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Third Canadian General Investment Trust Limited

FOUNDED IN 1928

ANNUAL REPORT | 2008

Cover: **Fall Shoreline, Northern Quebec along the Kipawa River, Oil on canvas**

Paul Mantrop is a working artist and founding member of the art collective "drawnonward". Over ten years ago the artists of drawnonward began to travel throughout Canada in order to document its unique and varied regions. Today after over 100,000 kilometres have been travelled by bus, boat, canoe, train, skis and feet, drawnonward has painted from coast to coast. From the Queen Charlotte Islands to the Yukon, from the Gaspe to Newfoundland and throughout the Canadian Arctic. Today Paul keeps a working studio in downtown Collingwood, Ontario to be close to his favourite subject, Georgian Bay. You can learn more about Paul at www.paulmantrop.com.

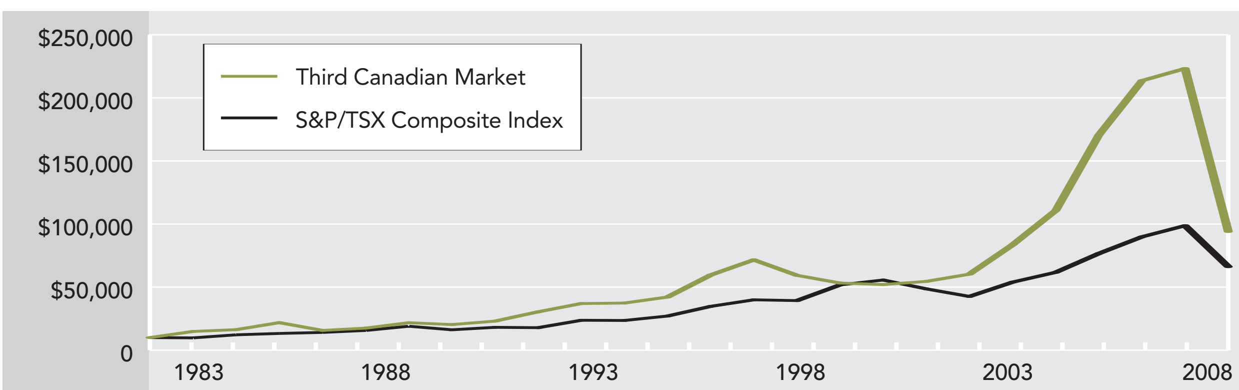
Corporate Profile

Third Canadian General Investment Trust Limited (Third Canadian), founded in 1928, is one of the oldest publicly listed closed-end funds in North America and certainly one of the most unusual. Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of long-term capital appreciation and current income through investment in its principal assets and otherwise directly in Canadian and international financial instruments including equities, funds, income trusts and related products.

Third Canadian has been managed since 1956 by Morgan Meighen & Associates Limited (website: www.mmainvestments.com).

The graph below is presented to illustrate the benefit of a long-term investment in Third Canadian's common shares. A $10,000 investment in Third Canadian common shares would have grown to nearly $94,000 over the 25-year period ended December 31, 2008. This equates to a compound annual average growth rate of 9.4%. By comparison, a $10,000 investment in the benchmark S&P/TSX Composite Index would have grown to $66,000 or a compound average annual growth rate of 7.9%.

Growth of a $10,000 Investment - *25 Years to December 31, 2008*



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 Management Report of Fund Performance of this Annual Report to Shareholders.

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

Letter to Shareholders

Jonathan A. Morgan

Vanessa L. Morgan

At Third Canadian, we exited 2008 strongly impacted by the scale of the downturn that now affects the entire global economy. The Company has for many years successfully employed reasonable leverage for growth by way of bank borrowings. In last year's abrupt market descent, however, leverage turned negative. For 2008, Third Canadian's NAV fell 63.6% while its market price declined 57.9%, compared with 33.0% for the S&P/TSX Composite Index calculated on a total return basis.

To eliminate the negative impact of leverage in continuing bear market conditions, Third Canadian terminated all borrowings by year end. At Canadian General Investments, Limited (CGI), a principal holding, leverage was also reduced. $210 million of preferred share funding was in place until October 6, 2008 when that company fully redeemed its $60 million Series 1 preferred issue on completion of its 10 year term. The remaining two series of preferred shares, due in 2014 and 2016, with coupons of 4.65% and 3.90%, respectively, should serve CGI and its shareholders, including Third Canadian, well in improved market conditions. Canadian World Fund Limited, the other principal holding, also reduced its borrowings significantly.

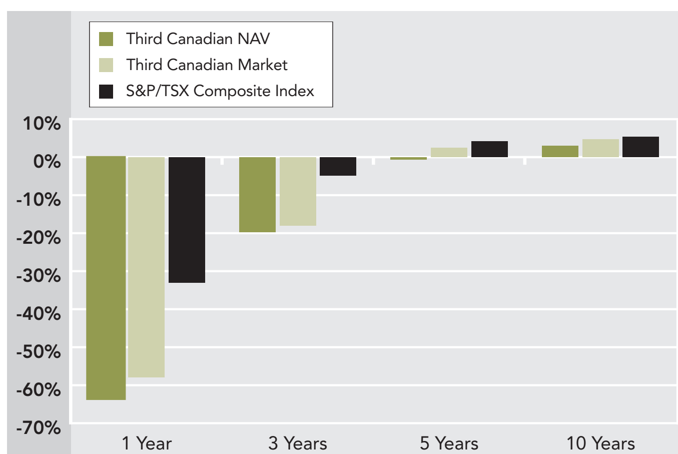
Although Third Canadian has paid year-end extra dividends in the past, the Board of Directors chose to omit payment of such a dividend in 2008, given the prevailing market conditions. The extra dividend was last omitted in 2002 in the aftermath of the "technology crash". We know that the absence of this extra dividend comes as a disappointment to Third Canadian's shareholders, as it does to us personally as the largest shareholding group. We have seen the value of our shares decline along with all other shareholders and, therefore, we have great commitment to seeing the shares rise again.

