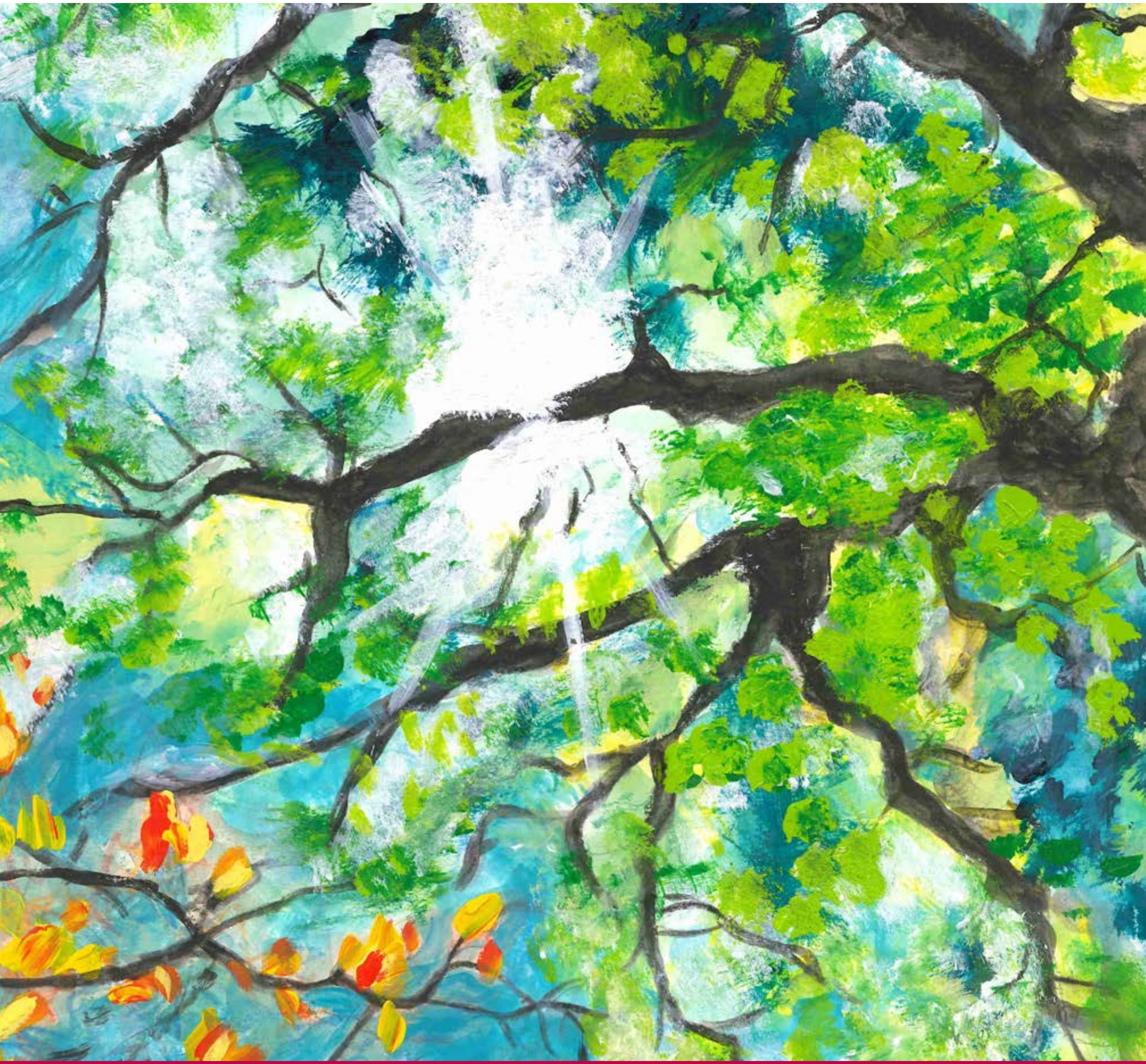
Focussed on Canada



2022 Interim Report

Canadian General Investments, Limited (CGI) is a closed-end equity fund focussed on medium- to long-term investments in primarily 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 21, 2022.

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**.

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

The world has undergone some profound changes in the first half of 2022. At the forefront of events, the unexpected Russian invasion of Ukraine has caused human hardship and devastation to those particularly close or directly involved in the conflict and also created great geopolitical stress and complications for the rest of the world. A united Western World community has attempted to support Ukraine during the conflict and has responded with sanctions and other economic measures in an effort to punish, weaken and isolate Russia. They were applied quickly and extensively, but the complexities of the interwoven relationships of Russia in the European area, particularly regarding hydrocarbons, posed difficulties. The war and subsequent sanctions have caused repercussions globally and aggravated and extended an already tight global supply chain, and the markets have been affected in the fallout.

The macro landscape for the global economy and equity markets quickly deteriorated this year. Just as it appeared there was a chance that general life and its associated routines would be able to return to some semblance of pre-pandemic normalcy, the outbreak of the Ukraine war added to some of the more persistent negative underlying conditions shaping the general and fundamental economic backdrop. Some of the more prevalent issues include the difficulties of a squeezed supply chain, a zero-COVID policy in China forcing massive industrial and commercial shutdowns for extended periods of time, and the dominance, throughout much of the world, of a stubbornly high and accelerating inflation rate, which has not been seen for decades.

