



FOCUSSED ON CANADA

ANNUAL REPORT | 2009

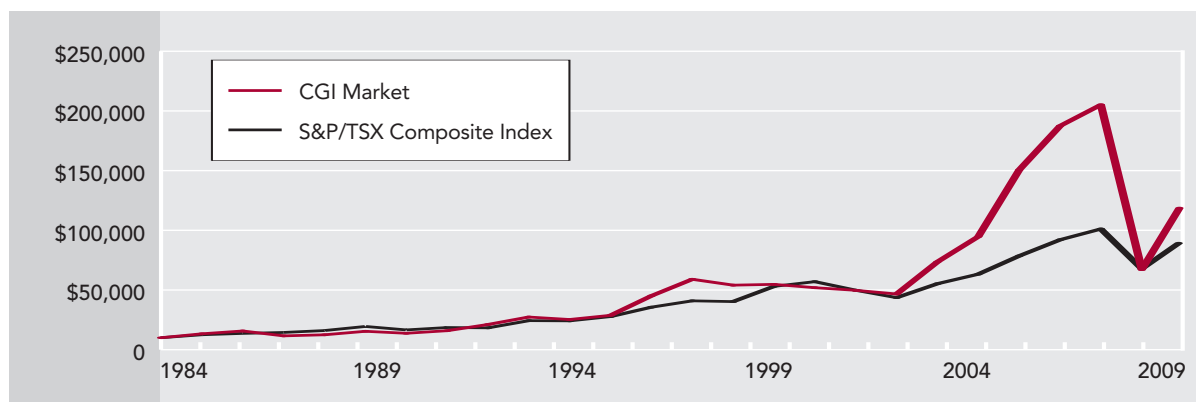
## CORPORATE PROFILE

**Canadian General Investments, Limited (CGI)** is a closed-end equity fund focussed on medium to long-term investments in Canadian corporations. It strives, through prudent security selection, timely recognition of capital gains and appropriate income generating instruments, to provide better than average returns to investors.

CGI was established in 1930 and has been managed since 1956 by Morgan Meighen & Associates Limited (website: [www.mmainvestments.com](http://www.mmainvestments.com)).

The graph below is presented to illustrate the benefit of a long-term investment in CGI's common shares. A \$10,000 investment in CGI common shares would have grown to nearly \$123,000 over the 25-year period ended December 31, 2009. This equates to a compound annual average growth rate of 10.6%. By comparison, a \$10,000 investment in the benchmark S&P/TSX Composite Index would have grown to nearly \$92,000 or a compound average annual growth rate of 9.3%.

**Growth of a \$10,000 Investment – 25 Years to December 31, 2009**



For the 50 years ended December 31, 2009, a \$10,000 investment would have grown to \$2.1 million, representing a compound average annual return of 11.3%. The values for the benchmark for the same period were \$1.0 million and 9.7%, respectively.

*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



Vanessa L. Morgan, Jonathan A. Morgan, Michael A. Smedley and D. Greg Eckel

Canadian General Investments, Limited posted a net asset value (NAV) total return of 44.2% and a market value total return of 82.9% in 2009, both handily beating the 35.1% total return of its benchmark, the S&P/TSX Composite Index. In the fourth quarter, the NAV and market returns were 11.2% and 11.8%, respectively, versus 3.9% for the benchmark. The remarkable rally of 2009 was very welcome indeed, but CGI's shares ended the year still at about half their pre-crisis highs and the world financial system remains fragile.

CGI has two series of preferred shares outstanding of \$75 million each. These function as leverage on the Company's portfolio. While this long-standing strategy has benefitted CGI's common shareholders by enhancing returns, it can also amplify downward moves in NAV, as we saw in 2008. In order to offset some of the leverage in a falling market and to maintain the required coverage ratio of portfolio assets to preferred shares, CGI built up cash in 2008. The portfolio still contains cash and equivalents as of December 31, though at much lower levels than in the final months of 2008 and early 2009.

The coverage ratio of CGI's portfolio assets to its preferred shares is important for the common shareholders. If the ratio falls below 2.5 times, CGI is not permitted to pay dividends to its common shareholders. We are pleased to see the recovery in this ratio from 2.7 times at the beginning of the year to 3.6 times at December 31. This is a sign of greater strength in CGI, and allows it to return to its tradition of paying out a special year-end capital gains distribution. This year the distribution was \$0.50. Total dividends for the year amounted to \$0.74, including the regular \$0.06 quarterly dividends, for a yield at year end of 4.7%.

A noteworthy event in November was the change of corporate offices. CGI is now located in the historic building at 10 Toronto Street, depicted on the cover of this annual report. This move will not result in any increase in costs for the Company. Originally built in 1853 as a post office, this building was purchased privately by the Morgan family in 2006. After extensive renovation and restoration, it became the corporate offices of Morgan Meighen & Associates Limited, the Manager of CGI, and its affiliated companies, thereby re-establishing what is, in effect, an historic connection between our group and this elegant building.

After the tumultuous past two years, we would like to see a more tranquil period in the markets. Unfortunately, that remains far from certain. Although Canada came through the crisis relatively unscathed, unemployment remains high and the economic recovery weak. Of greatest current concern is the impending transition away from government-led growth, as stimulus is removed from the global economy.

Nevertheless, we are confident in CGI's long-standing investment team and trust that they will help the Company to meet the challenges ahead and continue to increase the wealth of its shareholders.

  
Vanessa L. Morgan  
*Chairman*

  
Jonathan A. Morgan  
*President & CEO*

## INVESTMENT COMMENTARY

Back from disaster in 2008, equity markets around the world were well recovered in 2009. Destruction carried on through the early months of the year. Government spending programs, rescue packages and central bank rate cuts to near zero, pumped money into the financial system. Some progress calmed fears of catastrophic consequences and global equity markets rebounded substantially from their lows in March.

