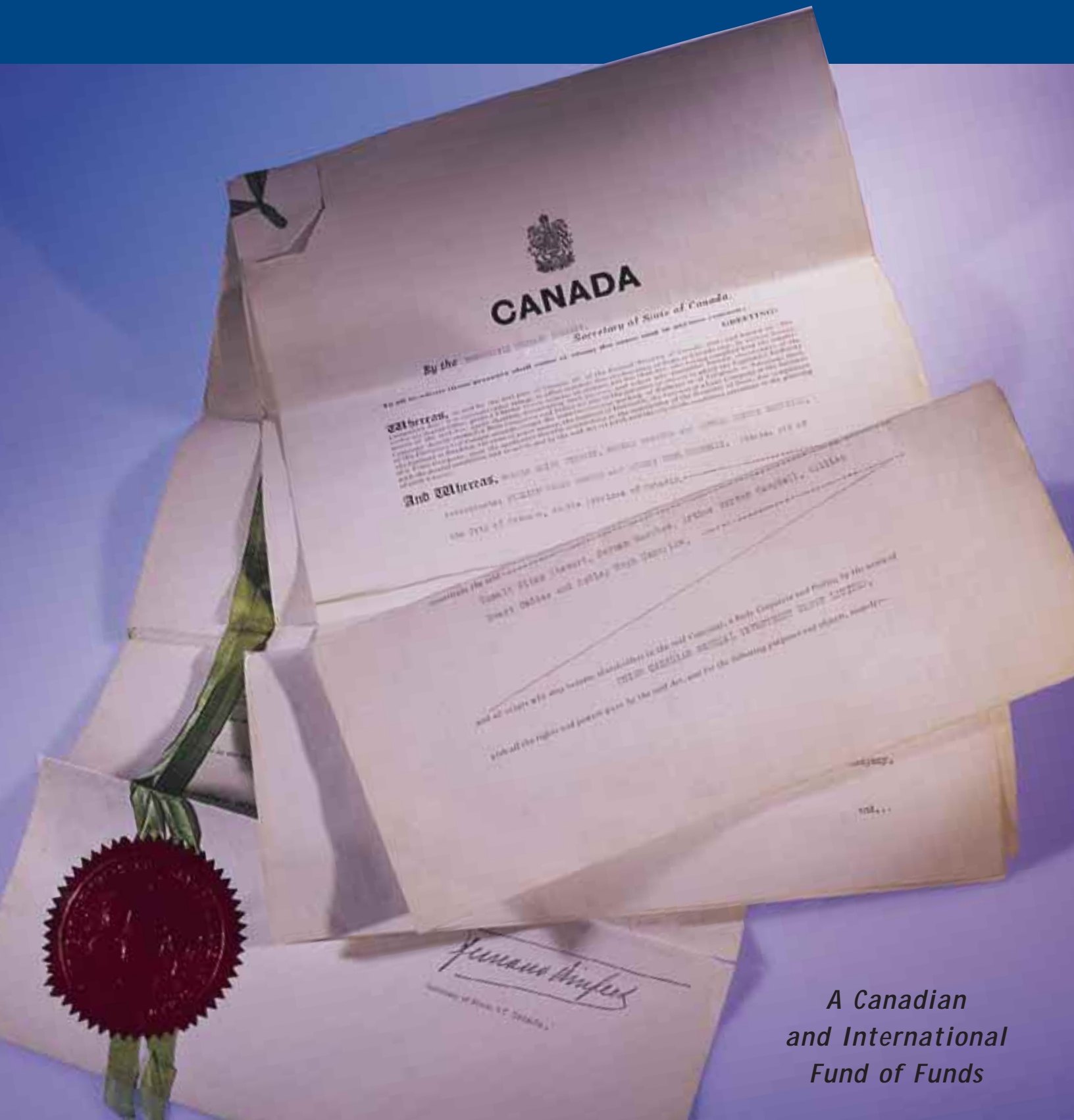


Third Canadian General Investment Trust Limited



*A Canadian
and International
Fund of Funds*

Founded 1928

1999 Annual Report

Corporate Profile

Founded in 1928, Third Canadian General Investment Trust Limited (Third Canadian) is one of the oldest publicly listed closed-end funds in North America.

The Company has long term principal assets, consisting mainly of the shares of Canadian General Investments, Limited. Since 1996 the Company has also used a high-income strategy with other portfolio assets. This is achieved primarily by harvesting Canadian dividends and interest, foreign capital gains dividend distributions, which are considered income in Canada, and foreign income dividends from U.K. and other international markets.

Many investors hold the shares of Third Canadian as a proxy for Canadian General Investments, Limited.

Third Canadian has been managed since 1956 by MMA Investment Managers Limited.

The common shares of Third Canadian are listed and traded on the Toronto Stock Exchange (symbol THD). Net asset value per share is calculated at the close of business every Thursday, and is published at the weekend in the financial press in Canada and the United States.

Ongoing efforts to promote and expand awareness of the Company and the closed-end sector in general continue with participation as a founding member of the Closed-End Fund Association (CEFA) in North America (website: www.cefa.com).

All percentages in this Report are calculated from unrounded amounts.

As we enter the year 2000 we look back on more than 70 years of history for the oldest closed-end fund group in Canada.

