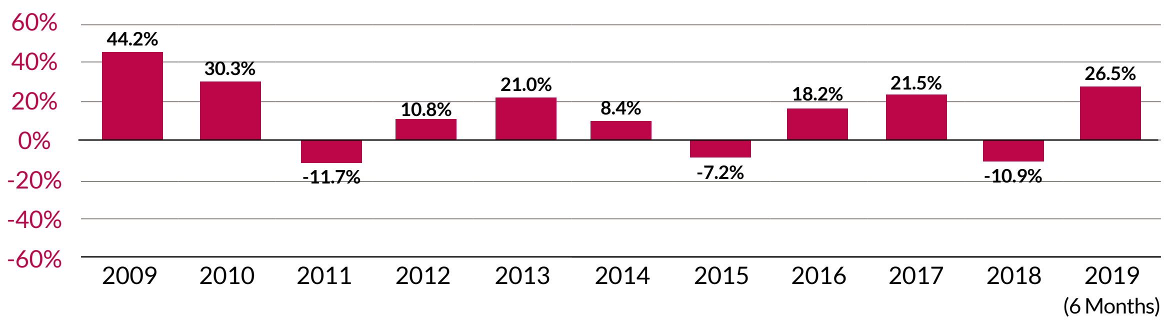
Past Performance

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.

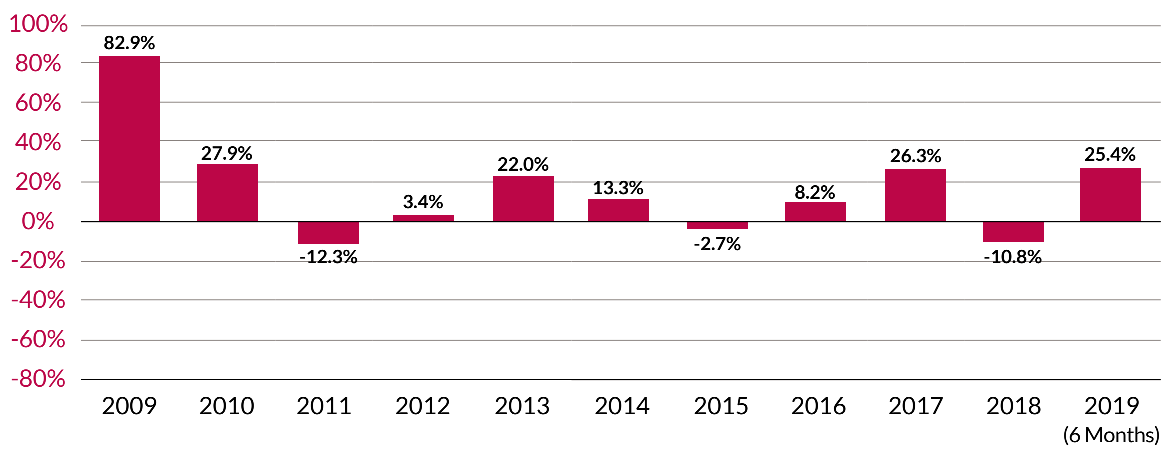
Year-by-Year Returns

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, 2019, 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, 2019