As underlying economic conditions have shifted to the downside, global equity markets have dramatically reversed their direction of the past couple of years and experienced a downturn of considerable proportion. All the major global indices have tumbled through correction territory, meaning a drop of more than 10% from their peaks, with many crossing into bear markets, a drop of more than 20%. But equity markets were not alone and all kinds of investments from bonds to cryptocurrencies lost significant value. It has been a somewhat unusual period, when correlations have been extremely high across so many asset classes.

Investors across all asset classes have had to adjust risk measurement and valuation concepts as central banks were forced to reverse course and shift their attentions and support from the great unknowns of the pandemic to being laser-focussed on the fight against multi-decade high inflation. Although most of the central banks started cautiously and slowly in raising interest rates, their tone and tempo has accelerated meaningfully. Investors have been unnerved, for, while the objective of higher interest rates is to get inflation under control, it is not something that can be used precisely and raises the risk of a central bank-induced recession.

It is an environment that has produced stark results for global equity markets. Many have recently touched their lows in the year-to-date period and have posted negative returns in the mid to high double digits. The S&P/TSX Composite Index (S&P/TSX) has been able to do better than most of its peers on account of its sizable resource component, particularly Energy, but has still declined with a negative 9.9% total return for the six-month period. Although beneficial to the headline return metric of the overall index, the overwhelmingly skewed concentration in the S&P/TSX return mix caused by the Energy sector's standout performance has been a major contributor to the relative under performance of Canadian General Investments, Limited (CGI) which posted a net asset value (NAV) return, with dividends reinvested, of -25.8% for the same period.

In the usual circumstance of a relatively balanced Canadian equity market, sector returns normally exhibit a range of returns, but, on occasion, the concentration in the Canadian market can produce a temporary comparative imbalance for a diversified portfolio like CGI's and the past half-year has been clear evidence of this challenging situation. But shareholders' expectations and the Manager's commitments are aligned and the objective of maintaining a consistently broad exposure to the Canadian equity landscape is paramount. So, although there may be disappointment in the short term, CGI will stay the course and continue to provide an attractive and unique way for investors to participate in the Canadian market while benefitting from an investment strategy proven successful over the long term.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at June 30, 2022, compared with year end 2021, 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, 2022 the portfolio was overweight Consumer Discretionary, Industrials, Information Technology and Materials, and underweight Financials, as compared to the sector weightings in the S&P/TSX.

SECTOR	CGI June 30, 2022	CGI December 31, 2021	S&P/TSX June 30, 2022	S&P/TSX December 31, 2021
Industrials	20.0%	20.2%	11.2%	12.0%
Materials	18.5%	17.7%	12.5%	11.5%
Information Technology	17.5%	23.8%	5.4%	10.7%
Consumer Discretionary	12.0%	11.7%	3.2%	3.6%
Financials	11.6%	10.6%	31.7%	32.2%

At the half-year, the Energy sector remains the only sector in the positive, up over 20%, and has been the major support for the S&P/TSX. As the second largest weighting in the index (18%), it has had considerable influence in overall results and is the primary reason that the Canadian index is a leader among major equity indices. CGI remains underweight the sector, but increased its exposure to the group this year with the purchase of Baytex Energy Corp., ending the second quarter with a weighting of 10.9%. Although there have been compelling reasons for making further additions in this area, the Manager has been hesitant to be too aggressive on that initiative, as the sudden spike in the commodity and a seemingly imbedded war premium suggest that, from a timing perspective, there may be a better entry point for that initiative, particularly in consideration of CGI's typical longer-term investment holding horizon. This approach has been validated recently with the Energy group coming under pressure in the month of June, down over 12%, and giving back a good portion of prior gains. It remains a situation that will have to be carefully monitored for opportunities, as the potential for support and further upside must be weighed against the possibility of demand destruction in an economic downturn and its effect on stocks in a recession scenario.

Overall, CGI's resource weighting is about the same as the S&P/TSX, but its mix is almost a mirror image with Materials making up about two-thirds and Energy one-third of the total. Over the years this relative stance has worked to CGI's benefit, though not so far this year. Generally considered favourable as a late-cyclical play, Materials had been gaining in popularity, but an abrupt change in the economic outlook from an improving growth to deterioration and contraction caused quite a reversal in fortune for most of the constituents in the group, including the gold stocks. Copper has a particular sensitivity to economic activity as a key industrial metal and, despite prospects for increased demand required for future changes in the electrification transition that has begun, its price has fallen and caused related stocks to come under pressure. CGI's exposure in this area has been lessened with reduced investments in Copper Mountain Mining Corp. and Hudbay Minerals Inc. In addition to the macro situation, both companies have development projects which will require financing and will likely have higher capital expenditures in future that will be more challenging and costly than originally anticipated. Exposure to the Forest Products sub-group was reduced with the sale of a portion of the investment in Interfor Corporation as escalating interest rates have raised concerns over what had been robust housing and renovation markets in Canada and the United States.