Third Canadian General Investment Trust Limited, established in 1928 and unchanged today is the second oldest North American closed-end fund in existence. Third is the holding company for Canadian General Investments, Limited.



Letter to the Shareholders

Dear Shareholder, *Net asset value for Third Canadian General Investment Trust Limited increased at year-end 1999 above the corresponding 1998 level. This was in part aided by year-end dividend distributions substantially from Canadian General Investments, Limited ("CGI") and also foreign capital gains distributions declared on other holdings.*

The strength in CGI's portfolio in the final quarter was not recognized by the market in time to benefit Third's year-end valuation. An uplift for Third is largely dependent on CGI, its principal long term asset which represented 73% of the portfolio at year-end, including Third's holding in CGI's warrants.

Income funds and other income paying securities throughout the world deteriorated in market price last year affecting Third's performance negatively. This was partly offset by good gains in emerging market growth and in other funds. The upward pressure on interest rates also took their toll but, more significantly, investment money flows were massively diverted to "new economy" stocks. Third Canadian, a fund of funds with income as a secondary strategy directed toward boosting its own dividends, was impacted by these factors.

An extra dividend was not declared by the Directors in the final quarter. However, many investee companies declared dividends - several of substantial size - benefiting shareholders by addition to the asset base.

STRATEGIC CHANGE

In the final quarter we made strategic moves into new types of fund investments more aligned with the technology bull market, realising some losses in income related shares, reducing the overall tax obligation and further improving asset strength.

We re-directed much of our attention to specialized theme funds, some with linkage to technology and life sciences. This proved to be accretive to assets. Several country funds held for growth also showed improvement before year-end, including Russian, Asian, U.S. and European.

Since year-end we have continued with changes and we expect further improved performance by CGI, as so far evidenced early in the new year with CGI's NAV appreci-

ation well outpacing the TSE 300 Composite Index and CGI's portfolio assets pushing through the record \$400 million mark.

SHARE DISCOUNTS

The discounts of both Third Canadian and CGI are at the wide end of their ten year range. As calculated at year-end, these values would demonstrate a "double discount" of 42.4%.

OUTLOOK

The pull and push of interest rates and inflationary forces always look threatening and much of the so-called new economy appears to be in an earnings free void. Expectations remain high and failures unknown but we are still optimistic at Third Canadian.

Canada and many other economies and special themes in which Third Canadian is invested continue positive. This is reflecting in a better performance in Canadian markets, and a continuation of the moderate strength in the Canadian dollar without upsetting the export picture. These are special times. The Toronto market outpaced most U.S. market indices in the final quarter. Canadian inflation and productivity numbers are now better than those of the U.S. and the TSE 300 Composite Index is now outpacing the Dow Jones Industrial Average, the S&P 500 and other major world indices.

E. Louise Morgan
Chairman
February 10, 2000

Michael A. Smedley
President
February 10, 2000



Management's Discussion and Analysis

Third Canadian completed the year 1999 with its principal holding, CGI experiencing a significant increase in assets largely attributable to the technology content in its portfolio. This advance was not however reflected in CGI's share price before year-end.

BACKGROUND

The portfolio of Third Canadian General Investment Trust Limited ("Third Canadian") is dominated by the Company's 37.3% ownership of the shares of Canadian General Investments, Limited ("CGI"), a major Canadian equities growth fund. Most of Third Canadian's other assets are in shares of other investment funds. This puts the Company into the "fund of funds" category, a rarity in North America.

High income positions, mainly in Canadian, U.S. and U.K. listed funds resulted in year-end market yields of 11.9%, 9.6% and 5.1% respectively. The lower U.K. yield on year-end assets resulted from transfer to growth funds as the Fund modified its approach in recent months to obtain better growth in specialized themes, many of which are related to the "new economy".

FINANCIAL PERFORMANCE

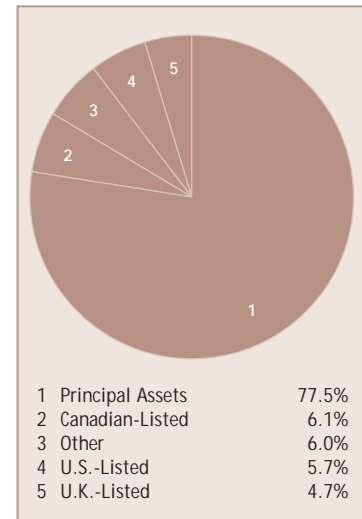
Net investment income for the year declined by 21.2% to \$1,852,000 driven primarily by a \$2,415,000 reduction in investment income. Dividend income, including foreign capital gain distributions from non-principal asset investments, declined to \$2,562,000 from \$4,363,000 in 1998, largely as a result of 1998 emerging market crises.

Total expenses at \$1,580,000 in 1999 declined by 40.6% vs. 1998. The 1998 expenses included \$825,000 related to the settlement of a prior litigation. The interest rates on funds borrowed to finance Third Canadian's leverage strategy averaged 5.7% for the 12 months and amounted to \$862,000. Fees paid to the Manager (MMA Investment Managers Limited) amounted to \$526,000, a 20.4% reduction from 1998, driven by lower portfolio values.