To this end, we retain confidence in Third Canadian's overall strategy, which has proved itself over the years by increasing the wealth of Third Canadian's shareholders. Great effort is being expended by the seasoned portfolio team to re-establish success in 2009 and beyond. This may be the worst financial crisis since 1929, but Third Canadian survived the Great Crash and should prevail again.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Compound Annual Returns for the Periods to December 31, 2008



Investment Commentary

Michael A. Smedley

D. Greg Eckel

Third Canadian's uncharacteristically disappointing year, heavily weighed down by the Fund's customary leverage and that of its principal assets, breaks a string of five consecutive years of double-digit NAV gains and seven years of positive market value returns.

For the record, the trigger for universal declines was the downturn in the U.S. housing market from which unsustainable asset values were exported globally by securitized structures and magnified by leverage throughout the financial system. This and other problems led to the credit market crisis and the stress continues.

PRINCIPAL ASSETS

Third Canadian's major holding, Canadian General Investments, Limited (CGI), had a difficult year, with a market return of -67.3%. CGI's value in Third Canadian's portfolio is based on its market price, not its underlying net asset value. Underperformance vs. the S&P/TSX was amplified by the use of leverage in CGI's portfolio, a strategy that has been proven very effective over the longer term in providing solid returns for its shareholders.

Reflecting the situation in the majority of global markets and the negative impact of its leverage, Canadian World Fund Limited's (CWF) market price decline for the year was 61.7%.

NON-PRINCIPAL ASSETS

For many years, the non-principal assets have contributed to Third Canadian's positive portfolio returns and have also added diversification and opportunities not otherwise obtainable. Due to the extreme market conditions experienced this year, losses were encountered in this segment with cash being raised to eliminate leverage.

From a portfolio weighting perspective, the repayment of leverage had a large impact, as the non-principal assets represented 28% of the total portfolio at year end, down from 38% a year ago.

However, there were a few bright spots in the portfolio at year end. Some of the best unrealized gains in the non-principal portfolio assets in absolute terms were in the following holdings: Ritchie Bros. Auctioneers Incorporated ($554,000), GENIVAR Income Fund ($506,000), Novo Nordisk A/S ($484,000), and Monsanto Company ($446,000).

Unlisted securities are not frequently purchased by Third Canadian, but the Manager acquired a position in a wine and spirits company in the Niagara Peninsula, the main wine growing area of Ontario. This is Diamond Estates Wines & Spirits Ltd., which is seen as a fast-growing and expertly run production, marketing, distribution and sales agency business. It has a national presence, imported as well as domestic products, and many well known brands. In a special touch, it promotes wine under the name of Dan Aykroyd, the actor, who is also a shareholder. This company hopes to conduct an initial public offering within the next 12 to 18 months.

Third Canadian has continued to maintain a range of holdings with exposure to Canadian equities, income trusts and foreign equities. These provide a diverse set of assets for the Fund's portfolio - proven successful in the past and retaining the potential to provide good results when markets recover.

OUTLOOK

Traditional theory suggests equity markets are a leading indicator of the state of the economy six to twelve months into the future. It follows that the key to providing an outlook is an attempt to forecast the end of the recession as currently perceived. Government policy initiatives have been implemented, however, at this stage, the timing of a sustainable improvement in the global economy cannot be estimated. There is no definitive, historical precedent. This great uncertainty will provide challenges for Third Canadian in the near term, but as our history illustrates, this Fund, the second oldest closed-end fund in North America, has been through many difficult periods and shareholders have been rewarded for their long-term investment.

Michael A. Smedley, *CEO and Chief Portfolio Officer of the Manager*

D. Greg Eckel, *Senior Vice-President of the Manager*

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

Third Canadian General Investment Trust Limited (Third Canadian or the Company) is a closed-end investment company. Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of long-term capital appreciation and current income through investment in its principal assets and otherwise directly in non-principal assets consisting of Canadian and international financial instruments including equities, funds, income trusts and related products.

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

RISK

As an equity fund, the Company's primary risk is market risk – the exposure to market price changes for the securities held either directly or indirectly (e.g. through its principal assets) in its portfolio. Economic conditions, investor sentiment, global events and many other factors contribute to the day-to-day changes in security prices and the overall trend of the market. Unprecedented market volatility magnified the level of market risk during 2008. Some of the more significant specific changes or trends in economic conditions through the year and their effects are as follows:

- Continued credit market unrest. 2008 saw a continuation of the asset-backed commercial paper induced turmoil in Canada, decline in liquidity in the marketplace and deleveraging worldwide that began in 2007. The result was the bankruptcy or demise of a number of key U.S. and European banks and brokers. Policy makers have been attempting to revive the illiquid credit markets with infusions of cash and reductions in borrowing rates and eventually bailouts. The Bank of Canada commenced an aggressive interest rate reduction strategy, similar to most of the world's central banks, and as a result the prime bank rate fell from 6.00% to 3.50% by year end.
- Commodity prices. 2008 also saw a dramatic decrease in the prices of commodities. The S&P Goldman Sachs Commodity Index (an index that is comprised of the principal physical commodities of active, liquid markets) was down 46.5% for the year. Two of the worst performing sub sectors of this index were Energy (-52.4%) and Industrial Metals (-49.0%). For a commodities-based economy like Canada's, this had predictable outcomes: a slowing economy and reduction in stock prices.
- Weakness of the Canadian dollar. The Canadian dollar weakened significantly against some of the world's major currencies - U.S. dollar (-24%), Euro (-18%), and Japanese yen (-53%). Canada is a net exporter of goods and services. A weak dollar, while making materials more costly to import, will generally have positive repercussions on export-based companies, as their products become less expensive to purchasers in other countries.
- Global recession. While the final measurement of the severity of the economic downturn is as yet unknown, there is little room to argue that the world's economy is in one of the worst periods in decades. Countries are reporting flat or negative growth, job losses are soaring, and consumer confidence is at historic lows.

Third Canadian's investment in principal assets, which represented 71.9% of its investment portfolio at year end, exposes the Company to concentration risk. However, this risk is largely mitigated, as the principal assets, Canadian General Investments, Limited (CGI), a Canadian equity fund, and Canadian World Fund Limited (CWF), a global equity fund, themselves have well-diversified underlying portfolios. At December 31, 2008, CGI held investments in 62 different issuers, with the largest holding having a 4.2% weighting in its portfolio. The principal assets represented 61.8% of the investment portfolio at the end of 2007. The increased weighting of the principal assets at December 31, 2008 resulted from the repayment of $40.0 million in bank indebtedness, funded through the disposition of non-principal assets.