In the S&P/TSX, negative returns have been pervasive and less than one-third of the stocks have posted breakeven or better results at the halfway mark in the year. Large losses have been absorbed almost everywhere, but groups like Healthcare and Information Technology (I.T.) include many companies with prospective earnings and higher valuation multiples and have been hit hardest. CGI has minimal exposure to Healthcare, but had taken sizable gains in reducing its overweight I.T. group late in 2021. Selling in I.T. has continued in 2022 and further gains have been taken in Amazon.com Inc., Block, Inc., NVIDIA Corporation and Shopify Inc. Other portfolio sales included a holding in Industrials, Cargojet Inc., which was also eliminated during the period.

As CGI's trading activity has been heavily biased to sales and the appetite for immediate reinvestment has been suppressed, some cash has been allowed to accumulate temporarily which effectively allowed for a reduction in the overall amount of leverage, while still maintaining the capacity to capitalize on future opportunities as they arise.

Dividend and interest income was $9,571,000 for the year, up 29.4% from 2021 due to two large one-time distributions and general dividend rate increases. Management fees, dividends on preference shares, and interest and financing charges, are the largest expenses of the Company. Management fees decreased slightly by 0.3% to $7,280,000. The dividends on preference shares were consistent year-over-year. Interest and financing charges increased 24.5%, as a result of the increasing rates on the borrowing facility compared to the previous year.

Leverage

On May 12, 2021, the Company had entered into a prime brokerage services agreement with a Canadian chartered bank. Margin borrowing of $100.0 million under this agreement had been used to extinguish the $100.0 million borrowed under a one-year secured non-revolving term credit facility that was scheduled to mature on May 12, 2021. Amounts borrowed under this agreement bear interest at the one-month Canadian Dollar Offered Rate (CDOR) plus 0.60% per annum. The agreement requires the Company to pledge securities as collateral for margin borrowings and may be terminated immediately by the prime broker upon the occurrence and continuation of an event of default, as defined in the agreement, or by either party with 30 days' notice. As of June 30, 2022, the $70.0 million outstanding under the borrowing facility represented 7.4% of CGI's net assets at June 30, 2022 (December 31, 2021 – 7.8%).

In addition to the $70.0 million borrowed under the facility at June 30, 2022 (December 31, 2021 – $100.0 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, 2021 – $75 million).

Both the borrowing facility and the preference shares act as leverage to common shareholders. As at June 30, 2022, the combined leverage represented 15.4% of CGI's net assets (December 31, 2021 – 13.7%). This leverage served to increase the effect of overall portfolio returns, negatively impacting CGI's NAV return for the six months ended June 30, 2022 and positively impacting it in the year ended December 31, 2021.

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 June 30, 2022, there was a refundable income tax recovery of $839,000, compared to an expense of $3,306,000 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, 2022, the Company had federal refundable capital gains taxes on hand of approximately $8,594,000 (December 31, 2021 – $8,594,000), which are refundable on payment of capital gains dividends of approximately $61.0 million (December 31, 2021 – $61.0 million) and Ontario refundable capital gains taxes on hand of approximately $4,313,000 (December 31, 2021 – $4,313,000), which are refundable on payment of capital gains dividends of approximately $75.0 million (December 31, 2021 – $75.0 million).

Recent Developments

Outlook

It has been a difficult first half of 2022 with many of the global equity markets posting their worst results in over 50 years. Investors have had to make rapid reassessments and have had to incorporate an inflation spike that has remained more persistent than initially expected. An adjustment has been made in future projections to include escalating interest rate increases and the potential for negative economic consequences. The fallout has been severe, and the future direction and scale remain questionable. It will take time to properly gauge and reflect on the great uncertainties that currently exist, and, in the interim, markets are likely to react in the extreme for some time yet. Markets have moved a long way and have substantially priced in many of the headline issues, but risks remain elevated and keep investor enthusiasm suppressed. At some point, the outlook will improve, and value will return to the markets. Quality investments that have been taken lower due to market considerations will regain their popularity and should rebound strongly.

CGI has always maintained a portfolio of diverse, high-quality investments and will participate in any prospective market recovery. CGI has experienced many down-market cycles in its long history, all of which are disappointing in the short term, but its time-tested investment philosophy and structure has delivered a successful and proven track record of good performance for its shareholders in the long term.

Related Party Transactions

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

Third Canadian General Investment Trust Limited (Third Canadian), a private, Ontario-based corporation under common control with the Company, has an approximate 37% (December 31, 2021 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, during the six months ended June 30, 2022, Third Canadian received dividends from net investment income of $3,510,000 (2021 – $3,357,000).

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, 2022 and the prior five financial years.

The Company's Net Assets per Share [1]

	6 months ended June 30, 2022	2021	2020	2019	2018	2017
Net assets - beginning of year	$61.35	$50.02	$36.98	$28.87	$33.14	$27.98
Increase (decrease) from operations						
Total revenue	0.48	0.74	0.78	0.89	0.82	0.64
Total expenses (excluding common share dividends)	(0.49)	(0.99)	(0.83)	(0.80)	(0.74)	(0.70)
Realized gains for the period	0.06	3.95	1.81	1.61	1.36	1.73
Unrealized gains (losses) for the period	(15.86)	8.93	12.15	7.34	(4.91)	4.27
Refundable income tax expense (recovery)	0.04	(0.42)	(0.03)	(0.13)	(0.04)	(0.02)
Total increase (decrease) from operations[2]	(15.77)	12.21	13.88	8.91	(3.51)	5.92
Dividends paid to common shareholders						
Taxable dividends	(0.46)	(0.44)	(0.63)	(0.40)	(0.57)	(0.36)
Capital gains dividends	-	(0.44)	(0.21)	(0.40)	(0.19)	(0.40)
Total dividends[3]	(0.46)	(0.88)	(0.84)	(0.80)	(0.76)	(0.76)
Net assets - end of period[4]	$45.12	$61.35	$50.02	$36.98	$28.87	$33.14

(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 and may not match the financial statements due to rounding.