Canadian equity markets moved much in sync with global patterns and Canadian General Investments took considerable advantage of the uplift, while applying its customary risk-focussed diversification in a wide range of sectors. An unusually high defensive cash position was gradually reduced after the big downturn in March as we expanded the portfolio to about 90 names, partly in recognition of the desirable attributes of Canadian resource stocks and also a variety of attractive special situations in many sectors under our long-established bottom-up strategy. Cash represented less than 5% of portfolio assets at year end, down from a high point of 33% in February.

Through the year we reduced some defensive positions and reinstated some longer-term investments as well as new stocks. This enabled CGI to post outperformance relative to the benchmark in 2009. The top six contributors in dollars in the portfolio in the year were evenly split between new entrants and incumbents. Common shares of BPO Properties Ltd., Labrador Iron Ore Royalty Income Fund and BMTC Group Inc. had stellar years - supporting their status of long-term holdings. Among new positions, the early purchase of Pacific Rubiales Energy Corp., growing exceptionally in Colombia, proved timely, in second spot in performance in both CGI's portfolio and the S&P/TSX Index. Teck Resources Ltd., once thought unlikely to recover from a suffocating debt load, made a great comeback when financing issues were resolved. Other additions, SXC Health Solutions Corp., for example, had strong, steady ascensions throughout the year. We had been alerted to SXC in the previous year when it was virtually the only riser day after day on the board.

As investors began to relax their risk tolerances, it benefitted equity markets in general but also changed sector preferences. For example, Telecommunication Services and Consumer Staples underperformed the S&P/TSX Index and ended up the two lowest performing sectors in the Index. Positive were the Information Technology (I.T.), Financials, Materials and Energy sectors. For CGI, Research in Motion continues to be a large holding and was the primary driver for the I.T. sector's results but Celestica Inc., a new holding in 2009, was also very strong. Financials remained underweight in CGI's portfolio but banks were added to early in the year, allowing CGI to benefit from most of their gains. One of the more interesting additions in the Financials space was Genworth MI Canada, in the mortgage industry, which came to the market in July and

should benefit from the resiliency and relative health of the Canadian housing market. Materials have been good for CGI during 2009 as commodity markets have rebounded on expectations of strong Chinese consumption patterns and economic renewal elsewhere. CGI has been overweight in this sector for some time and would expect to stay that way. Since year end, we have strengthened our investment in the coal sector rally and commitments to other commodities seem likely to increase. We continue to be active in golds and presently hold about 10 companies with important production, and both low and high grade developments.

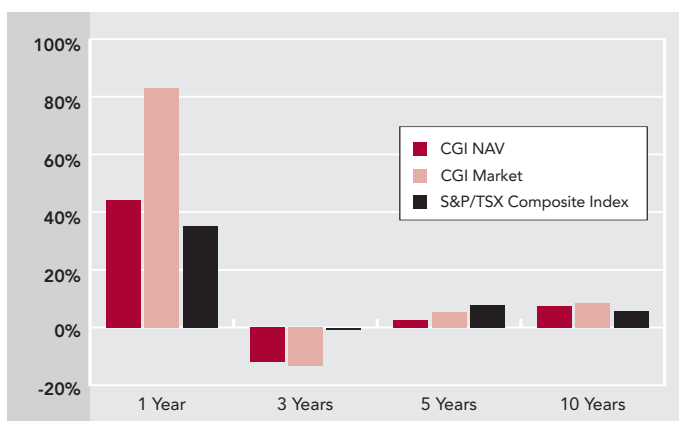
### OUTLOOK

Investors' tolerance of abrupt swings and sentiment changes in the markets should continue to be required. Mixed signals are still with us. It appears that the global financial system is only partially fixed; it remains challenged. Economic data suggest global stabilization, but growth is never certain. In spite of these and other issues, equity markets reflect greater investor confidence and much opportunity. While very much alert to potential difficulties, CGI's investment team will stay intent on building on the success of 2009.

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

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

Compound Annual Returns for the Periods to December 31, 2009



# MANAGEMENT REPORT OF FUND PERFORMANCE

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### INVESTMENT OBJECTIVE AND STRATEGIES

Canadian General Investments, Limited (CGI or the Company) is a closed-end equity fund, focussed on medium to long-term investments in primarily Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains/losses and appropriate income generating instruments.

The Manager, Morgan Meighen & Associates Limited (MMA), utilizes a bottom-up investment strategy in an effort to achieve CGI's objective. With this type of investment strategy, the Manager first seeks individual companies with attractive investment potential, then proceeds to consider the larger industry, economic and global trends affecting those companies. This investment style allows for sector weightings that can differ from those of the benchmark, the 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 within the 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. A return to positive performance and a reduction in the level of market volatility was demonstrated in 2009. Some of the more significant changes or trends in economic conditions through the year and their effects are as follows:

- Global economic recovery. After going through one of the worst financial/economic crises in decades, the prospect that a global economic recovery was underway seemed to gather support over the course of 2009 as evidenced by increased confidence, improving financial conditions and stronger demand in many emerging market countries, particularly China. Tempering any optimism, however, are concerns over the strength and sustainability of a recovery, particularly given the level of government stimulus to date and the high level of unemployment.
- Commodity prices. 2009 saw a rebound 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 up 13.5% for the year. Two of the best performing sub sectors of this index were Industrial Metals (82.4%) and Precious Metals (25.1%). For a commodities-based economy like Canada's, this had predictable outcomes: an improvement in the economy and a dramatic increase in stock prices in the sector.

- Strength of the Canadian dollar. The Canadian dollar strengthened significantly against some of the world's major currencies – U.S. dollar (15%), Euro (12%) and Japanese yen (17%). Canada is a net exporter of goods and services. A strong dollar, while making materials less costly to import, will generally have negative repercussions on export-based companies, as their products become more expensive to purchasers in other countries.
- Interest rates. The Bank of Canada continued its aggressive interest rate reduction strategy through the first four months of 2009 reducing its benchmark interest rate to an all time low of 0.25%, and as a result, the prime bank rate decreased to 2.25% from 3.50% at the end of 2008. The intent of the policy is to encourage borrowing and thus spending. Although there is a risk that the economy could grow at too quick a pace, resulting in higher than desired inflation, it appears as if a slow-growing economy will be the reality in 2010.