Top 25 Holdings

Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
Shopify Inc.	Information Technology	9.1	7.5
Air Canada	Industrials	5.5	4.5
Mastercard Incorporated	Information Technology	4.8	3.9
Canadian Pacific Railway Limited	Industrials	4.7	3.8
Franco-Nevada Corporation	Materials	4.3	3.5
Amazon.com, Inc.	Consumer Discretionary	3.8	3.1
Bank of Montreal	Financials	3.6	2.9
Royal Bank of Canada	Financials	3.4	2.8
Cash	Cash & Cash Equivalents	3.2	2.6
First Quantum Minerals Ltd.	Materials	3.0	2.4
Canopy Growth Corporation	Health Care	2.9	2.4
Parex Resources Inc.	Energy	2.7	2.2
Toronto-Dominion Bank	Financials	2.6	2.2
The Descartes Systems Group Inc.	Information Technology	2.6	2.1
NVIDIA Corporation	Information Technology	2.6	2.1
Open Text Corporation	Information Technology	2.4	1.9
Rogers Communications Inc.	Communication Services	2.3	1.9
Canada Goose Holdings Inc.	Consumer Discretionary	2.3	1.9
Lightspeed POS Inc.	Information Technology	2.3	1.9
Dollarama Inc.	Consumer Discretionary	2.3	1.8
WSP Global Inc.	Industrials	2.2	1.8
Methanex Corporation	Materials	2.2	1.8
Home Depot, Inc.	Consumer Discretionary	2.2	1.8
CCL Industries Inc.	Materials	2.0	1.7
Apple Inc.	Information Technology	2.0	1.6
		81.0*	66.1
Total Net Asset Value* ($000's)			$752,955
Total Investment Portfolio* ($000's)			$923,222

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($172.6 million) in the form of preference shares and bank loan, other assets and other liabilities.

Sector Allocation	% of Net Asset Value*	% of Investment Portfolio
Information Technology	28.4	23.2
Industrials	20.9	17.0
Materials	18.5	15.1
Consumer Discretionary	16.6	13.5
Financials	12.1	9.9
Energy	10.4	8.5
Health Care	6.3	5.1
Communication Services	3.8	3.1
Cash & Cash Equivalents	3.2	2.6
Real Estate	1.5	1.2
Utilities	0.9	0.8

Asset Allocation	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	96.3	78.5
Foreign Equities	23.1	18.9
Cash & Cash Equivalents	3.2	2.6

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($172.6 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.

Independent Auditor's Report

June 30, 2019

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.

As at June 30, 2019 (Unaudited) and December 31, 2018
(in thousands of Canadian dollars, except per share amounts)

	Note	June 30, 2019	December 31, 2018
Assets			
Current assets			
Investments	5	898,810	682,153
Cash		24,412	69,510
Interest and dividends receivable		1,151	851
Other assets		183	301
Income taxes recoverable		2,422	-
Total assets		926,978	752,815
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	1,269	896
Accrued dividends on preference shares		116	123
Income taxes payable		-	590
Bank loan – current portion	6	-	74,971
Total current liabilities		1,385	76,580
Bank loan	6	98,476	-
Preference shares	7	74,162	74,072
		172,638	74,072
Total liabilities		174,023	150,652
Net assets		752,955	602,163
Equity			
Share capital	8	128,568	128,568
Retained earnings		624,387	473,595
Total equity		752,955	602,163
Net assets per common share		36.09	28.87

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income

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

	Note	2019	2018
Income			
Net gains on investments			
Dividend income		7,209	6,905
Interest for distribution purposes		53	18
Net realized loss on sale of investments		(5,426)	(7,254)
Net change in unrealized gain on investments		161,848	67,325
Net gains on investments		163,684	66,994
Securities lending revenue	**13**	1,359	924
Total net income		165,043	67,918
Expenses			
Management fees	**12**	4,986	4,868
Dividends on preference shares	**7**	1,399	1,399
Interest and financing charges	**6,7**	1,048	973
Listing and regulatory costs		179	182
Directors' fees and expenses	**12**	121	119
Transaction costs on purchases and sales		120	94
Legal fees		95	12
Withholding taxes	**10**	70	63
Investor relations		55	57
Custodial fees		49	51
Audit fees		30	29
Security holder reporting costs		21	12
Independent review committee fees and expenses	**12**	17	23
Other		70	26
Total operating expenses		8,260	7,908
Investment income before income taxes		156,783	60,010
Refundable income tax recovery	**9**	(2,352)	(1,779)
Increase in net assets from operations		159,135	61,789
Increase in net assets from operations, per common share		7.63	2.96

The accompanying notes are an integral part of these financial statements.