Net gain on investments improved to \$276,000 in 1999 from a negative \$8,491,000 for the previous year. At year-end 1999, unrealized gain on investments net of provision for future income taxes was \$57,747,000, an increase of 2.3% over last year.

WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET

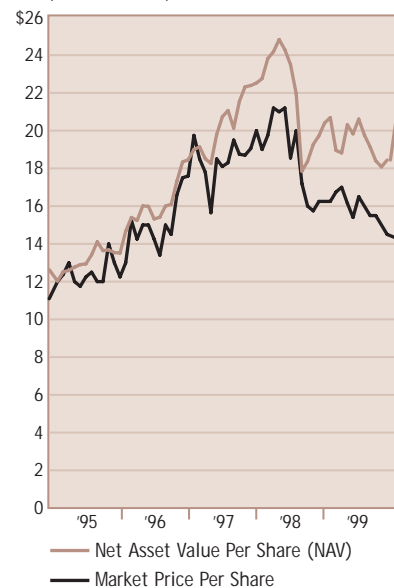
December 31, 1999



COMPARISON OF MARKET PRICE TO NAV

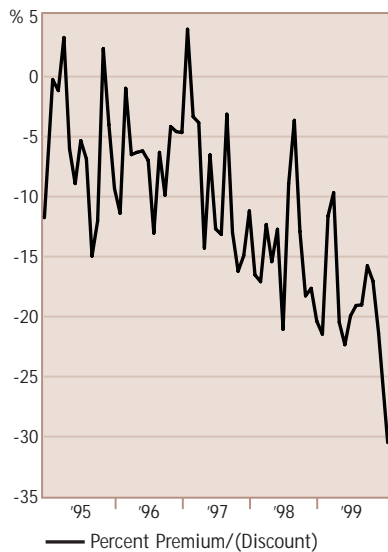
Years 1995 to 1999

(month-end values)



PREMIUM/(DISCOUNT) TO NAV

Years 1995 to 1999
(month-end values)



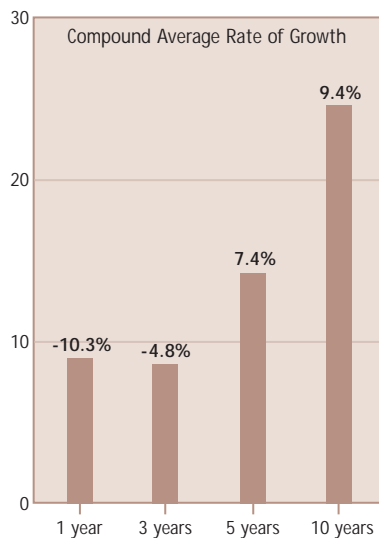
Year-end 1999 net assets were \$98,782,000, marginally above \$98,096,000 reported for 1998, reflecting recovery in the latter half of the year. Net asset value per share ("NAV") was \$20.55, up from \$20.41. Third Canadian's share price closed at \$14.30, compared to \$16.25 at the end of 1998. In 1999, the discount to NAV ranged from 7.5% to 30.4%. The widening of the discount is consistent with other international closed-end funds.

Due to its closed-end fund structure, Third Canadian measures its return on a basis of growth of net assets. This reflects the deduction of corporate expenses and income taxes. The following table illustrates NAV growth. Distributions are added back as if reinvested at month-end NAV values. Periods greater than one year are compound average annual rates of return.

Period	NAV Growth	
	Excluding Cash Distributions	Reinvesting Cash Distributions
1 Year	0.7%	2.2%
3 Years	3.6%	5.4%
5 Years	10.3%	12.3%

GROWTH OF A \$10,000 INVESTMENT*

For 1, 3, 5 and 10 years
to December 31, 1999
(in thousands of dollars)



*Assuming reinvestment of dividends at month-end closing prices

YEAR 2000

The Company is not aware of any adverse effects arising out of the Year 2000 issue but cannot predict future events. Refer to note 9 of Notes to the Consolidated Financial Statements for information relating to this issue.

PROSPECTS

The new year starts well with appreciating stocks in attractive new themes – communications, Internet and life sciences in the portfolio. The prospects of Third Canadian's major holding in CGI, which essentially creates your company's future performance, look positive. CGI's net assets were up 13.3% year-to-date to February 10, 2000 versus 10.8% for the TSE 300 Composite Index. However, direction cannot always be determined in the volatile market place.



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 audited financial statements and other sections of the Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Company are described in note 1 to the financial statements. Financial information used elsewhere in the Annual Report is consistent with that in the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee comprised of a majority of non-management Directors is appointed by the Board. The Audit Committee reviews the audited financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Directors prior to the approval of the audited 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 generally accepted auditing standards to enable them to express to the shareholders their opinion on these financial statements. Their report is set out on this page.