CGI attempts to mitigate market risk by maintaining a well diversified portfolio.

Being a closed-end investment fund, CGI'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 premiums, include a fund's relative performance, the liquidity of a fund's shares, dividend yield, the use of a managed distribution policy, confidence in a fund's manager, investors' perceptions and expectations regarding the outlook of the countries/sectors/markets where a fund invests. Throughout 2009, CGI's shares traded at a discount ranging from 13.5% to 31.3%, ending the year at a discount of 17.7%.

Since 1998, with the issuance of its Series 1 preference shares, CGI has engaged in a leverage strategy in an effort to enhance returns to common shareholders. At December 31, 2009, CGI's Series 2 and Series 3 preference shares totalled \$150 million, representing 27.4% of total portfolio assets (December 31, 2008 – 36.5%). As a result of this leverage, a 10% decline in the value of the portfolio, excluding cash and cash equivalents and short-term securities, will result in approximately a 13.0% decrease in the Company's NAV. The reverse is true for a 10% increase in the portfolio value.

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

## MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

### RESULTS OF OPERATIONS

#### Performance

CGI's net asset value at December 31, 2009 was \$402,001,000, representing a 38.4% increase from the \$290,477,000 at the end of 2008. CGI's NAV at December 31, 2009 was \$19.27, up from \$13.93 at year end 2008. The NAV return, with dividends reinvested, for 2009 was 44.2%, compared with a 35.1% total return for the benchmark S&P/TSX.

2009 saw a dramatic return to positive performance in Canada, as global economic conditions started to repair the damage from 2008 and market sentiment became more positive as the year progressed. Increases were broadly based, as all ten S&P/TSX sectors were up for the year with eight of ten sectors appreciating by more than 15%. In particular, the two largest sectors of the S&P/TSX, Financials and Energy, which together comprised 58.1% of the benchmark at year end, were up 45.6% and 39.5%, respectively. CGI's superior performance relative to the benchmark can be largely attributed to two factors:

i) an overweighting of the portfolio in smaller capitalization stocks and ii) the leverage provided by the Company's preference shares, which served to magnify positive portfolio returns. Effectively, 2009 was the opposite of 2008.

The S&P/TSX Composite Index is a market capitalization-weighted index that is comprised of the companies with the largest market caps that are listed on the Toronto Stock Exchange. At December 31, 2009, this index had 211 constituents. Although smaller capitalization stocks had penalized portfolio returns for CGI in 2008, the performance of these smaller names positively impacted the performance in 2009. The S&P/TSX SmallCap Index and the S&P/TSX Venture Composite Index were up 62.4% and 90.1%, respectively, during 2009.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio as at December 31, 2009, compared with year end 2008, and with the S&P/TSX. The weightings provided for CGI represent the market value of each sector as a percentage of the total investment portfolio.

Sector	CGI		S&P/TSX	
	Year end 2009	Year end 2008	Year end 2009	Year end 2008
Materials	27.0%	12.4%	19.4%	17.6%
Energy	24.6%	17.7%	27.6%	27.4%
Financials	17.1%	13.4%	30.5%	29.2%
Industrials	7.0%	11.7%	5.6%	6.1%
Consumer Discretionary	6.7%	8.4%	4.3%	4.7%

One important aspect of the rebalancing of the portfolio in 2009 was with respect to cash and short-term securities which, at the end of 2008, comprised 19.6% of the portfolio. This large balance had been built up to offset a large portion of the leverage in an effort to provide protection to downside markets. Although a high weighting was maintained through the bottoming out of the market in March, cash was steadily deployed throughout the course of the year. At the end of 2009, CGI's weighting in cash and short-term securities was 4.4%, a return to a more normal level seen prior to the downturn in 2008.

Investment income, which is comprised mainly of dividends and interest and other income, was \$11,986,000 for 2009, down 31.8% from 2008. The decrease was largely due to the receipt of a \$2.1 million special dividend from BPO Properties Ltd. in 2008. Another significant factor was the reduction in the size of the portfolio associated with the October 2008 redemption of the \$60 million Series 1 preference shares. The redemption also impacted the two largest expenses of the Company: dividends on preference shares and management fees. The entire 27.8% decrease in dividends on preference shares over 2008 to \$6,413,000, was a result of the redemption, while management fees, which fell by 27.8% to \$4,932,000, were also affected by the decrease in portfolio values due to market conditions.

#### Dividends

CGI's dividend policy is determined by the Board of Directors. Over the past several years, the Corporation has paid regular quarterly taxable dividends of \$0.06 per common share on March 15, June 15, September 15 and December 15. For tax purposes, CGI designated all taxable dividends paid to common and preference shareholders in 2009 as "eligible dividends". In addition, CGI is able to pay capital gains dividends. The Board considers the payment of a special capital gains dividend taking into account the year's performance of the fund, the amount of refundable capital gains tax on hand, and the desire to provide some degree of yield consistency over time to common shareholders. Although omitted in 2008, on December 30, 2009, CGI paid a year-end special capital gains dividend of \$0.50 per common share. Based on year-end prices for the common shares, the dividend yield was 4.7% for 2009 and 2.6% for 2008.

#### Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily on realized gains on the sale of investments – at an effective rate of approximately 21%. As a result of its investment corporation status under Canadian tax law, CGI can recover taxes paid or payable on its realized taxable capital gains

through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For 2009, there was a net recovery related to tax of \$3,760,000, compared to a net recovery of \$22,228,000 in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. At December 31, 2009, the Company had refundable capital gains tax of approximately \$5 million, which is refundable upon payment of capital gains dividends of approximately \$23 million.