Third Canadian attempts to mitigate the market and concentration risks by maintaining a diversified portfolio of non-principal assets.

Being a closed-end investment fund, Third Canadian's shares generally trade at a discount to its net asset value per share (NAV). As a result, the return experienced by a shareholder (market return) can often differ from the underlying performance of the Company (portfolio performance). The share price is established by competitive markets, which reflect the buying demand and the selling supply of shares. Factors which are thought to influence share price, and, therefore, discounts and their converse, premiums, include a company's relative performance, the liquidity of the fund's shares, dividend yield, the use of a managed distribution policy, confidence in the fund/portfolio manager, investors' perceptions and expectations regarding the outlook of the countries/sectors/markets where the fund invests. Throughout 2008, Third Canadian's shares traded at a discount ranging from 3.9% to 30.8%, ending the year at 10.9%. It should be noted that Third Canadian effectively has a "double discount", when combining the discount of Third Canadian and those of its principal assets.

Since 1996, Third Canadian has engaged in a leveraging strategy, in an effort to enhance returns to shareholders. The purchase of securities using leverage (in Third Canadian's case, bank borrowings) magnifies the gain or loss on the cash invested and exposes the Company to interest rate risk. During the last quarter of 2008, the Company fully repaid its entire bank indebtedness, which was $40.0 million throughout most of the year. As at December 31, 2008, the Company had no outstanding borrowings.

As Third Canadian is almost exclusively invested in equities, it is most suitable for investors seeking long-term capital appreciation with income as a secondary objective. Investors of Third Canadian should be willing to tolerate moderate market volatility.

RESULTS OF OPERATIONS

Performance

Third Canadian's net asset value at December 31, 2008 was $108,481,000, representing a 63.8% decrease from the $299,981,000 at the end of 2007. Third Canadian's NAV at December 31, 2008 was $22.57, down from $62.42 at year end 2007. The NAV return, with dividends reinvested, for 2008 was -63.6%, compared with a -33.0% total return for the benchmark S&P/TSX.

Given the deteriorating global economic conditions and increasingly negative market sentiment as the year progressed, declines were broadly based, as nine of the ten S&P/TSX sectors were down 20% or greater for the year. In particular, the two largest sectors of the S&P/TSX, Financials and Energy, which together comprised 56.6% of the benchmark at year end, were down by 36.5% and 33.9%, respectively. Third Canadian's underperformance relative to the benchmark can be largely attributed to two factors: i) the negative performance of the Company's major holding, CGI and ii) the leverage provided by the Company's bank borrowings, which served to magnify negative portfolio returns.

CGI's market return was -67.3%. CGI's value in Third Canadian's portfolio is based on its market price rather than its underlying NAV. CGI's performance suffered primarily as a result of an overweighting of its portfolio in smaller capitalization stocks, which have served to enhance portfolio returns in the past. The leverage employed within its own portfolio, in the form of preference shares, amplified its negative portfolio return.

Although in prior years Third Canadian had benefitted from the receipt of special capital gains dividends from CGI, as a result of market conditions, CGI did not pay a special capital gains dividend in 2008. By comparison, the Company received $10.4 million in 2007.

Third Canadian's portfolio underwent a period of change during the fourth quarter of 2008. Specifically, deteriorating market conditions led to an initiative to reduce the leverage by repaying bank borrowings. This was funded through the disposition of non-principal assets, resulting in this segment representing a much smaller weighting of the overall portfolio.

Management fees, one of the Company's key expenses, decreased by 18.0% from 2007 to $1,502,000, driven largely by lower portfolio values. Interest, the Company's other key expense, increased by 12.6% over 2007 to $2,040,000, as a result of higher average borrowing in 2008, as well as interest penalties applicable to loan paybacks prior to maturity. During 2008, Third Canadian utilized between $40.0 million and $0 million of its credit facility. As at December 31, 2008, the Company had no outstanding borrowings.

Dividends

Third Canadian's dividend policy is determined by the Board of Directors. Over the past several years, the Company has paid regular quarterly dividends of $0.075 per share. Although the Company had paid a year-end extra dividend in nine of the past eleven years, as a result of market conditions no such dividend was paid in 2008. Based on year-end share prices, the dividend yield was 1.5% for 2008 and 2.5% for 2007. For tax purposes, Third Canadian designated all dividends paid to shareholders in 2008 as "eligible dividends".

Taxation

As a corporate entity, Third Canadian is subject to tax on its income and realized gains on the sale of investments, at the rates of approximately 34% and 17%. In addition, Third Canadian is subject to future income taxes on its unrealized gain on investments, at an effective rate of 15%. The future income tax liability is directly impacted by the change in unrealized gains, which represents the difference between the market value and cost of its investment portfolio.

As at December 31, 2008, the Company has a non-capital loss carry-forward of approximately $2,431,000, which can be offset against income in future years, and a capital loss of approximately $5,712,000, which can be utilized against future capital gains. In addition, the Company has approximately $1,014,000 of Ontario Corporate Minimum Tax (CMT) credits available that can be used to reduce Ontario income taxes payable in excess of a minimum tax. Given the uncertainty that the benefit associated with these non-capital and capital losses and CMT credits will ultimately be realized, no benefit has been recorded in the financial statements.

RECENT DEVELOPMENTS

Adoption of New Accounting Standards

On January 1, 2008, the Company adopted CICA Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These new standards replaced Section 3861, "Financial Instruments - Disclosure and Presentation", revising and enhancing the Company's disclosure requirements, and carrying forward unchanged its presentation requirements. The new disclosure standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks. Although the standards impact the Company's disclosures provided, they do not affect the Company's net assets.

The Company also adopted Section 1535, "Capital Disclosures", which establishes standards for disclosing information about an entity's capital and how it is managed.

Changeover to International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed January 1, 2011 as the date International Financial Reporting Standards (IFRS) will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable enterprises, which includes investment funds. Management has established a project team responsible for the development and implementation of a transition plan and commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS.