E. Louise Morgan
Chairman
February 10, 2000

Michael A. Smedley
President
February 10, 2000

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 as at December 31, 1999 and 1998, and the consolidated statement of investments as at December 31, 1999, the consolidated statements of operations, retained earnings, unrealized gain on investments and changes in net assets for the years then ended, and the consolidated statement of financial highlights for each of the years in the five-year period ended December 31, 1999. 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, 1999 and 1998, and the results of its operations and the changes in its net assets for the years then ended and its financial highlights for each of the years in the five-year period ended December 31, 1999 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Toronto, Ontario
January 20, 2000

Consolidated Statements of Net Assets

As at December 31, 1999 and 1998

(in thousands of dollars, except per share amounts)

	1999	1998
Assets		
Investments	\$ 130,100	\$ 128,075
Cash	1,479	1,619
Receivable on securities sold	551	—
Accrued interest and dividends	289	587
Income taxes recoverable	1,204	1,211
	<u>133,623</u>	<u>131,492</u>
Liabilities		
Bank indebtedness (note 3)	14,970	14,942
Payable on securities purchased	1,464	—
Accounts payable and accrued liabilities	57	58
	<u>16,491</u>	<u>15,000</u>
Future income taxes on unrealized net capital gains	18,350	18,396
	<u>34,841</u>	<u>33,396</u>
Net Assets	\$ 98,782	\$ 98,096
Shareholders' Equity		
Capital stock (note 4)	\$ 6,504	\$ 6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments	57,747	56,464
Retained earnings	31,850	32,447
	<u>\$ 98,782</u>	<u>\$ 98,096</u>
Number of shares outstanding	4,805,910	4,805,910
Net asset value per share	\$ 20.55	\$ 20.41

Approved by the Board of Directors



Director



Director

Consolidated Statements of Operations

For the years ended December 31, 1999 and 1998

<i>(in thousands of dollars)</i>	1999	1998
Investment income		
Dividends	\$ 3,492	\$ 5,347
Interest related to issuer bid litigation <i>(note 7)</i>	—	667
Other interest	411	304
	<u>3,903</u>	<u>6,318</u>
Expenses		
Management fees <i>(note 6)</i>	526	661
Interest related to issuer bid litigation <i>(note 7)</i>	—	825
Interest <i>(note 3)</i>	862	996
Directors' fees	36	37
Regulatory and transfer agent fees	31	35
Miscellaneous	125	108
	<u>1,580</u>	<u>2,662</u>
Investment income before income taxes	2,323	3,656
Income tax provision <i>(note 2)</i>	471	1,306
Net investment income for the year	1,852	2,350
Realized and unrealized gain (loss) on investments		
Net realized loss on investments <i>(note 5)</i>	(2,152)	(209)
Change in unrealized appreciation of investments	1,283	(10,250)
Capital gains cash dividends received - net of income taxes of \$576 (1998 - \$990)	1,145	1,968
Net gain (loss) on investments	276	(8,491)
Increase (decrease) in net assets resulting from operations	\$ 2,128	\$ (6,141)

Consolidated Statements of Retained Earnings

For the years ended December 31, 1999 and 1998

<i>(in thousands of dollars, except per share amounts)</i>	1999	1998
Retained earnings - Beginning of year	\$ 32,447	\$ 32,584
Add		
Net investment income for the year	1,852	2,350
Net realized loss on investments	(2,152)	(209)
Capital gains dividends received - net of income taxes	1,145	1,968
	33,292	36,693
Deduct		
Dividends	1,442	1,682
Payment pursuant to issuer bid litigation (<i>note 7</i>)	—	2,564
	1,442	4,246
Retained earnings - End of year	\$ 31,850	\$ 32,447
Dividends per share	\$ 0.30	\$ 0.35

Consolidated Statements of Unrealized Gain on Investments

For the years ended December 31, 1999 and 1998

<i>(in thousands of dollars)</i>	1999	1998
Unrealized gain on investments - Beginning of year	\$ 56,464	\$ 66,714
Increase (decrease) during the year	1,237	(17,425)
Decrease in provision for future income taxes	46	7,175
Unrealized gain on investments - End of year	\$ 57,747	\$ 56,464

Consolidated Statements of Changes in Net Assets

For the years ended December 31, 1999 and 1998

<i>(in thousands of dollars)</i>	1999	1998
Increase (decrease) in net assets resulting from operations	\$ 2,128	\$ (6,141)
Distributions to shareholders from net investment income	(1,442)	(1,682)
Other		
Payment pursuant to issuer bid litigation	—	(2,564)
Increase (decrease) in net assets	686	(10,387)
Net assets - Beginning of year	98,096	108,483
Net assets - End of year	\$ 98,782	\$ 98,096

Consolidated Statement of Financial Highlights

For the five years ended December 31, 1999

<i>(Data per share)</i>	1999	1998	1997	1996	1995
Net asset value - Beginning of year	\$ 20.41	\$ 22.57	\$ 18.46	\$ 13.51	\$ 12.60
Income (loss) from investment operations					
Net investment income for the year	0.38	0.49	0.76	0.42	0.32
Net realized gain (loss) and unrealized gain (loss) on investments	0.06	(1.77)	3.75	4.83	0.89
	0.44	(1.28)	4.51	5.25	1.21
Distributions to investors					
From net investment income	(0.30)	(0.35)	(0.40)	(0.30)	(0.30)
Other					
Payment pursuant to issuer bid litigation	—	(0.53)	—	—	—
Net asset value - End of year	\$ 20.55	\$ 20.41	\$ 22.57	\$ 18.46	\$ 13.51
Ratios / supplemental data					
Total net assets - End of year (in thousands of dollars)	98,782	98,096	108,483	88,700	64,920
Weighted average monthly net assets (in thousands of dollars)	93,550	104,507	98,303	79,346	72,378
Management expense ratio <i>(notes 6 and 8(b))</i>	0.8%	0.8%	0.9%	0.7%	0.7%
Portfolio turnover rate <i>(note 8(c))</i>	11.2%	10.9%	21.3%	17.8%	13.7%
Annual net asset value growth, with distributions <i>(note 8(d))</i>	2.2%	(8.1)%	24.6%	39.2%	9.7%