## RECENT DEVELOPMENTS

### Amendments to existing accounting standards

In June 2009, the Canadian Institute of Chartered Accountants (CICA) amended Handbook Section 3862, Financial Instruments – Disclosures (Section 3862), to enhance disclosure regarding fair value measurement of financial instruments and liquidity risk exposures. The amendments introduce a three level hierarchy for disclosures intended to provide users of the financial statements with information on the relative reliability of the inputs used in fair value measurements.

In January 2009, the CICA issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC-173). EIC-173 requires that an entity's own credit risk and the credit risk of counterparties be taken into account when determining the fair value of financial assets and financial liabilities.

The Company adopted both the amendment to Section 3862 and EIC-173 for the year ended December 31, 2009. Although neither impacted the financial position or results of operations of the Company, additional disclosures relating to Section 3862 are included in note 7 "Financial instruments" of the financial statements.

### Changeover to International Financial Reporting Standards

Canadian publicly accountable enterprises, which include investment funds, are required to adopt international financial reporting standards (IFRS), which will replace Canadian generally accepted accounting principles (GAAP), for fiscal periods beginning on or after January 1, 2011. The Company's first set of financial statements to be reported on under IFRS will be for the semi-annual period ended June 30, 2011, which will provide corresponding comparative financial information for 2010, including an opening statement of net assets as at January 1, 2010. Morgan Meighen & Associates Limited (the Manager) has established a project team responsible for the development and implementation of a transition plan to ensure that the Company is able to meet its reporting requirements. The three main elements of the transition plan include the following activities:

- Identification of the differences between the current accounting policies of the Company, which reflect current GAAP, and those expected to apply under IFRS and the likely financial statement impact resulting from the adoption of IFRS
- Analyzing the impact on business arrangements, including business and reporting processes
- Disclosure of the qualitative impact in the management reports of fund performance and disclosure of the quantitative impact, if any, in the December 31, 2010 management report of fund performance

Based on the Manager's analysis of the Company's current accounting policies and financial statement presentation under GAAP against IFRS it is not expected that the adoption of IFRS will have a material effect on the Company's net assets or net asset value per share. The primary impact of IFRS on the Company's financial statements will be in the areas of presentation and note disclosure. In addition, based on its analysis to date, the Manager believes that the changeover to IFRS will not materially affect the Company's existing business arrangements.

However, additional changes to IFRS are expected to be issued during 2010 and, as a result there is some uncertainty regarding the expected accounting standards that will be in place in 2011. Accordingly, the Manager is not yet in a position to conclusively determine the impact on the Company's financial statements upon the adoption of IFRS.

Throughout the balance of 2010, the Manager will continue monitoring new standards and recommendations as they are issued by both the International Accounting Standards Board, who is responsible for the development and publication of IFRS, and the Canadian Accounting Standards Board to update its analysis as appropriate. By the fourth quarter of 2010, the Manager expects to complete this analysis, determine overall financial statement presentation, including note disclosure, and complete its assessment and initiate any changes required with respect to its business arrangements.

### Harmonized Sales Tax

Effective July 1, 2010, Ontario provincial sales tax (PST) will be replaced with a value-added tax and combined with the federal Goods and Services Tax (GST) to create a federally administered Harmonized Sales Tax (HST). The HST will have a combined rate of 13% of which the provincial portion will be 8% and the federal portion will be 5%. Although management fees and certain other service costs of CGI are currently subject to the 5% GST, but not PST, these services will be subject to the new HST. Since the Company is not able to recover this tax, the 8% difference will represent an additional cost to CGI.

## MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

### RELATED PARTY TRANSACTIONS

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

### 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<sup>(1)</sup>

	2009	2008	2007	2006	2005
Net assets – basic, beginning of year	\$ 13.81	\$ 31.77	\$ 31.58	\$ 28.59	\$ 23.22
<b>Increase (decrease) from operations:</b>					
Total revenue	0.58	0.84	0.67	0.75	0.75
Total expenses	(0.61)	(0.86)	(1.01)	(0.98)	(0.75)
Realized gains (losses) for the year	0.08	(5.41)	3.93	4.60	3.65
Unrealized gains (losses) for the year	5.87	(13.36)	(1.24)	4.07	3.53
<b>Total increase (decrease) from operations</b>	5.92	(18.79)	2.35	8.44	7.18
<b>Dividends paid to common shareholders:</b>					
Taxable dividends	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Capital gains dividends	(0.50)	-	(1.36)	(1.26)	(1.00)
<b>Total dividends<sup>(2)</sup></b>	(0.74)	(0.24)	(1.60)	(1.50)	(1.24)
Income taxes recoverable on dividends from net realized gain on investments	0.10	-	0.29	0.26	0.21
Net decrease (increase) in refundable dividend tax on hand	-	-	-	0.04	(0.01)
Decrease (increase) in refundable income taxes on net realized gain on investments	0.08	1.07	(0.45)	(0.83)	(0.64)
Warrants repurchased	-	-	-	(3.26)	(0.06)
<b>Net assets – basic, end of year<sup>(3)</sup></b>	\$ 19.17	\$ 13.81	\$ 31.77	\$ 31.72	\$ 28.59
<b>Net assets – diluted, end of year<sup>(4)</sup></b>	\$ 19.17	\$ 13.81	\$ 31.77	\$ 31.33	\$ 25.37

(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) Dividends were paid in cash.

(3) This is not a reconciliation of the beginning and ending net assets per share.

(4) Reflects the potential exercise of the Company’s outstanding warrants, which expired on July 3, 2007.