Independent Review Committee

National Instrument 81-107 (NI 81-107), implemented November 1, 2007, requires the existence of an Independent Review Committee (the "IRC") to provide oversight of potential conflicts of interest in the management of investment funds. The Company is one of three closed-end funds (the "Funds") managed by the Manager. The initial members of each Fund's IRC were the same three individuals. In the second quarter of 2008, such initial members of the IRC of each of the Funds unanimously determined that it would be beneficial for the composition of each Fund's IRC to be comprised of the same individuals who serve as independent members of the board of directors of the corresponding Fund. As a result, effective June 30, 2008, a restructuring of each Fund's IRC occurred resulting in the members of Third Canadian's IRC to be as follows: Shawn S. Cooper, Robert S. Hart and Paul M. Pugh.

RELATED PARTY TRANSACTIONS

The Company is managed by Morgan Meighen & Associates Limited (MMA), a company under common control with Third Canadian and its principal assets. 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".

At the end of the year, Third Canadian's principal assets consist of common shares of CGI and CWF. Third Canadian has ownership interests in CGI and CWF of approximately 37% and 31%, respectively. Third Canadian, CGI and CWF are all TSX listed closed-end investment funds. CGI is also listed on the London Stock Exchange.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Company and are intended to help you understand the Company's financial performance for the past five financial years. Per share data is derived from the Company's audited annual financial statements. The net assets per share presented in the financial statements differs from the Company's daily net asset value due to differences in valuation techniques as described in the notes to the financial statements. Ratios and supplemental data are derived from the Company's net asset value.

The Company's Net Assets per Share (1)

	2008	2007	2006	2005	2004
Net assets, beginning of year	$ 62.37	$ 55.69	$ 45.71	$ 31.78	$ 25.30
Increase (decrease) from operations:					
Total revenue	0.89	0.93	1.07	0.91	0.81
Total expenses	(0.81)	(0.82)	(0.60)	(0.43)	(0.31)
Income tax recovery	0.01	0.15	0.02	-	0.02
Realized gains (losses) for the year (2)	(5.18)	3.06	7.42	1.46	0.35
Unrealized gains (losses) for the year	(34.47)	4.55	3.33	12.69	6.02
Total increase (decrease) from operations	(39.56)	7.87	11.24	14.63	6.88
Dividends paid to shareholders:					
Taxable dividends (3)	(0.30)	(1.20)	(0.10)	(0.75)	(0.55)
Net decrease (increase) in refundable dividend tax on hand	(0.09)	-	-	0.05	0.14
Net assets, end of year (4)	$ 22.42	$ 62.37	$ 55.85	$ 45.71	$ 31.78

(1) 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 year.

(2) Includes capital gains dividend received – net of income taxes.

(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

	2008	2007	2006	2005	2004
Total net asset value (000's) (1)	$ 108,481	$ 299,981	$ 268,433	$ 219,701	$ 152,726
Number of shares outstanding (1)	4,805,910	4,805,910	4,805,910	4,805,910	4,805,910
Management expense ratio (2) (3)	4.81%	4.02%	4.32%	4.39%	5.16%
Trading expense ratio (4) (5)	0.36%	0.33%	0.31%	0.37%	0.40%
Portfolio turnover rate (6) (7)	22.91%	18.76%	22.63%	10.23%	10.64%
Net asset value per share	$ 22.57	$ 62.42	$ 55.85	$ 45.71	$ 31.78
Closing market price (1)	$ 20.28	$ 48.60	$ 47.66	$ 38.96	$ 25.85

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

(2) Management expense ratio (MER) is based on total expenses (including leverage costs and Third Canadian's proportionate share of the expenses of CGI and CWF 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 and Third Canadian's proportionate share of the expenses of CGI and CWF, Third Canadian's MERs were as follows: 2008 – 0.81%, 2007 – 0.63%, 2006 – 0.75%, 2005 – 0.68%, 2004 – 0.68%.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs, including Third Canadian's proportionate share of such costs of CGI and CWF, expressed as an annualized percentage of daily average net asset value during the year.

(5) Excluding Third Canadian's proportionate share of commissions and other portfolio transaction costs of CGI and CWF, Third Canadian's trading expense ratios were as follows: 2008 – 0.15%, 2007 – 0.11%, 2006 – 0.09%, 2005 – 0.06%, 2004 – 0.07%.

(6) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of a 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.

(7) The Company's portfolio turnover rates, excluding the principal asset segment of the portfolio, were as follows: 2008 – 56.00%, 2007 – 52.43%, 2006 – 40.47%, 2005 – 41.28%, 2004 – 41.12%.

MANAGEMENT FEES

The Company pays a management fee that is calculated monthly at 1.0% per annum of the consolidated net asset value (adjusted to include future income taxes, any tax liabilities and any borrowings as part of consolidated net asset value) of the Company (calculated without regard to the value of any securities owned by the Company or its subsidiaries in any company or other entity whose investment portfolio is managed by the Manager). The Manager is also entitled to receive an administration fee of 0.2% per annum of the market value of the securities owned by the Company or its subsidiaries in any company or other entity whose investment portfolio is managed by the Manager. 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 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 Third Canadian.

PAST PERFORMANCE

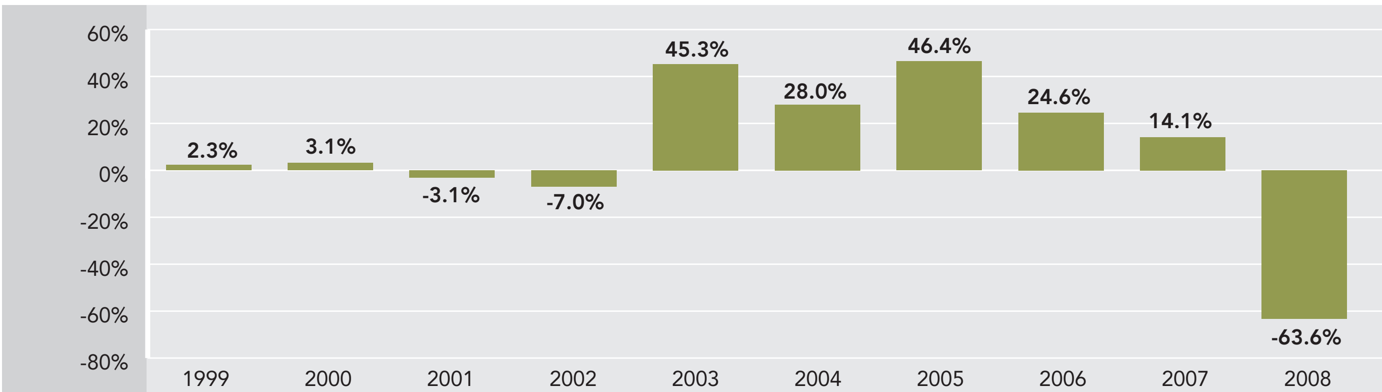
The performance information shown assumes that all dividends paid by Third Canadian were reinvested in additional shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that would have reduced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

YEAR-BY-YEAR RETURNS

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

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

Net Asset Value Return



The bar chart below illustrates Third Canadian's market return, with dividends reinvested at the market price.