(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, 2022	2021	2020	2019	2018	2017
Total net asset value (000's) [(1)]	$941,178	$1,279,896	$1,043,463	$771,549	$602,163	$691,440
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)]	1.80%	1.72%	2.11%	2.27%	2.15%	2.31%
Trading expense ratio [(4) (6)]	0.02%	0.03%	0.04%	0.05%	0.03%	0.04%
Portfolio turnover rate [(5)]	3.06%	6.17%	10.14%	8.00%	2.31%	10.36%
Net asset value per share [(1)]	$45.12	$61.35	$50.02	$36.98	$28.87	$33.14
Closing market price [(1)]	$32.03	$44.05	$34.81	$26.21	$20.51	$23.73

(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: 2022 (to June 30, 2022, annualized) – 1.38%, 2021 - 1.37%, 2020 - 1.48%, 2019 - 1.53%, 2018 - 1.48%, 2017 - 1.54%.

(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, 2022 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.

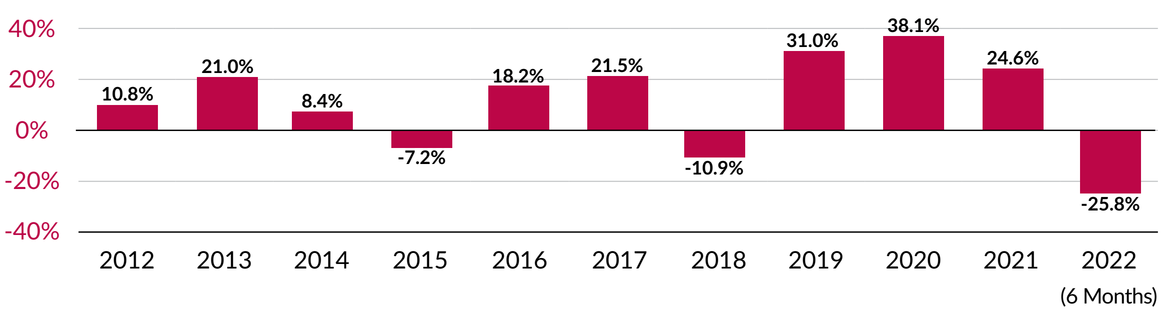
Past Performance

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.

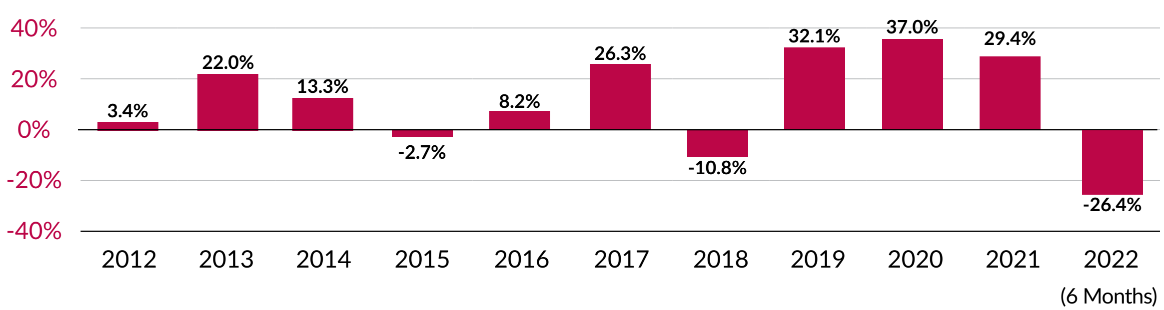
Year-by-Year Returns

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, 2022, 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, 2022

Top 25 Holdings

Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
Canadian Pacific Railway Limited	Industrials	5.5	4.8
West Fraser Timber Co. Ltd.	Materials	5.3	4.6
Franco-Nevada Corporation	Materials	5.2	4.5
First Quantum Minerals Ltd.	Materials	4.7	4.1
Apple Inc.	Information Technology	3.9	3.4
TFI International Inc.	Industrials	3.8	3.3
WSP Global Inc.	Industrials	3.6	3.2
Bank of Montreal	Financials	3.6	3.1
NVIDIA Corporation	Information Technology	3.5	3.0
The Descartes Systems Group Inc.	Information Technology	3.4	2.9
Mastercard Incorporated	Information Technology	3.4	2.9
Royal Bank of Canada	Financials	3.2	2.8
StorageVault Canada Inc.	Real Estate	2.5	2.2
Dollarama Inc.	Consumer Discretionary	2.4	2.1
Enerplus Corporation	Energy	2.4	2.1
FirstService Corporation	Real Estate	2.4	2.1
Amazon.com, Inc.	Consumer Discretionary	2.4	2.0
AutoZone, Inc.	Consumer Discretionary	2.4	2.0
Toronto-Dominion Bank	Financials	2.3	2.0
Parex Resources Inc.	Energy	2.2	1.9
Tourmaline Oil Corp.	Energy	2.1	1.8
Home Depot, Inc.	Consumer Discretionary	2.0	1.7
BRP Inc.	Consumer Discretionary	1.9	1.7
goeasy Ltd.	Financials	1.9	1.7
Constellation Software Inc.	Information Technology	1.8	1.6
		77.8*	67.5
Total Net Asset Value* ($000's)			$941,178
Total Investment Portfolio* ($000's)			$1,084,911

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($144.8 million) in the form of preference shares and a borrowing facility, other assets and other liabilities.