## Ratios and Supplemental Data

	2009	2008	2007	2006	2005
Total net asset value (000's) <sup>(1)</sup>	\$ 402,001	\$ 290,477	\$ 666,323	\$ 653,128	\$ 588,146
Number of shares outstanding <sup>(1)</sup>	20,861,141	20,861,141	20,861,141	20,591,159	20,573,940
Management expense ratio (MER) <sup>(2)(3)</sup>	3.82%	3.57%	3.04%	3.24%	2.88%
Trading expense ratio <sup>(4)</sup>	0.31%	0.25%	0.23%	0.24%	0.26%
Portfolio turnover rate <sup>(5)</sup>	41.54%	27.33%	36.68%	40.08%	47.07%
Net asset value per share – basic <sup>(1)</sup>	\$ 19.27	\$ 13.93	\$ 31.94	\$ 31.72	\$ 28.59
Net asset value per share – diluted <sup>(1)</sup>	\$ 19.27	\$ 13.93	\$ 31.94	\$ 31.33	\$ 25.37
Closing market price <sup>(1)</sup>	\$ 15.83	\$ 9.12	\$ 28.30	\$ 27.40	\$ 23.20

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

(2) Management expense ratio (MER) is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

(3) Excluding leverage costs (dividends on preference shares and amortization of deferred financing charge), the Company's MERs were as follows: 2009 – 1.78%, 2008 – 1.67%, 2007 – 1.53%, 2006 – 1.65%, 2005 – 1.53%.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs as an annualized percentage of daily average net assets during the period.

(5) The Company's portfolio turnover rate indicates how actively the Manager manages the Company's portfolio investments. A portfolio turnover of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between the turnover rate and the performance of a fund.

## MANAGEMENT FEES

The Company pays a management fee that is calculated monthly and paid monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. The Company's management fees were used by MMA to pay costs for managing the portfolio and making investment decisions, as well as the provision of administrative services including making brokerage arrangements for the purchase and sale of securities, calculating the net asset value of the Company, maintaining financial and corporate records, preparing financial statements and all required regulatory filings and assisting in promotion activities. The officers of the Company are remunerated by MMA in their capacity as directors and/or officers of MMA and receive no compensation from CGI.

## MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

### PAST PERFORMANCE

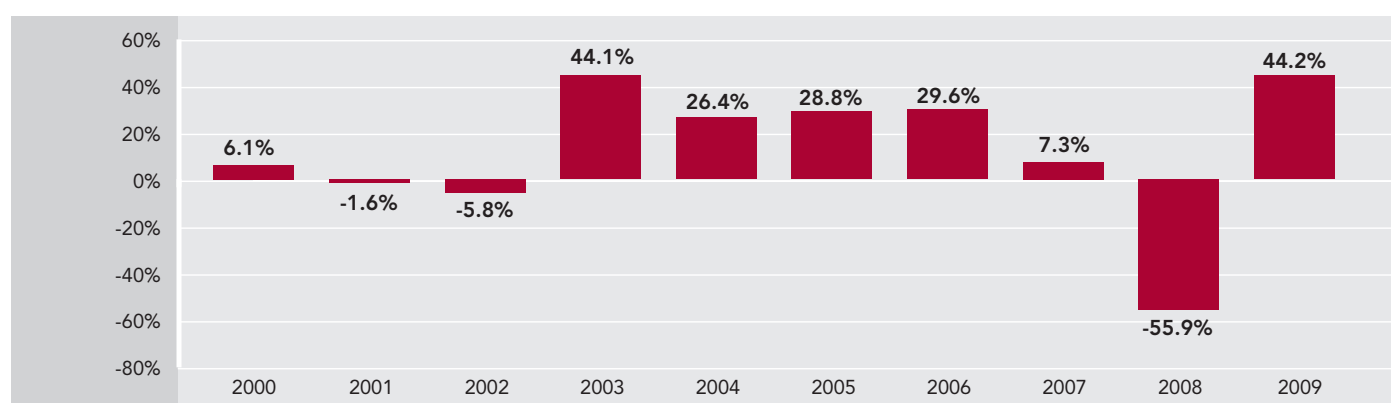
The performance information shown assumes that all dividends paid by CGI to common shareholders were reinvested in additional common shares of the Company. The performance information does not take into account broker commissions or other fees potentially payable by holders of the Company's shares that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

### YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown, 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.

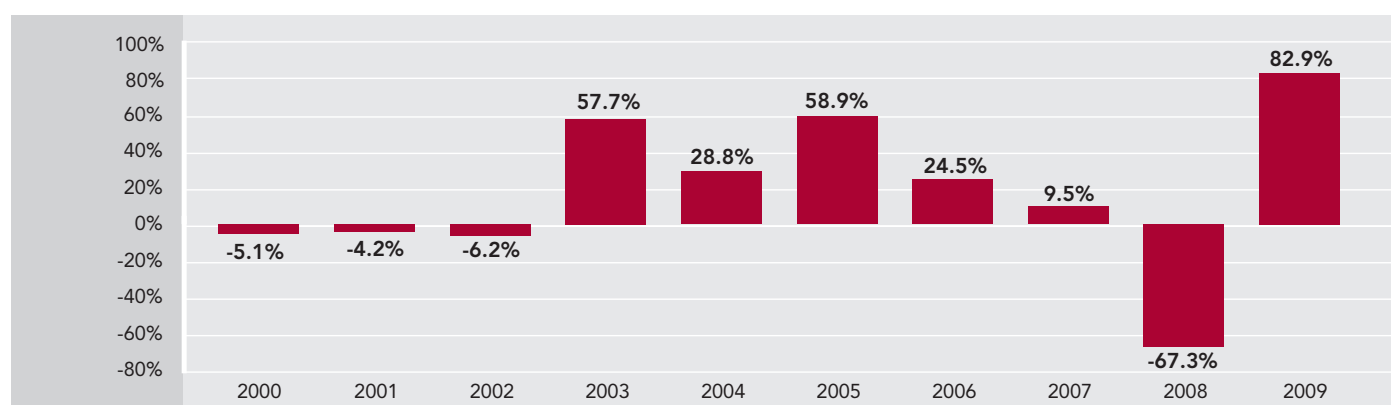
The bar chart below illustrates CGI's diluted net asset value per share return, with dividends reinvested at net asset value per share.