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

	Share Capital	Retained Earnings	Total
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
At December 31, 2018	128,568	473,595	602,163
Increase in net assets from operations	-	159,135	159,135
Dividends paid to common shareholders from net investment income	-	(8,343)	(8,343)
At June 30, 2019	128,568	624,387	752,955

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

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

	Note	2019	2018
Cash flows from (used in) operating activities			
Increase in net assets from operations		159,135	61,789
Adjustments for:			
Amortization of financing charge	**6, 7**	127	121
Net realized loss on sale of investments		5,426	7,254
Net change in unrealized gain on investments		(161,848)	(67,325)
Purchases of investments		(62,596)	(12,823)
Proceeds of disposition of investments		2,361	24,291
Interest on bank loan		910	853
Dividends paid to preference shareholders		1,399	1,399
Interest and dividends receivable		(300)	(199)
Other assets		118	(33)
Income taxes recoverable/payable	**9**	(3,012)	(2,448)
Accounts payable and accrued liabilities		144	35
Net cash flows from (used in) operating activities		(58,136)	12,914
Cash flows from (used in) financing activities			
Proceeds from bank loan (net of financing cost)		23,518	-
Interest on bank loan		(731)	(853)
Dividends paid to common shareholders		(8,343)	(7,927)
Dividends paid to preference shareholders		(1,406)	(1,406)
Net cash flows from (used in) financing activities		13,038	(10,186)
Net increase (decrease) in cash		(45,098)	2,728
Cash at the beginning of the period		69,510	5,868
Cash at the end of the period		24,412	8,596
Items classified as operating activities			
Interest received		53	7
Dividends received, net of withholding taxes		6,965	6,776
Preference share dividends and interest paid	**6,7**	2,137	2,254
Income taxes paid - net	**9**	662	670

The accompanying notes are an integral part of these financial statements.

As at June 30, 2019

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Communication Services (3.1%)		
	Diversified Telecommunication Services		
220,000	TELUS Corporation	6,057	10,650
	Wireless Telecommunication Services		
250,000	Rogers Communications Inc., B NV	3,505	17,525
	Total Communication Services	9,562	28,175
	Consumer Discretionary (13.5%)		
	Auto Components		
145,000	Magna International Inc.	5,244	9,448
	Internet & Direct Marketing		
11,500	**Retail**		
	Amazon.com, Inc.	9,604	28,495
370,000	**Multiline Retail**		
	Dollarama Inc.	1,271	17,046
8,000	**Specialty Retail**		
60,000	AutoZone, Inc.	4,864	11,509
25,000	Home Depot, Inc.	10,085	16,328
	Ulta Beauty, Inc.	8,721	11,348
345,000	**Textiles, Apparel & Luxury Goods**		
265,000	Canada Goose Holdings Inc.	8,412	17,488
	Gildan Activewear Inc.	5,425	13,430
	Total Consumer Discretionary	53,626	125,092
	Energy (8.5%)		
	Energy Equipment & Services		
1,260,000	Secure Energy Services Inc.	10,396	8,996
	Oil, Gas & Consumable Fuels		
275,000	Enbridge Inc.	2,830	13,007
950,000	Parex Resources Inc.	11,085	19,960
140,000	Suncor Energy Inc.	5,382	5,719
226,000	TC Energy Corporation	6,260	14,672
220,000	Tourmaline Oil Corp.	7,446	3,670
245,000	Vermilion Energy Inc.	10,893	6,970
1,263,661	Whitecap Resources Inc.	11,827	5,371
	Total Energy	66,119	78,365