Sector Allocation	% of Net Asset Value*	% of Investment Portfolio
Industrials	23.2	20.0
Materials	21.3	18.5
Information Technology	20.2	17.5
Consumer Discretionary	13.8	12.0
Financials	13.3	11.6
Energy	12.6	10.9
Real Estate	6.1	5.3
Communication Services	3.0	2.6
Health Care	1.5	1.3
Cash & Cash Equivalents	0.3	0.3

Asset Allocation	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	93.2	80.8
Foreign Equities	21.8	18.9
Cash & Cash Equivalents	0.3	0.3

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($144.8 million) in the form of preference shares and a borrowing facility, 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.

Interim Financial Report

June 30, 2022

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, 2022 (Unaudited) and December 31, 2021
(in thousands of Canadian dollars, except per share amounts)

	Note	June 30, 2022	December 31, 2021
Assets			
Current assets			
Investments	**5**	1,082,198	1,445,969
Cash		2,713	16,599
Receivable on investments sold		-	1,120
Interest and dividends receivable		1,408	1,234
Other assets		224	193
Income taxes recoverable		839	-
Total assets		1,087,382	1,465,115
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**12**	1,302	1,585
Accrued dividends on preference shares		116	123
Income taxes payable		-	8,828
Borrowing facility	**6**	70,000	100,000
Preference shares	**7**	74,786	-
Total current liabilities		146,204	110,536
Preference shares	**7**	-	74,683
Total liabilities		146,204	185,219
Net assets		941,178	1,279,896
Equity			
Share capital	**8**	128,568	128,568
Retained earnings		812,610	1,151,328
Total equity		941,178	1,279,896
Net assets per common share		45.12	61.35

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	2022	2021
Income			
Net gains (losses) on investments			
Dividend income		9,570	7,394
Interest		1	-
Net realized gain on sale of investments		1,288	38,312
Net change in unrealized gain on investments		(330,932)	116,179
Net gains (losses) on investments		(320,073)	161,885
Securities lending revenue	**13**	464	348
Total net income (loss)		(319,609)	162,233
Expenses			
Management fees	**12**	7,280	7,298
Dividends on preference shares	**7**	1,399	1,399
Interest and financing charges	**6,7**	934	750
Listing and regulatory costs		171	168
Directors' fees and expenses	**12**	130	115
Transaction costs on purchases and sales		99	210
Withholding taxes	**10**	90	78
Custodial fees		83	75
Audit fees		35	32
Investor relations		32	22
Security holder reporting costs		30	24
Legal fees		29	67
Independent review committee fees and expenses	**12**	19	18
Other		23	20
Total operating expenses		10,354	10,276
Investment income (loss) before income taxes		(329,963)	151,957
Refundable income tax expense (recovery)	**9**	(839)	3,306
Increase (decrease) in net assets from operations		(329,124)	148,651
Increase (decrease) in net assets from operations, per common share		(15.78)	7.13

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, 2020	128,568	914,895	1,043,463
Increase in net assets from operations	-	148,651	148,651
Dividends paid to common shareholders from net investment income	-	(9,179)	(9,179)
At June 30, 2021	128,568	1,054,367	1,182,935
At December 31, 2021	128,568	1,151,328	1,279,896
Decrease in net assets from operations	-	(329,124)	(329,124)
Dividends paid to common shareholders from net investment income	-	(9,594)	(9,594)
At June 30, 2022	128,568	812,610	941,178

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	2022	2021
Cash flows from (used in) operating activities			
Increase (decrease) in net assets from operations		(329,124)	148,651
Adjustments for:			
Amortization of financing charge	**6, 7**	103	139
Net realized gain on sale of investments		(1,288)	(38,312)
Net change in unrealized gain on investments		330,932	(116,179)
Purchases of investments		(12,872)	(54,479)
Proceeds of disposition of investments		48,119	67,479
Interest on margin facility		831	139
Interest on loan facility		-	472
Dividends paid to preference shareholders		1,399	1,399
Interest and dividends receivable		(174)	688
Other assets		(31)	(32)
Income taxes payable/recoverable	**9**	(9,667)	2,531
Accounts payable and accrued liabilities		(389)	96
Net cash flows from operating activities		27,839	12,592
Cash flows from (used in) financing activities			
Proceeds from margin facility		-	100,000
Repayment of margin facility		(30,000)	-
Repayment of loan facility (net of financing cost)		-	(99,280)
Interest on margin facility		(725)	(56)
Interest on loan facility		-	(941)
Dividends paid to common shareholders		(9,594)	(9,179)
Dividends paid to preference shareholders		(1,406)	(1,406)
Net cash flows used in financing activities		(41,725)	(10,862)
Net increase (decrease) in cash		(13,886)	1,730
Cash at the beginning of the period		16,599	6,932
Cash at the end of the period		2,713	8,662
Items classified as operating activities			
Interest received		1	-
Dividends received, net of withholding taxes		9,315	8,029
Income taxes paid - net	**9**	8,829	775