Consolidated Statement of Investments

December 31, 1999

NUMBER OF SHARES OR PAR VALUE	INVESTMENT – % OF TOTAL MARKET VALUE	COST	MARKET VALUE
<i>(in thousands of dollars)</i>			
PRINCIPAL ASSETS – 77.5%			
7,020,469	Canadian General Investments, Limited+	18,179	87,756
1,404,613	Canadian General Investments, Limited wts+	—	7,234
1,120,211	Canadian World Fund Limited	5,601	5,825
		<u>23,780</u>	<u>100,815</u>
CANADIAN-LISTED – 6.1%			
40,000	AEC Pipelines, L.P.	319	266
40,000	Amalgamated Income Limited Partnership	410	330
40,000	Associated Freezers Income Trust	413	284
33,600	Centrefund Realty Corporation	519	410
14,400	Corby Distilleries Ltd. B	484	691
25,000	Direct Energy	494	569
90,000	EnerMark Income Fund*	348	323
75,176	The First Asia Income Fund	620	387
50,000	The First Asia Income Fund wts	30	—
40,950	First Australia Prime Income Investment Company Limited	546	330
4,550	First Australia Prime Income Investment Company Limited wts	1	—
100,000	Gulf Canada Resources Limited pfd. series A	441	301
75,000	H & R Real Estate Investment Trust	596	791
92,200	Rogers Sugar Income Fund	880	480
94,200	Shiningbank Energy Income Fund	544	1,003
500,000	Telesystem International Wireless Inc. 7% February 15, 2002 conv. deb.	500	575
30,000	TimberWest Forest Corp.	331	285
80,000	Viking Energy Royalty Trust	458	520
40,000	Viking Energy Royalty Trust wts	10	13
80,000	Westshore Terminals Income Fund	758	424
		<u>8,702</u>	<u>7,982</u>
U.K.-LISTED – 4.7%			
234,000	Aberdeen Preferred Income Trust PLC	901	857
17,000	Atlantis Korean Smaller Companies Fund	359	497
300,000	Baring Emerging Europe Trust PLC	412	996
116,570	Dartmoor Investment Trust PLC	306	487
343,000	Finsbury Life Sciences Investment Trust PLC	544	844
250,000	Foreign & Colonial Special Utilities Investment Trust PLC Income shares	494	398
113,000	Gartmore Split Capital Opportunities Trust PLC	460	263

NUMBER OF SHARES OR PAR VALUE	INVESTMENT – % OF TOTAL MARKET VALUE	COST	MARKET VALUE
<i>(in thousands of dollars)</i>			
200,000	Govett Enhanced Income Investment Trust PLC	481	441
154,105	Quarterly High Income Trust PLC	478	465
495,000	Second St. David Investment Trust PLC Capital shares	331	147
170,000	The Technology and Income Trust Limited*	594	730
		<u>5,360</u>	<u>6,125</u>
U.S.-LISTED – 5.7%			
20,000	The European Warrant Fund, Inc.	563	536
27,500	Fidelity Advisor Korea Fund, Inc.	244	456
20,000	The Gabelli Global Multimedia Trust Inc.*	513	541
10,000	General American Investors Company, Inc.	508	537
15,000	The Germany Fund, Inc.+	359	328
20,400	INVESCO Global Health Sciences Fund	521	434
3,000	The Internet HOLDERS Trust *	764	732
25,000	JAPAN OTC Equity Fund, Inc.*	427	426
14,200	LCM Internet Growth Fund, Inc.*	273	266
10,700	Morgan Stanley Dean Witter Russia & New Europe Fund	185	261
42,100	Morgan Stanley Emerging Markets Debt Fund, Inc.	467	414
58,000	The Pakistan Investment Fund, Inc.	201	204
22,500	The Spain Fund Inc.	639	455
66,300	Templeton Emerging Markets Income Fund, Inc.	1,116	891
30,000	Templeton Russia Fund, Inc.	670	863
		<u>7,450</u>	<u>7,344</u>
OTHER – 6.0%			
722,700	CBD Property Fund	405	285
787,000	Centrecity Property Fund Ltd.	414	462
105,540	City of London Investment Group PLC ^	2,716	2,716
13,000	Fleming Russia Securities Fund Ltd.	326	197
10,000	The India I.T. Fund Limited*	829	1,227
218,762,205	Mesbla S.A.	1,071	—
80,566	Robert Fleming Holdings Limited^	2,365	2,365
31,000	The Taiwan Opportunities Fund Ltd.*	585	582
		<u>8,711</u>	<u>7,834</u>
TOTAL INVESTMENTS – 100%			
	- December 31, 1999	\$ 54,003	\$ 130,100
	- December 31, 1998	\$ 53,215	\$ 128,075

^ Non-quoted investment
Changes from September 30, 1999:
* New Holdings + Increased Holdings

Notes to Consolidated Financial Statements

December 31, 1999 and 1998

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Market values of quoted securities are based on closing market quotations. Securities not having a quoted market value are recorded at cost less any writedown for loss in value that is other than a temporary decline.