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Financials (9.9%)		
	Banks		
275,000	Bank of Montreal	10,640	27,202
245,000	Royal Bank of Canada	10,191	25,497
260,000	Toronto-Dominion Bank	5,599	19,895
	Capital Markets		
76,900	Economic Investment Trust Limited	3,851	8,147
	Thrifts & Mortgage Finance		
254,500	Genworth MI Canada Inc.	5,141	10,546
	Total Financials	35,422	91,287
	Health Care (5.1%)		
	Pharmaceuticals		
675,000	Aphria Inc.	9,330	6,217
1,200,000	Aurora Cannabis Inc.	10,965	12,312
420,000	Canopy Growth Corporation	6,000	22,205
1,300,000	MediPharm Labs Corp.	6,804	6,734
	Total Health Care	33,099	47,468
	Industrials (17.0%)		
	Airlines		
1,050,000	Air Canada	5,408	41,674
	Commercial Services & Supplies		
100,000	Waste Connections, Inc.	11,183	12,510
	Construction & Engineering		
235,000	WSP Global Inc.	10,389	16,941
	Industrial Conglomerates		
14,000	Roper Technologies, Inc.	6,590	6,710
	Marine		
332,000	Algoma Central Corporation	2,555	4,416
	Road & Rail		
65,000	Canadian National Railway Company	7,960	7,877
115,000	Canadian Pacific Railway Limited	6,352	35,469
350,000	TFI International Inc.	5,029	13,871
	Trading Companies & Distributors		
375,000	Russel Metals Inc.	3,243	8,288
100,000	SiteOne Landscape Supply, Inc.	8,233	9,068
	Total Industrials	66,942	156,824

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Porftolio

As at June 30, 2019

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Information Technology (23.2%)		
	IT Services		
105,000	Mastercard Incorporated, A	7,360	36,344
175,000	Shopify Inc.	9,254	68,877
120,000	Square, Inc.	10,613	11,389
	Semiconductors & Semiconductor Equipment		
90,000	NVIDIA Corporation	6,342	19,341
	Software		
400,000	The Descartes Systems Group Inc.	10,317	19,380
470,000	Lightspeed POS Inc.	9,858	17,113
330,000	Open Text Corporation	4,916	17,833
220,000	Pluralsight, Inc.	9,351	8,728
	Technology Hardware, Storage & Peripherals		
58,000	Apple Inc.	2,198	15,021
	Total Information Technology	70,209	214,026
	Materials (15.1%)		
	Chemicals		
275,000	Methanex Corporation	7,109	16,349
	Containers and Packaging		
240,000	CCL Industries Inc., B NV	6,628	15,413
500,000	IPL Plastics Inc.	6,750	4,925
	Metals & Mining		
1,800,000	First Quantum Minerals Ltd.	11,566	22,392
290,000	Franco-Nevada Corporation	13,258	32,233
2,000,000	HudBay Minerals Inc.	11,199	14,180
1,200,000	Lundin Mining Corporation	8,182	8,652
410,000	Teck Resources Limited, B SV	12,327	12,390
	Paper & Forest Products		
385,000	Norbord Inc.	9,976	12,497
	Total Materials	86,995	139,031
	Real Estate (1.2%)		
	Real Estate Management & Development		
4,000,000	StorageVault Canada Inc.	10,600	11,520
	Total Real Estate	10,600	11,520
	Utilities (0.8%)		
	Multi-Utilities		
190,000	Canadian Utilities Limited, A NV	2,140	7,022
	Total Utilities	2,140	7,022
	Transaction costs	(762)	-
	Total investments (97.4%)	433,952	898,810
	Cash (2.6%)		24,412
	Investment portfolio (100.0%)		923,222

NV: non-voting

SV: subordinate voting

The accompanying notes are an integral part of these financial statements.

For the six months ended June 30, 2019 (Unaudited)

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). The closing price of the common shares on June 30, 2019 was $25.30.

These financial statements were authorized for issue by the Board of Directors on July 17, 2019.

2 Basis of Presentation

The Company's interim financial statements for the six months ended June 30, 2019 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 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 measures securities at fair value through profit or loss (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 FVTPL.

All other financial assets and liabilities are classified as amortized cost or financial liabilities, as applicable, and continue to be 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 is recognized on an accrual basis. 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 (decrease) in net assets from operations, per common share

The increase (decrease) in net assets from operations, per common share is calculated by dividing increase (decrease) 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 since it is in substance not taxable.

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 judgement 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 measured at FVTPL. As at June 30, 2019 and December 31, 2018, the Company has no subsidiaries.