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

As at June 30, 2022

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Communication Services (2.6%)		
	Diversified Telecommunication Services		
440,000	TELUS Corporation	6,057	12,615
	Wireless Telecommunication Services		
250,000	Rogers Communications Inc., B NV	3,506	15,420
	Total Communication Services	9,563	28,035
	Consumer Discretionary (12.0%)		
	Auto Components		
145,000	Magna International Inc.	5,244	10,248
	Distributors		
35,000	Pool Corporation	9,651	15,821
	Internet & Direct Marketing Retail		
162,000	Amazon.com, Inc.	6,764	22,144
	Leisure Products		
230,000	BRP Inc.	14,551	18,220
	Multiline Retail		
310,000	Dollarama Inc.	1,065	22,977
	Specialty Retail		
8,000	AutoZone, Inc.	4,864	22,127
52,000	Home Depot, Inc.	8,741	18,355
	Total Consumer Discretionary	50,880	129,892
	Energy (10.9%)		
	Oil, Gas & Consumable Fuels		
2,250,000	Baytex Energy Corp.	12,460	14,063
275,000	Enbridge Inc.	2,830	14,949
1,350,000	Enerplus Corporation	12,038	22,963
950,000	Parex Resources Inc.	11,085	20,710
226,000	TC Energy Corporation	6,260	15,070
295,000	Tourmaline Oil Corp.	9,930	19,744
1,263,661	Whitecap Resources Inc.	11,827	11,297
	Total Energy	66,430	118,796

Number of Shares	Investment	Cost	Fair Value
		(in thousands of dollars)	
	Financials (11.6%)		
	Banks		
275,000	Bank of Montreal	10,640	34,039
245,000	Royal Bank of Canada	10,190	30,536
260,000	Toronto-Dominion Bank	5,599	21,947
	Capital Markets		
210,000	Brookfield Asset Management Inc., A LV	10,149	12,025
76,900	Economic Investment Trust Limited	3,851	8,709
	Consumer Finance		
185,000	goeasy Ltd.	17,140	18,148
	Total Financials	57,569	125,404
	Health Care (1.3%)		
	Health Care Providers & Services		
572,000	Neighbourly Pharmacy Inc.	13,986	14,014
	Total Health Care	13,986	14,014
	Industrials (20.0%)		
	Airlines		
920,000	Air Canada	4,739	14,757
	Commercial Services & Supplies		
65,000	Boyd Group Services Inc.	13,064	9,013
100,000	Waste Connections, Inc.	11,183	15,960
	Construction & Engineering		
235,000	WSP Global Inc.	10,389	34,202
	Electrical Equipment		
725,000	Ballard Power Systems Inc.	15,253	5,894
	Industrial Conglomerates		
21,000	Roper Technologies, Inc.	10,060	10,666
	Machinery		
2,200,000	Westport Fuel Systems Inc.	13,135	2,838
3,220,000	Xebec Adsorption Inc.	14,313	2,672
	Marine		
332,000	Algoma Central Corporation	2,555	5,325

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

Schedule of Investment Portfolio

As at June 30, 2022

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Industrials (20.0%) Continued		
	Road & Rail		
90,000	Canadian National Railway Company	10,947	13,031
575,000	Canadian Pacific Railway Limited	6,352	51,698
350,000	TFI International Inc.	5,029	36,165
	Trading Companies & Distributors		
100,000	SiteOne Landscape Supply, Inc.	8,233	15,298
	Total Industrials	125,252	217,519
	Information Technology (17.5%)		
	IT Services		
78,000	Mastercard Incorporated, A	5,467	31,669
344,000	Shopify Inc.	1,819	13,836
	Semiconductors & Semiconductor Equipment		
167,000	NVIDIA Corporation	2,942	32,580
	Software		
9,000	Constellation Software Inc.	11,599	17,198
400,000	The Descartes Systems Group Inc.	10,317	31,996
310,000	Lightspeed Commerce Inc.	6,502	8,897
330,000	Open Text Corporation	4,916	16,068
16,738	Topicus.com Inc.	0	1,216
	Technology Hardware, Storage & Peripherals		
208,000	Apple Inc.	1,971	36,599
	Total Information Technology	45,533	190,059

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Materials (18.5%)		
	Containers and Packaging		
240,000	CCL Industries Inc., B NV	6,628	14,602
	Metals & Mining		
1,500,000	Copper Mountain Mining Corporation	6,586	2,550
1,800,000	First Quantum Minerals Ltd.	11,567	43,956
290,000	Franco-Nevada Corporation	13,258	49,103
1,300,000	Hudbay Minerals Inc.	7,280	6,825
1,200,000	Lundin Mining Corporation	8,182	9,792
410,000	Teck Resources Limited, B SV	12,327	16,138
	Paper & Forest Products		
300,000	Interfor Corporation	10,727	7,782
507,125	West Fraser Timber Co. Ltd.	26,691	50,089
	Total Materials	103,246	200,837
	Real Estate (5.3%)		
	Real Estate Management & Development		
80,000	Colliers International Group Inc.	14,699	11,282
145,000	FirstService Corporation	20,352	22,640
4,000,000	StorageVault Canada Inc.	10,600	23,720
	Total Real Estate	45,651	57,642
	Transaction costs	(914)	-
	Total investments (99.7%)	517,196	1,082,198
	Cash (0.3%)		2,713
	Investment portfolio (100.0%)		1,084,911

LV: limited voting
NV: non-voting
SV: subordinate voting

The accompanying notes are an integral part of these 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 primarily 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, 2022 was $32.03.