Market Value Return

ANNUAL COMPOUND RETURNS

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

	1 Year	3 Years	5 Years	10 Years
Third Canadian General Investment Trust Limited – NAV	-63.6%	-19.7%	-0.6%	3.0%
Third Canadian General Investment Trust Limited – Market	-57.9%	-18.0%	2.4%	4.7%
S&P/TSX Composite Index	-33.0%	-4.8%	4.2%	5.3%

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

SUMMARY OF INVESTMENT PORTFOLIO

as at December 31, 2008

Portfolio Breakdown

	% of Net Asset Value*	% of Investment Portfolio
Principal Assets**	68.9	71.9
Canadian Equities & Income Trusts	21.9	23.0
Foreign Equities	4.5	4.7
Cash & Cash Equivalents	1.2	1.2

Top Holdings

Issuer	Country	Sector	% of Net Asset Value*	% of Investment Portfolio
Canadian General Investments, Limited**	Canada	Principal Assets	64.2	67.0
Canadian World Fund Limited**	Canada	Principal Assets	4.7	4.9
First Solar, Inc.	U.S.A.	Foreign Equities	1.9	2.0
Equinox Minerals Limited	Canada	Canadian Equities & Income Trusts	1.6	1.7
Ag Growth Income Fund	Canada	Canadian Equities & Income Trusts	1.6	1.7
Ritchie Bros. Auctioneers Incorporated	Canada	Canadian Equities & Income Trusts	1.6	1.6
TriStar Oil & Gas Ltd.	Canada	Canadian Equities & Income Trusts	1.5	1.5
Kinross Gold Corporation	Canada	Canadian Equities & Income Trusts	1.5	1.5
Novo Nordisk A/S	U.S.A.	Foreign Equities	1.4	1.5
GENIVAR Income Fund	Canada	Canadian Equities & Income Trusts	1.4	1.5
Diamond Estates Wines & Spirits Ltd.	Canada	Canadian Equities & Income Trusts	1.4	1.5
Waterfurnace Renewable Energy Inc.	Canada	Canadian Equities & Income Trusts	1.4	1.4
Western Financial Group Inc.	Canada	Canadian Equities & Income Trusts	1.2	1.3
TransCanada Corporation	Canada	Canadian Equities & Income Trusts	1.2	1.3
Crescent Point Energy Trust	Canada	Canadian Equities & Income Trusts	1.2	1.3
Monsanto Company	U.S.A.	Foreign Equities	1.2	1.2
CCL Industries Inc.	Canada	Canadian Equities & Income Trusts	1.2	1.2
Labrador Iron Ore Royalty Income Fund	Canada	Canadian Equities & Income Trusts	1.2	1.2
Canadian Cash	Canada	Cash & Cash Equivalents	1.2	1.2
Canadian Natural Resources Limited	Canada	Canadian Equities & Income Trusts	1.1	1.2
Russel Metals Inc.	Canada	Canadian Equities & Income Trusts	1.0	1.1
MTY Food Group Inc.	Canada	Canadian Equities & Income Trusts	1.0	1.1
Northern Property Real Estate Investment Trust	Canada	Canadian Equities & Income Trusts	0.8	0.9
			96.5*	100.8
Total Net Asset Value* ($000's)				$ 108,481
Total Investment Portfolio* ($000's)				$ 103,858

* Total Net Asset Value represents Total Investment Portfolio adjusted for other assets and other liabilities. The Total Investment Portfolio includes a payable on securities purchased of $0.8 million.

** Investments in TSX listed closed-end investment funds under common control with the Company. CGI is focussed on medium to long-term investments in Canadian corporations. CWF invests globally in securities of primarily publicly traded growth companies. Information on these funds is available on the Internet at www.sedar.com or by visiting the Manager's web site at www.mmainvestments.com.

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 Manager's web site at www.mmainvestments.com, by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 110 Yonge Street, Suite 1601, Toronto, Ontario, Canada, M5C 1T4.

Financial Reports

MANAGEMENT'S REPORT

The accompanying consolidated financial statements have been prepared by Management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements. The significant accounting policies which Management believes are appropriate for the Company are described in note 1 to the consolidated financial statements.

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

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

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

February 12, 2009

AUDITORS' REPORT

To the Shareholders of
Third Canadian General Investment Trust Limited

We have audited the accompanying consolidated statements of net assets of Third Canadian General Investment Trust Limited (the Company) as at December 31, 2008 and 2007, the consolidated statement of investment portfolio as at December 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

February 12, 2009

Consolidated Statements of Net Assets

As at December 31, 2008 and 2007 *(in thousands of dollars, except per share amounts)*	2008 $	2007 $
Assets		
Investments at fair value (cost - $64,129; 2007 - $127,849)	102,658	362,817
Cash	1,256	7,770
Interest and dividends receivable	190	207
Income taxes recoverable	4,549	8
	108,653	370,802
Liabilities		
Payable for securities purchased	784	-
Accounts payable and accrued liabilities	116	252
Bank indebtedness (note 2)	-	40,023
Future income taxes on unrealized gain on investments (note 6)	-	30,796
	900	71,071
Net Assets	107,753	299,731
Shareholders' Equity		
Capital stock (note 3)	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments, net of future income taxes	38,529	204,172
Retained earnings (note 4)	60,039	86,374
	107,753	299,731
Number of shares outstanding (note 3)	4,805,910	4,805,910
Net assets per share (note 11)	22.42	62.37