4 Critical Accounting Estimates & 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 cash, interest and dividend receivable and other assets represents the maximum credit risk exposure as at June 30, 2019 and December 31, 2018. As at June 30, 2019 and December 31, 2018, 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 $100 million, non-revolving, one-year bank facility. 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, 2019 the ratio was 5.3 times (December 31, 2018 – 5.0 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 with the covenant during the period ended June 30, 2019 and the year ended December 31, 2018. As at June 30, 2019, the combined leverage represented 23.2% of CGI's net assets (December 31, 2018 – 24.8%), while the bank loan represented 13.3% of CGI's net assets (December 31, 2018 – 12.5%).

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, 2019 or December 31, 2018.

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, 2019, all financial liabilities of the Company, except for the Class A preference shares, Series 4, and bank loan fall due within twelve months. As at December 31, 2018, all financial liabilities of the Company, except for the Class A preference shares, Series 4, 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 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, 2019 and December 31, 2018, the Company had no investments in debt instruments.

The Company's most significant financial liabilities are its Class A preference shares and bank loan.

The Company's Class A preference shares outstanding have a fixed coupon 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, will be subject to the prevailing interest rate environment at that time.

With respect to the Company's bank loan, interest rates on these borrowings are short-term. For the six months ended June 30, 2019, a 1% increase or decrease in the interest rate, with all other variables held constant, would have resulted in the interest and financing charges increasing or decreasing, respectively, by approximately $388,000.

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, 2019, the Company`s investment portfolio had a 18.9% (December 31, 2018 – 17.0%) weighting in U.S. dollars. As at June 30, 2019, 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 $8,714,000 or approximately 1.2% (December 31, 2018 – $6,388,000 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, 2019, a 5% increase or decrease in market prices in the investment portfolio, excluding cash and short-term securities, with all other variables held constant, would have resulted in the Company's net assets increasing or decreasing, respectively, by approximately $44,941,000 or approximately 6.0% (December 31, 2018 – $34,108,000 or approximately 5.7%).

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 in the investment portfolio:

Industry sector	June 30, 2019	December 31, 2018
Information Technology	23.2%	16.9%
Industrials	17.0%	13.4%
Materials	15.1%	17.4%
Consumer Discretionary	13.5%	14.3%
Financials	9.9%	11.0%
Energy	8.5%	9.2%
Health Care	5.1%	2.8%
Communication Services	3.1%	3.7%
Cash	2.6%	9.2%
Real Estate	1.2%	1.3%
Utilities	0.8%	0.8%
	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 2019 and 2018 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, 2019 and the year ended December 31, 2018.

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, and 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, 2019				
Financial assets at FVTPL:				
Investments	898,810	-	-	898,810
As at December 31, 2018				
Financial assets at FVTPL:				
Investments	682,153	-	-	682,153

During the six months ended June 30, 2019 and the year ended December 31, 2018, 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 5, 2019, the Company entered into an amended and restated credit agreement with a Canadian chartered bank for a $100.0 million one-year non-revolving term credit facility. Amounts may be borrowed under this facility through prime rate loans, which bear interest at the greater of the bank's prime rate and the Canadian Deposit Offered Rate (CDOR) plus 1.00% per annum, or bankers' acceptances, which bear interest at CDOR plus 0.75% per annum. This facility has an evergreen feature, which allows the Company to continue use of the facility indefinitely beyond the initial one-year term, provided the bank has not given the Company one-year's notice that it is terminating the facility. As at June 30, 2019, the Company had not received such notice from the bank.

The new agreement replaced an agreement for a $75.0 million non-revolving, three-year fixed-rate facility that commenced on June 9, 2016 and was scheduled to mature on June 6, 2019, which bore interest at 2.28% per annum. Both facilities are/were 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, 2019 and December 31, 2018.

Bank loan consists of the following:

(in thousands of dollars)	June 30, 2019	December 31, 2018
Bankers' acceptances, maturing December 5, 2019	98,618	-
Three-year fixed rate loan, maturing June 6, 2019	-	75,000
Less: Unamortized debt issue costs	142	29
	98,476	74,971

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, 2019 Number of shares	December 31, 2018 Number of shares	Stated amount per share $	Cumulative annual dividend rate %	Date of issue	June 30, 2019 Amount $ (In thousands)	December 31, 2018 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 $1,040,000 (December 31, 2018 - $950,000))						838	928
						74,162	74,072

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

	$25.75	$25.50	$25.25	$25.00
Series 4	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, 2019, the Company declared a quarterly dividend of $0.23438 per share payable on September 15, 2019 to Series 4 shareholders of record at the close of business on August 30, 2019.