These financial statements were authorized for issue by the Board of Directors on July 21, 2022.

2 Basis of Presentation

The Company's interim financial statements for the six months ended June 30, 2022 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 at amortized cost or financial liabilities, as applicable, and are measured at amortized cost and reflect the amount to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Fair value measurement

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

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

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

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

3.2 Foreign currencies

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

3.3 Investment income

Dividend income is recorded on the ex-dividend date. Interest 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, or the right for the Company to redeem, 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, 2022 and December 31, 2021, the Company has no investment in associates or 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). Market prices and the fair value of investments in the Company's portfolio fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market and company news, political conditions, natural disasters, and public health emergencies, including an epidemic or pandemic. 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, securities on loan as part of the Company's securities lending program, as well as securities held in a separate control account with the Company's custodian, as part of its margin facility. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of cash, interest and dividends receivable and other assets represents the maximum credit risk exposure as at June 30, 2022 and December 31, 2021. As at June 30, 2022 and December 31, 2021, the Company had no investments in debt instruments.

Credit risk related to cash is considered low as it is held at AA-rated Canadian banks (consistent with prior year). 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).

Credit risk related to the Company's margin facility is considered low given the nature of the tri-party agreement between the Company, its custodian, and the bank (note 6).

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 $70 million (December 31, 2021

– $100 million) borrowed through a margin facility (which replaced a $100 million loan facility in May 2021). 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 prospectus) exceeds 2.5 times. At June 30, 2022 the ratio was 7.5 times (December 31, 2021 – 8.4 times). As at June 30, 2022, the combined leverage represented 15.4% of CGI's net assets (December 31, 2021 – 13.7%), while the borrowing facility represented 7.4% of CGI's net assets (December 31, 2021 – 7.8%).

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, 2022 or December 31, 2021.

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

As at June 30, 2022, all financial liabilities of the Company fall due within twelve months. As at December 31, 2021, 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, 2022 and December 31, 2021, the Company had no investments in debt instruments.

The Company's most significant financial liabilities are its Class A preference shares and a borrowing facility.

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 borrowing facility, interest rates on these borrowings are short-term. For the six months ended June 30, 2022, 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 $490,000 (June 30, 2021 – $500,000).

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, 2022, the Company`s investment portfolio had a 18.9% (December 31, 2021 – 22.4%) weighting in U.S. dollars. As at December 31, 2021, 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 $10,263,000 or approximately 1.1% (December 31, 2021 – $16,397,000 or approximately 1.3%).

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, 2022, 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 $54,110,000 or approximately 5.7% (December 31, 2021 – $72,298,000 or approximately 5.6%).

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 by sector in the investment portfolio:

Industry sector	June 30, 2022	December 31, 2021
Industrials	20.0%	20.2%
Materials	18.5%	17.7%
Information Technology	17.5%	23.8%
Consumer Discretionary	12.0%	11.7%
Financials	11.6%	10.6%
Energy	10.9%	5.9%
Real Estate	5.3%	5.5%
Communication Services	2.6%	1.9%
Health Care	1.3%	1.5%
Cash	0.3%	1.1%
Receivable on investments sold	0.0%	0.1%
	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 borrowing facility. 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 borrowing facility. 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 prospectus) exceeds 2.5 times. All common share dividend payments made in 2022 and 2021 were in compliance with this provision. With respect to the margin facility, the Company is required to maintain sufficient collateral in the form of securities in a separate control account with the Company's custodian, based on margin requirements established by the prime broker. There has been no event of default since the prime brokerage services agreement was entered into effective May 12, 2021.

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 investments sold or payable on investments purchased, interest and dividends receivable, accounts payable and accrued liabilities, accrued dividends on preference shares, borrowing facility and preference shares are carried at amortized cost.

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
As at June 30, 2022				
Financial assets at FVTPL:				
Investments	1,082,198	-	-	1,082,198
As at December 31, 2021				
Financial assets at FVTPL:				
Investments	1,445,969	-	-	1,445,969

During the six months ended June 30, 2022 and year ended December 31, 2021, 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 Borrowing Facility

Subject to approval by the Board of Directors, the Company may use various forms of leverage, including by way of a margin facility with a prime broker or a loan facility with a bank.

Margin facility

On May 12, 2021 the Company entered into a prime brokerage services agreement with a Canadian chartered bank. Margin borrowing of $100 million under this new agreement was used to extinguish $100 million that had been borrowed under a one-year secured non-revolving term credit facility that was scheduled to mature on May 12, 2021.