#### Net Asset Value Return



The bar chart below illustrates CGI'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
Canadian General Investments, Limited – NAV	44.2%	-12.0%	2.6%	7.4%
Canadian General Investments, Limited – Market	82.9%	-13.2%	5.3%	8.4%
S&P/TSX Composite Index	35.1%	-0.2%	7.7%	5.6%

*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, 2009

### Sector Allocation

	% of Net Asset Value*	% of Investment Portfolio
Materials	36.7	27.0
Energy	33.6	24.6
Financials	23.3	17.1
Industrials	9.6	7.0
Consumer Discretionary	9.1	6.7
Information Technology	7.8	5.7
Consumer Staples	4.5	3.3
Short-Term Securities	3.7	2.7
Telecommunication Services	2.9	2.2
Utilities	2.7	2.0
Cash & Cash Equivalents	2.3	1.7

### Asset Allocation

	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	128.1	94.1
Short-Term Securities	3.7	2.7
Cash & Cash Equivalents	2.3	1.7
Foreign Equities	2.1	1.5

### Top 25 Holdings

Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
BMTC Group Inc.	Consumer Discretionary	4.8	3.5
Labrador Iron Ore Royalty Income Fund	Materials	4.2	3.1
BPO Properties Ltd.	Financials	4.0	2.9
Royal Bank of Canada	Financials	3.9	2.8
Canadian Treasury Bills	Short-Term Securities	3.7	2.7
Pacific Rubiales Energy Corp.	Energy	3.7	2.7
Bank of Montreal	Financials	3.5	2.6
Franco-Nevada Corporation	Materials	3.5	2.6
Petrobank Energy and Resources Ltd.	Energy	3.4	2.5
Enbridge Inc.	Energy	3.3	2.4
Rogers Communications Inc.	Telecommunication Services	2.9	2.2
SXC Health Solutions Corp.	Information Technology	2.8	2.1
Suncor Energy Inc.	Energy	2.5	1.9
Potash Corporation of Saskatchewan Inc.	Materials	2.5	1.8
The Toronto-Dominion Bank	Financials	2.4	1.8
Cash	Cash & Cash Equivalents	2.3	1.7
TransCanada Corporation	Energy	2.3	1.7
Canadian Natural Resources Limited	Energy	2.3	1.7
Freeport-McMoRan Copper & Gold Inc.	Materials	2.1	1.5
Celestica Inc.	Information Technology	2.0	1.5
Rubicon Minerals Corporation	Materials	2.0	1.5
Crescent Point Energy Corp.	Energy	2.0	1.4
Manulife Financial Corporation	Financials	1.9	1.4
Corby Distilleries Limited	Consumer Staples	1.8	1.3
Sino-Forest Corporation	Materials	1.8	1.3
		71.6*	52.6
Total Net Asset Value* (\$000's)			\$ 402,001
Total Investment Portfolio* (\$000's)			\$ 547,533

\* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$150 million), other assets and other liabilities.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Company. The most recent quarterly portfolio disclosure may be obtained by visiting the Manager's web site at [www.mmmainvestments.com](http://www.mmmainvestments.com), by calling 416-366-2931 (Toll-free: 1-866-443-6097), or by writing to the Company at 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

# FINANCIAL REPORTS

## MANAGEMENT'S REPORT

The accompanying 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 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 non-Management Directors is appointed by the Board. The Audit Committee reviews the 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 financial statements for publication.

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



Vanessa L. Morgan  
*Chairman*

March 2, 2010



Jonathan A. Morgan  
*President & CEO*

## AUDITORS' REPORT

### To the Shareholders of Canadian General Investments, Limited

We have audited the accompanying statements of net assets of Canadian General Investments, Limited (the Company) as at December 31, 2009 and 2008, the statement of investment portfolio as at December 31, 2009 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2009 and 2008. 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 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

March 2, 2010

# STATEMENTS OF NET ASSETS

As at December 31, 2009 and 2008

(in thousands of dollars, except per share amounts)

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Investments at fair value (cost - \$375,571; 2008 - \$365,735)	535,895	403,551
Cash	9,441	5,660
Interest and dividends receivable	1,053	1,542
Income taxes recoverable	4,031	28,635
Deferred financing charge (note 3)	386	716
	<b>550,806</b>	<b>440,104</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	721	848
Accrued dividends on preference shares	281	281
Payable for securities purchased	-	964
Preference shares (note 3)	150,000	150,000
	<b>151,002</b>	<b>152,093</b>
	<b>399,804</b>	<b>288,011</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Common shares (note 3)	128,568	128,568
Unrealized gain on investments	160,324	37,816
Retained earnings (note 4)	110,912	121,627
	<b>399,804</b>	<b>288,011</b>
<b>Number of common shares outstanding</b> (note 3)	<b>20,861,141</b>	<b>20,861,141</b>
<b>Net assets per common share</b> (note 12)	<b>19.17</b>	<b>13.81</b>

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

Approved by the Board of Directors



Director



Director

# STATEMENTS OF OPERATIONS

For the years ended December 31, 2009 and 2008

(in thousands of dollars, except per share amounts)

	2009	2008
	\$	\$
<b>Investment income</b>		
Dividends	10,718	13,339
Interest and other	1,148	3,694
Securities lending revenue (note 10)	120	549
	11,986	17,582
<b>Expenses</b>		
Dividends on preference shares	6,413	8,887
Management fees (note 5)	4,932	7,176
Amortization of deferred financing charge	330	719
Directors' fees and expenses	173	173
Listing and regulatory costs	154	203
Capital taxes	131	290
Security holder reporting costs	110	78
Investor relations	98	129
Custodial fees	54	75
Audit fees	43	41
Independent review committee fees and expenses	28	30
Legal fees	22	77
Other	138	157
	12,626	18,035
<b>Net investment loss</b>	(640)	(453)
<b>Realized and unrealized gains (losses) on investments</b>		
Net realized gain (loss) on investments	2,613	(111,690)
Change in unrealized gain on investments	122,508	(278,598)
Transaction costs on purchase and sale of investments	(1,011)	(1,245)
<b>Net gain (loss) on investments</b>	124,110	(391,533)
<b>Increase (decrease) in net assets resulting from operations for the year</b>	123,470	(391,986)
<b>Increase (decrease) in net assets resulting from operations per common share</b> (based on 20,861,141 (2008 - 20,861,141) weighted-average common shares outstanding during the year)	5.92	(18.79)