Investment transactions

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

Dividend and interest income

Dividend income is recorded on the ex-dividend date and interest income is recognized as earned.

Foreign exchange

Assets and liabilities denoted in foreign currencies are translated into Canadian dollars at year-end rates. Investment income, expenses and purchases and sales of investments 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 enacted rates expected to apply to the taxable income in the years in which the temporary differences are expected to be settled on the Company's unrealized appreciation of investments.

2 TAXATION

The Company is subject to income tax as a public corporation and accordingly, taxable dividends receivable from taxable Canadian corporations, as defined by the Income Tax Act (Canada), are excluded from taxable income. The Company's provision for income taxes is made up as follows:

Consolidated statements of operations

	Years ended December 31, 1999	1998
	<i>(in thousands of dollars)</i>	
Provision for income taxes based on combined Canadian federal and provincial income tax rate	\$ 1,036	\$ 1,631
Increase (decrease) in taxes resulting from:		
Dividends from taxable Canadian companies	(554)	(694)
Interest expense related to issuer bid litigation	—	369
Other items	(11)	—
Actual provision for income taxes	<u>\$ 471</u>	<u>\$ 1,306</u>
Consolidated net realized loss on investments (<i>note 5</i>)		
	Years ended December 31, 1999	1998
	<i>(in thousands of dollars)</i>	
Recovery of income taxes based on combined Canadian federal and provincial income tax rate	\$ (1,444)	\$ (387)
Decrease (increase) in taxes resulting from:		
Non-taxable portion of allowable capital losses	361	97
Additional payment received related to issuer bid litigation (<i>note 7</i>)	—	(368)
Actual recovery of income taxes	<u>\$ (1,083)</u>	<u>\$ (658)</u>

The Company and its wholly owned subsidiaries are 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. There was no refundable tax on hand at December 31, 1999.

3 BANK INDEBTEDNESS

The Company has a credit facility of CAN\$20 million and US\$3.7 million, with interest either at a quoted one-year rate or based on the prime bankers' acceptance rate. The Company must comply with specified covenants during the term of the loan. The bank indebtedness includes CAN\$9.1 million for a term to June 23, 2000 at a combined weighted average interest rate of 5.84%.

4 CAPITAL STOCK

The Company is authorized to issue 60,000 First, Preferred Shares, Series A and an unlimited number of common shares. At December 31, 1999 and 1998, there are 4,805,910 common shares issued and outstanding.

5 CONSOLIDATED NET REALIZED LOSS ON INVESTMENTS

The consolidated net realized loss on investments was as follows:

	1999	1998
	<i>(in thousands of dollars)</i>	
Proceeds from disposition of investments	\$ 10,610	\$ 23,985
Investments at cost - Beginning of year	53,215	62,252
Investments purchased during the year	14,633	15,815
Investments at cost - End of year	(54,003)	(53,215)
Cost of investments disposed of during the year	13,845	24,852
Realized loss on disposition of investments before income taxes	(3,235)	(867)
Income tax recovery on allowable capital losses <i>(note 2)</i>	1,083	658
Net realized loss on investments	\$ (2,152)	\$ (209)

6 RELATED PARTY INFORMATION

Management fees are paid monthly to MMA Investment Managers Limited (MMA) for services received in connection with the management of the Company's financial accounts and investment portfolio. Management fees are calculated on a quarterly basis at the annual rate of 1% of consolidated net asset value excluding tax liabilities, bank indebtedness and the holdings of the principal assets and at the rate of 0.2% of the market value of the principal assets.

Included in dividend income is \$929,000 (1998 - \$984,000) and included in net gain (loss) on investments are capital gains cash dividends of \$1,721,000 (1998 - \$2,958,000) from Canadian General Investments, Limited (CGI) in which the Company has an approximate 37% ownership interest. During 1999, the Company also received capital gains stock dividends of 138,201 shares (1998 - 376,169 shares) from CGI.

The Company has an approximate 27% ownership interest in Canadian World Fund Limited (CWF).

MMA, CGI and CWF are corporations under common control with the Company.

Notes to Consolidated Financial Statements *(continued)*

December 31, 1999 and 1998

7 ISSUER BID LITIGATION

Subsequent to the substantial issuer bid on February 28, 1994, shareholders directly and indirectly related to a former director (the Applicants) made application to the Ontario Court (General Division) for payment of a further sum of \$5,910,000 for all shares purchased pursuant to this issuer bid. On April 3, 1995, the Ontario Court (General Division) rendered its final decision that the Company pay the Applicants and all other shareholders a further sum of \$5,250,000 plus interest and costs for all shares purchased pursuant to the issuer bid. The Company, after considering the advice of its solicitors, appealed the decision. A hearing took place in December 1997 and on February 18, 1998, the Ontario Court of Appeal concurred with the original decision but reduced the award. The total amount awarded including interest of \$3,389,000 was paid on February 27, 1998. A similar application was made by the same Applicants against CGI. On April 3, 1995, the Ontario Court (General Division) rendered its final decision that CGI pay an additional amount for all shares purchased. CGI also appealed this decision to the Ontario Court of Appeal and was unsuccessful. As the Company tendered part of its holdings to CGI's issuer bid, it received approximately \$2,738,000 including interest of which \$2,071,000 is included in proceeds from disposition of investments.