Amounts borrowed under this agreement bear interest at the one-month Canadian Dollar Offered Rate (CDOR) plus 0.60% per annum. The agreement requires the Company to pledge securities as collateral for margin borrowings and may be terminated immediately by the prime broker upon the occurrence and continuation of an event of default, as defined in the agreement, or by either party with 30 days' notice.

As at June 30, 2022, the Company had pledged securities as collateral to the prime broker equal to $83,935,000 (December 31, 2021 – $114,637,000) on the outstanding borrowings of $70,000,000 (December 31, 2021 – $100,000,000) plus accrued interest of $195,000 (December 31, 2021 – $89,000).

Loan facility

Amounts borrowed under the previous loan facility through prime-rate loans, bore interest at the greater of the bank's prime rate and the CDOR plus 1.00% per annum, or bankers' acceptances, which bore interest at CDOR plus 0.75% per annum. The facility was secured with a first-ranking charge on the Company's property and assets, including the investment portfolio and required the Company to comply with certain covenants including maintenance of asset coverage ratios.

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, 2022 Number of shares	December 31, 2021 Number of shares	Stated amount per share $	Cumulative annual dividend rate %	Date of issue	June 30, 2022 Amount $ (in thousands)	December 31, 2021 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 $1,664,000 (December 31, 2021 – $1,561,000))						214	317
						74,786	74,683

The Company may redeem for cash, the Series 4 shares, in whole or in part, for $25.00 on or after June 15, 2022. 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, 2022, the Company declared a quarterly dividend of $0.23438 per share payable on September 15, 2022 to Series 4 shareholders of record at the close of business on August 31, 2022.

8 Share Capital

Common shares

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2022, there are 20,861,141 (December 31, 2021 – 20,861,141) common shares issued and outstanding with no par value.

Subsequent to June 30, 2022, the Company declared a quarterly dividend of $0.23 per share payable on September 15, 2022 to common shareholders of record at the close of business on August 31, 2022.

9 Income Taxes

As at June 30, 2022, the Company had federal refundable capital gains taxes on hand of approximately $8,594,000 (December 31, 2021 – $8,594,000), which are refundable on payment of capital gains dividends of approximately $61.0 million (December 31, 2021 – $61.0 million) and Ontario refundable capital gains taxes on hand of approximately $4,313,000 (December 31, 2021 – $4,313,000), which are refundable on payment of capital gains dividends of approximately $75.0 million (December 31, 2021 – $75.0 million).

The Company is also subject to a special tax of 38-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of $0.3833 for each $1 of such dividends paid. The Company has $1,369,000 of refundable dividend tax on hand as at June 30, 2022 (December 31, 2021 – $2,208,000).

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

(in thousands of dollars)	2022	2021
Provision for (recovery of) income taxes on investment income before income taxes		
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rate of 39.5%	(130,334)	60,023
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(3,543)	(2,714)
Dividends on preference shares	552	552
Net change in unrealized gain	130,718	(45,891)
Non-taxable portion of net realized gain on sale of investments	(509)	(7,567)
Decrease in refundable dividend tax on hand	(839)	(1,146)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	-	49
Non-recoverable taxes on taxable loss	3,116	-
Refundable income tax expense (recovery)	(839)	3,306

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, 2022, the average withholding tax rate paid by the Company was 15.0% (December 31, 2021 – 15.0%).

11 Financial Instruments by Category

All of the Company's financial assets were carried at amortized cost, with the exception of Investments which is carried at FVTPL. All the Company's financial liabilities were carried at amortized cost. 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, 2022, $7,636,000 (2021 – $7,164,000) was paid to the Manager with $1,023,000 accrued and included in accounts payable and accrued liabilities as at June 30, 2022 (December 31, 2021 – $1,379,000).

Dividends

As a result of its ownership position in the Company, during the six months ended June 30, 2022, Third Canadian received dividends from net investment income of $3,510,000 (2021 – $3,357,000).

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, 2022, the independent directors of the Company received directors' fees aggregating $124,000 (2021 – $108,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the six months ended June 30, 2022, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating $19,000 (2021 – $18,000).

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, 2022, the Company had loaned securities with a fair value of $8,022,000 (December 31, 2021 – $151,388,000) and the custodian held collateral of $8,799,000 (December 31, 2021 – $161,963,000). This collateral is not reflected in the statements of financial position and consisted of the following:

	June 30, 2022	December 31, 2021
Securities lending collateral		
Federal government debt securities	42.0%	36.3%
Provincial government debt securities	18.7%	14.4%
U.S. government debt securities	39.3%	49.3%
	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, 2022		June 30, 2021	
Gross securities lending earnings	818	100.0%	602	100.0%
Fees	(202)	(24.7%)	(154)	(25.5%)
Withholding taxes	(152)	(18.6%)	(100)	(16.7%)
Net securities lending earnings	464	56.7%	348	57.8%

U.K. SHAREHOLDER INFORMATION

Shore Capital Stockbrokers Limited is the Company's official stockbrokers in the United Kingdom. It can be contacted for market-making and share trading on the London Stock Exchange. It can be reached at:

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Recent research reports are available on the Company's website or directly from Shore Capital Stockbrokers Limited and Edison Investment Research Limited:

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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
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