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

## STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2009 and 2008

(in thousands of dollars)

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Increase (decrease) in net assets resulting from operations for the year</b>	123,470	(391,986)
<b>Dividends to common shareholders</b>		
From net investment income	(5,007)	(5,007)
From net realized gain on investments	(10,430)	-
	(15,437)	(5,007)
Income taxes recoverable on dividends from net realized gain on investments	2,190	-
	(13,247)	(5,007)
Decrease in refundable income taxes on net realized gain on investments (note 6)	1,570	22,228
<b>Increase (decrease) in net assets during the year</b>	111,793	(374,765)
<b>Net assets, beginning of year</b>	288,011	662,776
<b>Net assets, end of year</b>	399,804	288,011

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

# STATEMENTS OF CASH FLOWS

For the years ended December 31, 2009 and 2008

(in thousands of dollars)

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net investment loss	(640)	(453)
Amortization of deferred financing charge	330	719
Proceeds of disposition of investments	398,039	389,384
Purchase of investments	(406,226)	(335,543)
Transaction costs on purchase and sale of investments	(1,011)	(1,245)
Net change in non-cash balances related to operations	24,966	(16,753)
	<b>15,458</b>	<b>36,109</b>
<b>Financing activities</b>		
Dividends paid to common shareholders, net of income taxes recoverable	(13,247)	(5,007)
Decrease in refundable income taxes on net realized gain on investments (note 6)	1,570	22,228
Redemption of Series 1 preference shares (note 3)	-	(60,000)
	<b>(11,677)</b>	<b>(42,779)</b>
<b>Net increase (decrease) in cash during the year</b> (note 8)	<b>3,781</b>	<b>(6,670)</b>
<b>Cash, beginning of year</b>	<b>5,660</b>	<b>12,330</b>
<b>Cash, end of year</b>	<b>9,441</b>	<b>5,660</b>

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

# STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009

NUMBER OR PAR VALUE	INVESTMENT	COST \$	FAIR VALUE \$
<i>(in thousands of dollars)</i>			
<b>CONSUMER DISCRETIONARY (6.6%) (2008 - 8.2%)</b>			
<b>Media</b>			
500,000	IMAX Corporation	5,197	6,960
220,000	Shaw Communications Inc., B NV	3,154	4,752
<b>Multiline Retail</b>			
250,000	Dollarama Inc.	4,721	5,587
<b>Specialty Retail</b>			
640,200	BMTC Group Inc., A SV	3,849	18,950
<b>TOTAL CONSUMER DISCRETIONARY</b>		<b>16,921</b>	<b>36,249</b>

<b>CONSUMER STAPLES (3.3%) (2008 - 5.6%)</b>			
<b>Beverages</b>			
245,300	Corby Distilleries Limited, A	3,069	3,802
230,800	Corby Distilleries Limited, B NV	3,640	3,404
250,000	Cott Corporation	1,416	2,143
<b>Food &amp; Staples Retailing</b>			
120,000	Shoppers Drug Mart Corporation	3,400	5,437
<b>Food Products</b>			
100,000	Alliance Grain Traders Inc.	1,984	2,990
<b>TOTAL CONSUMER STAPLES</b>		<b>13,509</b>	<b>17,776</b>

<b>ENERGY (24.8%) (2008 - 17.8%)</b>			
<b>Energy Equipment &amp; Services</b>			
232,000	Calfrac Well Services Ltd.	4,374	4,772
173,400	Phoenix Technology Income Fund, units	2,731	1,417
516,700	Precision Drilling Trust, units	3,512	3,953
<b>Oil, Gas &amp; Consumable Fuels</b>			
80,000	Alpha Natural Resources, Inc.	3,061	3,635
300,000	Bankers Petroleum Ltd.	900	1,860
200,000	Baytex Energy Trust, units	4,758	5,906
100,000	Cameco Corporation	2,730	3,377
120,000	Canadian Natural Resources Limited	3,853	9,078
100,000	Canadian Oil Sands Trust, units	3,208	2,974
100,800	Cenovus Energy Inc.	3,530	2,661
200,000	Crescent Point Energy Corp.	5,429	7,890
270,000	Enbridge Inc.	5,557	13,108
100,000	EnCana Corporation	3,854	3,405
458,571	Extract Resources Limited	3,195	3,584
125,000	Forest Oil Corporation	2,439	2,913
500,000	Grande Cache Coal Corporation	2,756	2,680
55,000	Husky Energy Inc.	514	1,651
209,167	Legacy Oil & Gas Inc.	2,074	2,010
950,000	Pacific Rubiales Energy Corp.	5,672	14,630
657,030	Parex Resources Inc.	2,695	2,668

NUMBER OR PAR VALUE	INVESTMENT	COST \$	FAIR VALUE \$
<i>(in thousands of dollars)</i>			
<b>ENERGY (CONTINUED)</b>			
270,000	Petrobank Energy and Resources Ltd.	10,064	13,770
275,000	Suncor Energy Inc.	10,572	10,205
256,000	TransCanada Corporation	7,091	9,254
1,500,000	Uranium One Inc.	2,871	4,530
800,000	Western Coal Corp.	2,483	2,600
<b>TOTAL ENERGY</b>		<b>99,923</b>	<b>134,531</b>