8 Share Capital

Common shares

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2019, there are 20,861,141 (December 31, 2018 – 20,861,141) common shares issued and outstanding with no par value.

Subsequent to June 30, 2019, the Company declared a quarterly dividend of $0.20 per share payable on September 15, 2019 to common shareholders of record at the close of business on August 30, 2019.

9 Income Taxes

As at June 30, 2019, the Company had no federal refundable capital gains taxes on hand (December 31, 2018 – $758,000, which were refundable on payment of capital gains dividends of approximately $5.4 million) and Ontario refundable capital gains taxes on hand of approximately $121,000 (December 31, 2018 – $903,000), which are refundable on payment of capital gains dividends of approximately $2.1 million (December 31, 2018 – $15.7 million).

As at June 30, 2019, the Company has approximately $4.8 million (December 31, 2018 – $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 2039.

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 $46,000 of refundable dividend tax on hand as at June 30, 2019 (December 31, 2018 – $1,316,000).

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

(in thousands of dollars)	2019	2018
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%	61,930	23,704
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(2,612)	(2,562)
Dividends on preference shares	552	552
Net change in unrealized gain	(63,931)	(26,594)
Non-taxable portion of net realized losses	1,063	1,993
Decrease in refundable dividend tax on hand	(1,270)	(906)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	-	3
Non-recoverable taxes on taxable loss	1,916	2,031
Refundable income tax recovery	(2,352)	(1,779)

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, 2019, the average withholding tax rate paid by the Company was 15.0% (December 31, 2018 – 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, 2019 (Unaudited)			
Cash	-	24,412	24,412
Investments	898,810	-	898,810
Interest and dividends receivable	-	1,151	1,151
	898,810	25,563	924,373
December 31, 2018			
Cash	-	69,510	69,510
Investments	682,153	-	682,153
Interest and dividends receivable	-	851	851
	682,153	70,361	752,514

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, 2019, $4,824,000 (2018 – $4,819,000) was paid to the Manager with $871,000 accrued and included in accounts payable and accrued liabilities as at June 30, 2019 (December 31, 2018 – $709,000).

Dividends

As a result of its ownership position in the Company, during the six months ended June 30, 2019, Third Canadian received dividends from net investment income of $3,052,000 (2018 – $2,899,000).

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, 2019, the independent directors of the Company received directors' fees aggregating $108,000 (2018 – $107,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the six months ended June 30, 2019, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating $17,000 (2018 – $22,000).

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, 2019, the Company had loaned securities with a fair value of $106,169,000 (December 31, 2018 – $73,108,000) and the custodian held collateral of $111,470,000 (December 31, 2018 – $77,645,000). This collateral is not reflected in the statements of financial position and consisted of the following:

	June 30, 2019	December 31, 2018
Securities lending collateral		
Federal government debt securities	22.4%	28.3%
Provincial government debt securities	52.1%	55.5%
U.S. government debt securities	3.0%	9.7%
Foreign government debt securities	22.5%	6.4%
	100.0%	100.0%