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

Approved by the Board of Directors

Director | Director

Consolidated Statements of Operations

For the years ended December 31, 2008 and 2007 *(in thousands of dollars, except per share amounts)*	2008 $	2007 $
Investment income		
Dividends	3,034	2,751
Interest and other	1,185	1,610
Securities lending revenue (note 9)	61	119
	4,280	4,480
Expenses		
Interest (note 2)	2,040	1,811
Management fees (note 5)	1,502	1,831
Directors' fees and expenses	85	75
Listings and regulatory costs	52	51
Audit fees	41	39
Capital taxes	34	3
Security holder reporting costs	32	37
Custodial fees	29	21
Independent review committee fees and expenses	21	13
Legal fees	4	3
Investor relations	1	4
Other	28	31
	3,869	3,919
Investment income before income taxes	411	561
Income tax recovery (note 6)	42	742
Net investment income	453	1,303
Realized and unrealized gains (losses) on investments		
Net realized gain (loss) on investments, net of income tax provision (recovery) of $(2,982) (2007 - $1,380) (note 6)	(24,573)	6,413
Change in unrealized gain on investments, net of decrease (increase) in future income taxes of $30,796 (2007 - $(32))	(165,643)	21,939
Capital gains dividends received, net of income taxes of $nil (2007 - $1,874) (note 5)	-	8,503
Transaction costs on purchase and sale of investments	(338)	(309)
Net gain (loss) on investments	(190,554)	36,546
Increase (decrease) in net assets resulting from operations for the year	(190,101)	37,849
Increase (decrease) in net assets resulting from operations per share		
(based on 4,805,910 (2007 - 4,805,910) weighted-average shares outstanding during the year)	(39.56)	7.88

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

Consolidated Statements of Changes in Net Assets

For the years ended December 31, 2008 and 2007	**2008**	**2007**
(in thousands of dollars)	**$**	**$**
Increase (decrease) in net assets resulting from operations for the year	(190,101)	37,849
Dividends paid to shareholders from net investment income	(1,442)	(5,767)
Increase in refundable dividend tax on hand	(435)	-
Increase (decrease) in net assets during the year	(191,978)	32,082
Net assets, beginning of year	299,731	267,649
Net assets, end of year	107,753	299,731

Consolidated Statements of Cash Flows

For the years ended December 31, 2008 and 2007	**2008**	**2007**
(in thousands of dollars)	**$**	**$**
Cash provided by (used in):		
Operating activities		
Net investment income	453	1,303
Capital gains dividends received, net of income taxes	-	8,503
Purchase of investments	(61,915)	(76,058)
Proceeds of disposition of investments	98,865	66,250
Income tax recovery (provision) included in net realized gain on investments	2,982	(1,380)
Transaction costs on purchase and sale of investments	(338)	(309)
Net change in non-cash balances related to operations	(4,661)	(6,096)
	35,386	(7,787)
Financing activities		
Increase (decrease) in bank indebtedness	(40,023)	15,006
Dividends paid to shareholders from net investment income	(1,442)	(5,767)
Increase in refundable dividend tax on hand	(435)	-
	(41,900)	9,239
Net increase (decrease) in cash during the year (note 8)	(6,514)	1,452
Cash, beginning of year	7,770	6,318
Cash, end of year	1,256	7,770

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

Consolidated Statement of Investment Portfolio

As at December 31, 2008

NUMBER OR PAR VALUE	INVESTMENT	COST $	FAIR VALUE $
		(in thousands of dollars)	
	PRINCIPAL ASSETS (71.9%)		
7,629,811	Canadian General Investments, Limited	20,969	69,584
2,240,422	Canadian World Fund Limited	12,602	4,548
	TOTAL PRINCIPAL ASSETS	33,571	74,132
	CANADIAN EQUITIES AND INCOME TRUSTS (23.0%)		
87,500	Ag Growth Income Fund, units	1,491	1,697
25,000	Canadian Natural Resources Limited	1,451	1,217
50,800	CCL Industries Inc., B non-voting	1,617	1,267
55,000	Crescent Point Energy Trust, units	1,891	1,320
526,315	Diamond Estates Wines & Spirits Ltd., unlisted	2,000	1,553
1,280,000	Equinox Minerals Limited	1,843	1,702
62,000	GENIVAR Income Fund, units	1,057	1,552
70,000	Kinross Gold Corporation	1,500	1,568
59,000	Labrador Iron Ore Royalty Income Fund, units	1,773	1,255
148,600	MTY Food Group Inc.	1,443	1,070
55,000	Northern Property Real Estate Investment Trust, units	628	891
65,000	Ritchie Bros. Auctioneers Incorporated	1,153	1,677
60,000	Russel Metals Inc.	1,600	1,138
40,000	TransCanada Corporation	1,320	1,323
140,000	TriStar Oil & Gas Ltd.	2,160	1,582
64,500	Waterfurnace Renewable Energy Inc.	1,100	1,489
740,900	Western Financial Group Inc.	2,711	1,341
	TOTAL CANADIAN EQUITIES AND INCOME TRUSTS	26,738	23,642
	FOREIGN EQUITIES (4.7%)		
12,000	First Solar, Inc.	2,000	2,022
15,000	Monsanto Company	846	1,291
25,000	Novo Nordisk A/S, ADR	1,089	1,571
	TOTAL FOREIGN EQUITIES	3,935	4,884

NUMBER OR PAR VALUE	INVESTMENT	COST $	FAIR VALUE $
		(in thousands of dollars)	
	TRANSACTION COSTS (note 1)	(115)	-
	TOTAL INVESTMENTS (99.6%)	**64,129**	**102,658**
	CASH & CASH EQUIVALENTS (1.2%)	1,256	1,256
	NET PAYABLE ON SECURITIES PURCHASED (-0.8%)	(784)	(784)
	INVESTMENT PORTFOLIO (100.0%)	**64,601**	**103,130**

Percentage amounts in brackets represent fair value as a percentage of the Investment Portfolio.

RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS

INVESTMENT PORTFOLIO (95.7%)	103,130
OTHER ASSETS AND LIABILITIES, NET (4.3%)	4,623
NET ASSETS (100.0%)	**107,753**

Percentage amounts in brackets represent fair value as a percentage of Net Assets.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles (GAAP), include estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the year. Actual results could differ from these estimates. The following is a summary of significant accounting policies followed by Third Canadian General Investment Trust Limited (the Company).