8 FINANCIAL HIGHLIGHTS

Explanatory notes

- a) Based on the average number of shares outstanding during the year.
- b) The management expense ratio is calculated based on all expenses of the Company (other than brokerage commissions, interest and income taxes) expressed as a percentage of the average monthly net assets of the Company.
- c) The portfolio turnover rate is calculated by dividing the lesser of purchases or sales of securities, excluding securities having maturity dates at acquisition of one year or less, by the weighted average monthly value of the portfolio securities held during the period.
- d) Annual net asset value growth is calculated based on the change in net asset value per share with reinvestment of distributions at month-end closing net asset values.

9 UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Company's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of investees, suppliers or other third parties, will be fully resolved.

10 COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform to the basis of presentation adopted in 1999.

Investment Portfolio – Ten Largest Investments *(continued)*

(in thousands of dollars)

The India I.T. Fund Limited The India I.T. Fund, an open fund, is invested in equity securities of India's information technology companies. India, long a data services provider to the world is now also a top exporter of software with exports growing at rates of up to 50%. According to the World Bank, India is ranked #1 by US vendors for offshore software development. More than 160 out of Fortune 500 companies including Microsoft and Oracle have selected India.

Cost	829	Market Value	1,227	% of Total Investment Portfolio	0.9
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Shiningbank Energy Income Fund Shiningbank, TSE listed, has been a member of Third's top 10 list for more than a year. One of the best and most consistent performers in the oil and gas royalty trust sector, it has a yield of approximately 15%. With strong oil and gas pricing in the year 2000, cash distributions should remain high.

Cost	544	Market Value	1,003	% of Total Investment Portfolio	0.8
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Baring Emerging Europe Trust PLC Baring Emerging Europe, traded offshore London, provides exposure to the less developed markets with 85% of the fund invested in Greece, Poland, Hungary and the Czech Republic. In addition to participation in general recovery the fund might offer upside on the likelihood of these four countries becoming part of the European Union and employing the new single currency. The fund has always been one of the strongest in Europe.

Cost	412	Market Value	996	% of Total Investment Portfolio	0.8
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Templeton Emerging Markets Income Fund, Inc. At approximately 13%, this NYSE listed fund's dividend yield has been making a big contribution to Third's income in market conditions and interest rate sensitivities that have not been favorable for the protection of capital in securities. Conservatively managed and geographically diversified, the fund should again show capital appreciation when the emerging market debt sector recovers.

Cost	1,116	Market Value	891	% of Total Investment Portfolio	0.7
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Templeton Russia Fund, Inc. Templeton Russia is the main conduit for NYSE exposure to Russia. Investing in Russia means tolerating a high degree of volatility arising from political, economic, legal and social issues not usually associated with North American investing. However, potential return is commensurate with higher risk. The market value of Third's holding more than doubled in 1999.

Cost	670	Market Value	863	% of Total Investment Portfolio	0.7
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Aberdeen Preferred Income Trust PLC Aberdeen, listed London, was purchased for high yield, currently about 12%. Its investment objective is to generate a high gross portfolio yield through leveraged exposure mainly to UK equities. Emphasis is placed on shares of companies and other trusts whose characteristics should not result in significant erosion of their capital value.

Cost	901	Market Value	857	% of Total Investment Portfolio	0.6
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TOTAL

Cost	33,333	Market Value	111,733	% of Total Investment Portfolio	85.9
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Illustration of an Assumed Fifteen Year Investment of \$10,000

Calendar Years Ending December 31	Market Value of Original Shares	Cumulative Market Value of Dividends Re-invested	Total Market Value	Total Net Asset Value
1984	\$ 10,000	\$ 0	\$ 10,000	\$ 10,018
1985	10,581	371	10,952	13,407
1986	13,806	919	14,725	15,793
1987	9,548	1,009	10,557	12,686
1988	10,129	1,656	11,785	13,671
1989	12,065	2,616	14,681	16,898
1990	10,710	2,969	13,679	14,995
1991	11,613	3,901	15,514	18,386
1992	14,774	5,722	20,496	21,445
1993	17,419	7,489	24,908	26,679
1994	17,226	8,098	25,324	28,681
1995	18,968	9,600	28,568	31,576
1996	27,251	14,626	41,877	43,924
1997	30,968	17,632	48,600	54,845
1998	25,161	15,122	40,283	50,595
1999	22,142	13,992	36,134	51,926

The above table illustrates the growth of an investment of \$10,000 in common shares of the Company at the end of 1984, with all dividends reinvested in additional shares at the month-end closing price for the months in which the dividends were paid. The average annual compound rate of return, without deduction of commission, for the 15 year period ended December 31, 1999 was 8.9%. No adjustment has been made for any income taxes which may be payable by a shareholder. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future.