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

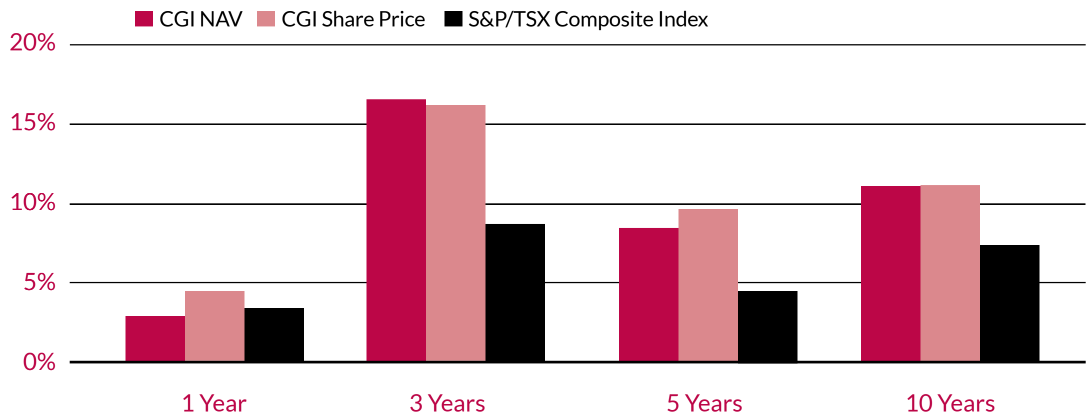
(in thousands of dollars)	June 30, 2019		June 30, 2018	
Gross securities lending earnings	2,275	100.0%	1,640	100.0%
Fees	(916)	(40.3%)	(623)	(38.0%)
Withholding taxes	-	(0.0%)	(93)	(5.7%)
Net securities lending earnings	1,359	59.7%	924	56.3%

14 Comparative Balances

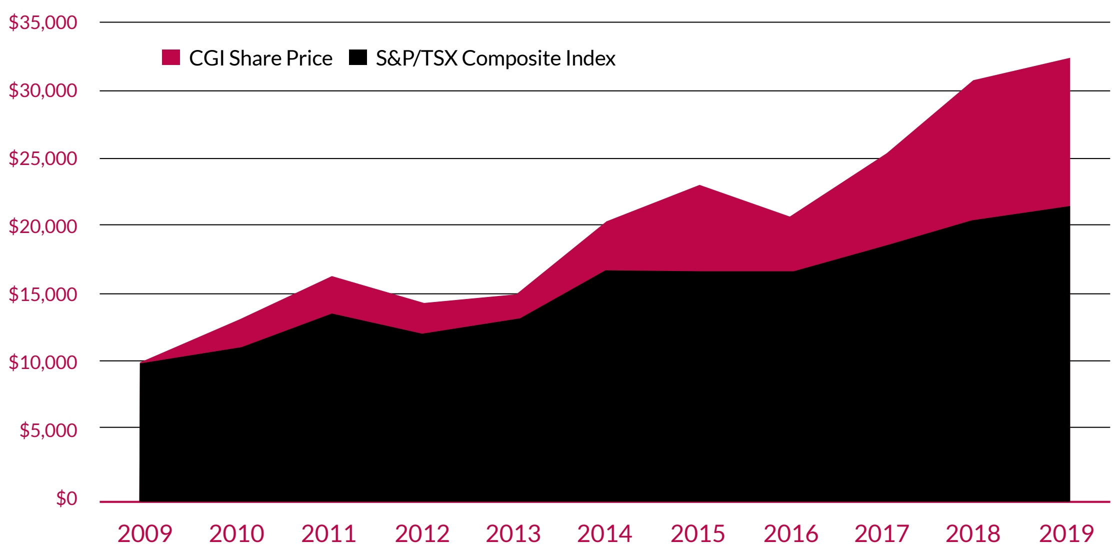
Comparative balances have been restated to conform to current year's presentation. A reclassification has been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Interest on bank loan of $853,000 has been moved from cash flows from operating activities in the June 30, 2018 Statement of Cash Flows, to cash flows from financing activities.

Additional Charts

Compound Annual Returns For The Periods Ending June 30, 2019



Growth of a $10,000 Investment - 10 Years to June 30, 2019



The graph above is presented to illustrate the benefit of a long-term investment in CGI's common shares. A $10,000 investment in CGI common shares would have grown to over $32,000 over the 10-year period ended June 30, 2019. This equates to a compound annual average growth rate of 12.4%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to over $21,000 or a compound average annual growth rate of 7.8%.

U.K. SHAREHOLDER INFORMATION

Shore Capital is the Company's official stockbroker 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
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