Adoption of new accounting standards

On January 1, 2008, the Company adopted The Canadian Institute of Chartered Accountants Handbook Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. These new standards replaced Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing the Company's disclosure requirements, and carrying forward unchanged its presentation requirements. The new disclosure standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks. Although the standards impact the Company's disclosures provided, they do not affect the Company's net assets. Refer to note 7 for new disclosures relating to adoption of the new requirements.

The Company also adopted Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. Refer to note 10 for a discussion of the Company's capital and how it is managed.

Future accounting standards

The Canadian Accounting Standards Board confirmed January 1, 2011 as the date international financial reporting standards (IFRS) will replace current Canadian standards and interpretations as GAAP for publicly accountable enterprises, which include investment funds. Management has established a project team responsible for the development and implementation of a transition plan and commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its three wholly owned subsidiaries, 1013229 Ontario Limited, 1013230 Ontario Limited and 1013231 Ontario Limited.

Valuation of investments

Publicly listed securities are valued at the most recent bid price. 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.

Investment transactions

Investment transactions are recorded on the trade date. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. These costs are expensed and are included in the consolidated statements of operations.

Investment income

Dividend income is recorded on the ex-dividend date. Interest income and securities lending revenue are recognized as earned.

Income trust distributions

The Company received distributions from various income and royalty trusts during the year. Unless specifically reported by these trusts, the classification of the distributions received among income, capital gains and return of capital is estimated by Management using available sources of information. Any subsequent adjustments to classification estimates are made when the income and royalty trusts report their final classifications to the Company.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-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.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using rates expected to apply to the taxable income in the years in which the temporary differences are expected to be settled.

2 BANK INDEBTEDNESS

The Company has a revolving credit facility of $40.0 million, comprising bankers' acceptances and term loans, with interest either at a quoted one-year rate or based on the prime bankers' acceptance rate (plus 60 basis points). The Company must comply with specified covenants during the terms of the loans.

The Company has no outstanding loan as at December 31, 2008. The bank indebtedness as at December 31, 2007 had a combined weighted-average interest rate of 5.16% per annum and was repaid over various dates in 2008.

During 2008, the Company utilized between $nil and $40.0 million (2007 - between $20.8 and $40.0 million) of its revolving credit facility.

3 CAPITAL STOCK

The Company is authorized to issue 60,000 First Preferred Shares, Series A and an unlimited number of common shares. As at December 31, 2008, there are 4,805,910 (2007 - 4,805,910) common shares issued and outstanding.

4 RETAINED EARNINGS

The changes in retained earnings for the year were as follows:

(in thousands of dollars)	2008 $	2007 $
Retained earnings, beginning of year	86,374	76,231
Net investment income	453	1,303
Net realized gain (loss) on investments, net of income tax provision (recovery)	(24,573)	6,413
Transaction costs on purchase and sale of investments	(338)	(309)
Capital gains dividends received, net of income taxes (note 5)	-	8,503
Net increase in refundable dividend tax on hand	(435)	-
	61,481	92,141
Dividends paid to shareholders from net investment income	(1,442)	(5,767)
Retained earnings, end of year	60,039	86,374

5 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited (the Manager), a corporation under common control with the Company, for services received in connection with the management of the Company's financial accounts and investment portfolio, among other services. Management fees are calculated on a monthly basis at the annual rate of 1.0% of consolidated net asset value (NAV), excluding income tax liabilities, bank indebtedness and the holdings of the principal assets and at the annual rate of 0.2% of the fair value of the principal assets. Values for fee calculation purposes are determined on the basis of the consolidated financial statements of the Company as at the last day of the applicable month.

Included in dividend income is $1,831,000 (2007 - $1,831,000) and included in the net gain on investments for 2007 was a capital gains dividend of $10,377,000 from Canadian General Investments, Limited (CGI). The Company has an approximate 37% ownership interest in CGI.

The Company has an approximate 31% ownership interest in Canadian World Fund Limited (CWF).

6 TAXATION

The Company, as a public corporation, is subject to income taxes on its net investment income and net realized gain (loss) on investments at the rates of approximately 34% (2007 - 36%) and 17% (2007 - 18%), respectively. Taxable dividends receivable from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The Company's recovery of income taxes on net investment income and provision for (recovery of) income taxes on net realized gain (loss) on investments during the year are determined as follows:

(in thousands of dollars)	2008 $	2007 $
Recovery of income taxes on net investment income		
Provision for income taxes based on combined Canadian federal and provincial income tax rate	138	202
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(953)	(944)
Income tax rate differential	110	-
Applied to reduce future income taxes on unrealized capital gain on investment	705	-
Other timing differences	(42)	-
Income tax recovery	(42)	(742)
Provision for (recovery of) income taxes on net realized gain (loss) on investments		
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rates	(9,231)	2,820
Increase (decrease) in income taxes resulting from:		
Non-taxable portion of net realized gain on investments	4,615	(1,410)
Income tax rate differential	(162)	-
Applied to reduce future income taxes on unrealized capital gain on investment	761	-
Capital losses and Ontario corporate minimum tax credits for which no benefit is recognized	1,081	-
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(46)	(30)
Income tax provision (recovery)	(2,982)	1,380

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference for the Company is the difference between the fair value of investments in its portfolio and their adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of investments is greater than their ACB, a future income tax liability arises. When the ACB of investments is greater than their fair value, a future income tax asset is created. The effective income tax rate for future income taxes on the principal assets is approximately 15% (2007 - 15%) and 15% on the other investments in the portfolio (2007 - 17%).

As at December 31, 2008, the Company has a non-capital loss carry-forward of approximately $2,431,000. This can be offset against income in future years and expires in 2028. The Company also has a capital loss of approximately $5,712,000, which can be utilized against future capital gains and is not subject to expiry. In addition, the Company has approximately $1,014,000 of Ontario corporate minimum tax (CMT) credits available that can be used to reduce Ontario income taxes payable in excess of a minimum tax. These credits will begin to expire in 2025. Given the uncertainty that the benefit associated with these non-capital and capital losses and CMT credits will ultimately be realized, a full valuation allowance has been taken to offset the future income tax assets, such that no benefit has been recorded in the consolidated financial statements.