Ten Year Performance Summary

	Net Assets (000's)	Net Assets Per Share	Net Investment Income (000's)	Net Investment Income Per Share	Aggregate Dividends Per Common Share	Market Value of Share		
						High	Low	Close
1990	\$ 64,788	\$ 7.58	\$ 3,358	\$ 0.39	\$ 0.342	\$ 7.83	\$ 6.00	\$ 6.92
1991	75,765	8.89	3,240	0.38	0.342	8.17	6.46	7.50
1992	85,010	9.98	2,800	0.33	0.342	10.17	7.54	9.54
1993	102,472	12.05	2,896	0.34	0.342	11.83	9.83	11.25
1994	60,573	12.60	1,397	0.26	0.300	13.38	10.25	10.88
1995	64,920	13.51	1,520	0.32	0.300	14.00	11.00	12.25
1996	88,700	18.46	2,021	0.42	0.300	18.50	12.50	17.60
1997	108,483	22.57	3,661	0.76	0.400	20.50	15.00	20.00
1998	98,096	20.41	2,350	0.49	0.350	22.00	15.00	16.25
1999	98,782	20.55	1,852	0.38	0.300	17.00	13.80	14.30

Per share figures for years prior to 1994 have been restated to reflect the 1994 6 for 1 split.



Board of Directors

E. LOUISE MORGAN is Chairman of the Company and has been a member of the Board since 1967. She is President and controlling shareholder of the Manager, MMA Investment Managers Limited and Chairman and a director of Canadian General Investments, Limited and Canadian World Fund Limited. She is President of The Catherine and Maxwell Meighen Foundation and a member of the Board of Directors and member of the Executive Committee of the Canadian Opera Company and the Canadian Opera Company House Committee.

MICHAEL A. SMEDLEY is President of the Company. He is Executive Vice-President and Chief Executive Officer of the Manager, MMA Investment Managers Limited which he joined in 1987 thereafter assuming management of the Company's portfolio in 1988. He is also President and a director of Canadian General Investments, Limited and Canadian World Fund Limited. His investment career started in Canada in 1969 and since that time he has spent over 20 years with Canadian and US investment firms in Canada, Hong Kong and London. He has also worked for 18 years in journalism and public relations in the United Kingdom, South Africa, Zambia, Kenya, Tanzania, Canada, Malaysia and Singapore.

RONALD D. BARNES, elected June 1, 1993 has over 30 years experience in the investment industry, involving all areas of the business including investment banking, sales management and compliance. He is President of Barmac Capital Management Inc. and a director of a number of public companies, including Canadian General Investments, Limited.

ALBERT E. BATES, elected April 28, 1994. Prior to 1987 he was a senior executive with the Bank of Montreal and from 1987 to 1990 he was President of Metropolitan Life Insurance Company of Canada Limited. From 1990 to his retirement in 1992, he was President and subsequently Chairman – Canadian Subsidiaries – Metropolitan Life Insurance. He is currently a director of Canadian General Investments, Limited and of Harris Trust/Bank of Montreal, Florida.

CARL S. HUTMAN, elected June 1, 1993 has long experience in the venture capital and investment banking sectors. He was a founding general partner in 1980 of Investech, L.P. in New York, a venture capital partnership investing in emerging growth companies, a position he held until 1992. From 1996 to 1999, he was managing director of Fundamental Management Corporation, an investment management firm. He is currently President and a director of Anlyn Advisors Inc., an investment management firm and a director of Quest Education Corporation, Canadian General Investments, Limited, Canadian World Fund Limited and Harris Trust/Bank of Montreal, Florida.

VANESSA L. MORGAN, elected April 28, 1994, is Vice-Chairman of the Company. A Chartered Financial Analyst, she is currently C.F.O. and Secretary and a director of Denbridge Capital Corporation, a management company. She is a director of Canadian General Investments, Limited, Canadian World Fund Limited and The Catherine and Maxwell Meighen Foundation.

Corporate Information— Third Canadian General Investment Trust Limited

BOARD OF DIRECTORS

Ronald D. Barnes
Albert E. Bates
Carl S. Hutman
E. Louise Morgan
Vanessa L. Morgan
Michael A. Smedley

AUDIT COMMITTEE

Ronald D. Barnes
Albert E. Bates
Vanessa L. Morgan

OFFICERS

E. Louise Morgan
Chairman

Vanessa L. Morgan
Vice-Chairman

Michael A. Smedley
President

Colin Smith
Secretary-Treasurer

Frank Fuernkranz, M.B.A., C.A.
Assistant-Treasurer

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AUDITORS

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Toronto

BANKERS

Royal Bank of Canada
Toronto

SOLICITORS

Blake, Cassels & Graydon
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

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e-mail: mmamail@montrealtrust.com

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

PUBLICATION

The Company prices its portfolio on a weekly basis, and its resultant net asset value per share is released and published in various media in Canada and the United States.

The Company will provide a list of its weekly top 10 portfolio holdings (priced at market), together with current premium/discount and market return information to any interested party upon request.

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Trading Symbol: THD

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

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Third Canadian General Investment Limited will be held at 11:00 a.m. (Toronto time) Wednesday, April 5, 2000 in Room A, 4th Floor, The Toronto Board of Trade, 77 Adelaide Street West, First Canadian Place, Street Level (Adelaide Street entrance), Toronto, Ontario, M5X 1C1.

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