The Company is also subject to a special tax of up to 33-1/3% 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 $1 for each $3 of such dividends paid. The Company has refundable dividend tax on hand of approximately $435,000 as at December 31, 2008 (2007 - $nil).

7 FINANCIAL INSTRUMENTS RISKS

The Company is a closed-end investment fund. Its objective is to provide its investors with above-average returns, comprised of a blend of long-term capital appreciation and current income through investment in its principal assets, CGI and CWF, and otherwise directly in Canadian and international financial instruments, including equities, funds, income trusts and related products.

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 (defined as interest rate risk, currency risk and other 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 daily monitoring of the Company's positions and market events, and by diversifying the investment portfolio within the policies and guidelines of the Company in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate with respect to the non-principal assets, 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. While the principal assets represent the major portion of the Company's portfolio, they are, themselves, diversified funds and, as such, do not result in the Company being exposed to a high degree of concentration in the securities of any one issuer when looked through.

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 consists of investments in debt instruments, including bonds and preferred shares, as well as amounts due from brokers. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments, as presented on the consolidated statement of investment portfolio, represents the maximum credit risk exposure as at December 31, 2008. This also applies to other assets, as these have a short term to settlement. As at December 31, 2008, 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.

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 a revolving credit facility of $40 million (note 2).

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 consolidated statement of investment portfolio. Investments in principal assets, representing 71.9% of the investment portfolio, are considered long-term holdings. 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.

Market risk

Interest rate risk:

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

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

As at December 31, 2008, the Company had no investments in debt instruments.

The Company's revolving credit facility is subject to interest rates at a quoted one-year rate or based on the prime bankers' acceptance rate, which exposes the Company to interest rate risk, as any new borrowings will be subject to the prevailing interest rate environment at that time. As at December 31, 2008, the Company did not have any loans outstanding.

Currency risk:

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

As at December 31, 2008, the Company's investment portfolio had a direct 6.4% weighting in securities denominated in U.S. dollars. The Company had no securities denominated in other foreign currencies at year end.

As at December 31, 2008, had the Canadian dollar strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $274,000.

Other price risk:

Other 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 a 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.

The consolidated statement of investment portfolio groups the securities by principal and non-principal assets. Non-principal assets are subdivided into Canadian and foreign equities.

As at December 31, 2008, a 5% increase or decrease in market prices in the investment portfolio, with all other variables held constant, would have resulted in the net assets of the Company increasing or decreasing, respectively, by approximately $4,360,000.

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.

8 SUPPLEMENTAL CASH FLOW INFORMATION

Included in the net increase (decrease) in cash during the year are the following amounts:

(in thousands of dollars)	2008 $	2007 $
Interest paid	2,063	1,806
Income taxes paid	2,093	2,513

9 SECURITIES LENDING

The Company has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services 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.

Due to concern regarding uncertainty in global financial markets, the Company temporarily suspended its participation in the securities lending program in 2008. As a result, the Company had no securities on loan as at December 31, 2008. As at December 31, 2007, the Company had loaned securities with a fair value of $11,869,000 and the custodian held collateral of $12,564,000.

10 CAPITAL MANAGEMENT

The Company considers capital to be comprised of its shareholders' equity. The balances are as follows:

(in thousands of dollars)	2008 $	2007 $
Shareholders' equity	107,753	299,731

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 7. In addition, with respect to the $40.0 million revolving credit facility, as described in note 2, the Company monitors its adherence to loan covenants, including a required minimum four times asset coverage ratio. The Company was in full compliance with all such covenants for the year ended December 31, 2008.

11 COMPARISON OF NET ASSET VALUE PER SHARE AND NET ASSETS PER SHARE

In accordance with Section 3.6(1) of National Instrument 81-106, the Company's net asset value per share, the net assets per share, calculated in accordance with Canadian GAAP for financial reporting purposes, and an explanation of the differences between such amounts, are required disclosures in the notes to the consolidated financial statements. For investments that are traded in an active market, Canadian GAAP requires that bid prices be used in the fair value of instruments, rather than the use of the last traded price, as currently used for the purpose of determining net asset value. This change accounts for the difference between net asset value and net assets.

	2008 $	2007 $
Net asset value per share	22.57	62.42
Canadian GAAP adjustment	(0.15)	(0.05)
Net assets per share	22.42	62.37

Corporate Information

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

BOARD OF DIRECTORS

Shawn S. Cooper
Managing Director and Country Manager for Canada, Russell Reynolds Associates

Robert S. Hart
Barrister and Solicitor

Jonathan A. Morgan
President & CEO, Canadian General Investments, Limited

Vanessa L. Morgan
Chairman, Canadian General Investments, Limited

Paul M. Pugh
Retired Senior Investment Executive

Michael A. Smedley
Executive Vice-President & CEO, Morgan Meighen & Associates Limited

AUDIT COMMITTEE

Shawn S. Cooper
Robert S. Hart
Paul M. Pugh (Chairman)

CORPORATE GOVERNANCE COMMITTEE

Shawn S. Cooper (Chairman)
Robert S. Hart
Jonathan A. Morgan

INDEPENDENT DIRECTORS COMMITTEE

Shawn S. Cooper
Robert S. Hart (Chairman)
Paul M. Pugh

OFFICERS

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Colin D. Smith
Secretary

Frank C. Fuernkranz, MBA, CA, CFA
Treasurer & CFO

Christopher J. Esson, CA, CFA, MBA
Assistant-Treasurer

OFFICE OF THE COMPANY

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MANAGER

Morgan Meighen & Associates Limited
Toronto

AUDITORS

PricewaterhouseCoopers LLP
Toronto

BANKERS

Royal Bank of Canada
Toronto

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

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To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare at the above address.

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: THD

PUBLICATION

Net asset value per share (NAV) and/or market price and market return are published daily/weekly in various media in Canada and the United States. These include: The Wall Street Journal and Barron's.

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

ANNUAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Third Canadian General Investment Trust Limited will be held at 12:00 p.m. (Toronto time) Thursday, April 2, 2009 in St. Andrew's Hall, St. Andrew's Club & Conference Centre, Sun Life Financial Tower, 150 King Street West, 27th Floor, Toronto, Ontario, M5H 1J9. (Telephone (416) 366-4228)
website: www.standrewsclub.ca

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

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