<b>FINANCIALS (17.2%) (2008 - 13.3%)</b>			
<b>Commercial Banks</b>			
250,000	Bank of Montreal	8,534	13,947
120,000	Laurentian Bank of Canada	4,730	5,113
275,000	Royal Bank of Canada	11,438	15,496
150,000	The Toronto-Dominion Bank	6,461	9,891
<b>Diversified Financial Services</b>			
225,000	Ceres Global AG Corp., warrants 12/21/2010	473	14
192,056	TMX Group Inc.	5,187	6,359
<b>Insurance</b>			
7,200	E-L Financial Corporation Limited	2,640	3,240
400,000	Manulife Financial Corporation	8,296	7,720
<b>Real Estate Management &amp; Development</b>			
816,900	BPO Properties Ltd.	7,619	15,979
233,919	First Capital Realty Inc.	3,706	5,032
<b>Thriffs &amp; Mortgage Finance</b>			
217,500	Genworth MI Canada Inc.	4,140	5,862
<b>Capital Markets</b>			
76,900	Economic Investment Trust Limited	3,851	4,668
<b>TOTAL FINANCIALS</b>		<b>67,075</b>	<b>93,321</b>

<b>INDUSTRIALS (7.0%) (2008 - 11.0%)</b>			
<b>Building Products</b>			
236,300	Waterfurnace Renewable Energy Inc.	3,180	6,026
<b>Construction &amp; Engineering</b>			
170,000	Aecon Group Inc.	2,052	2,545
169,100	GENIVAR Income Fund, units	4,512	4,574
110,000	Stantec Inc.	3,219	3,322
<b>Marine</b>			
50,000	Algoma Central Corporation	3,849	3,825
<b>Road &amp; Rail</b>			
95,000	Canadian Pacific Railway Limited	5,146	5,370
<b>Trading Companies &amp; Distributors</b>			
250,000	Ritchie Bros. Auctioneers Incorporated	2,827	5,874
375,000	Russel Metals Inc.	3,243	6,619
<b>TOTAL INDUSTRIALS</b>		<b>28,028</b>	<b>38,155</b>

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

## STATEMENT OF INVESTMENT PORTFOLIO (CONTINUED)

As at December 31, 2009

NUMBER OR PAR VALUE	INVESTMENT	COST \$	FAIR VALUE \$
<i>(in thousands of dollars)</i>			
<b>INFORMATION TECHNOLOGY (5.7%) (2008 - 1.0%)</b>			
<b>Communications Equipment</b>			
28,000	DragonWave Inc.	296	336
95,000	Research In Motion Limited	4,204	6,739
<b>IT Services</b>			
200,000	SXC Health Solutions Corp.	5,355	11,303
<b>Semiconductors &amp; Semiconductor Equipment</b>			
825,000	Celestica Inc.	6,080	8,143
<b>Software</b>			
900,000	Absolute Software Corporation	3,842	4,725
<b>TOTAL INFORMATION TECHNOLOGY</b>		<b>19,777</b>	<b>31,246</b>
<b>MATERIALS (26.9%) (2008 - 12.4%)</b>			
<b>Chemicals</b>			
200,000	Methanex Corporation	4,103	4,086
87,500	Potash Corporation of Saskatchewan Inc.	9,860	9,985
90,000	The Scotts Miracle-Gro Company	3,811	3,707
<b>Metals &amp; Mining</b>			
1,018,300	East Asia Minerals Corporation	2,998	4,623
150,000	Eldorado Gold Corporation	1,982	2,226
1,600,000	Equinox Minerals Limited	3,139	6,464
250,000	FNX Mining Company Inc.	2,256	2,878
25,000	FNX Mining Company Inc., warrants 09/09/2012	49	90
85,000	First Quantum Minerals Ltd.	3,741	6,800
475,000	Franco-Nevada Corporation	9,390	13,324
100,000	Franco-Nevada Corporation, warrants 03/13/2012	491	545
100,000	Freeport-McMoRan Copper & Gold Inc.	5,467	8,403
262,500	Gerdau Ameristeel Corporation	1,377	2,260
202,700	Imperial Metals Corporation	2,255	2,736
150,000	Kinross Gold Corporation	3,362	2,900
42,870	Kinross Gold Corporation, warrants 09/03/2013	107	167
387,700	Labrador Iron Ore Royalty Income Fund, units	5,605	16,830
627,946	Lake Shore Gold Corp.	1,823	2,562
800,000	Lundin Mining Corporation	2,967	3,408
2,425,000	Mercator Minerals Ltd.	5,444	6,014
760,250	Osisko Mining Corporation	5,330	6,409
1,600,000	Rubicon Minerals Corporation	4,663	7,904
180,000	Teck Resources Limited, B SV	2,254	6,597
350,000	Thompson Creek Metals Company Inc.	4,144	4,305
765,000	Ventana Gold Corporation	3,945	6,135

NUMBER OR PAR VALUE	INVESTMENT	COST \$	FAIR VALUE \$
<i>(in thousands of dollars)</i>			
<b>MATERIALS (CONTINUED)</b>			
<b>Paper &amp; Forest Products</b>			
113,150	Domtar Corporation	3,186	6,563
370,000	Sino-Forest Corporation	6,902	7,148
73,600	Stella-Jones Inc.	3,218	1,868
<b>TOTAL MATERIALS</b>		<b>103,869</b>	<b>146,937</b>
<b>TELECOMMUNICATION SERVICES (2.1%) (2008 - 7.6%)</b>			
<b>Wireless Telecommunication Services</b>			
360,000	Rogers Communications Inc., B NV	5,047	11,722
<b>TOTAL TELECOMMUNICATION SERVICES</b>		<b>5,047</b>	<b>11,722</b>
<b>UTILITIES (2.0%) (2008 - 3.0%)</b>			
<b>Electric Utilities</b>			
230,000	Fortis Inc.	6,082	6,592
<b>Independent Power Producers &amp; Energy Traders</b>			
100,000	Canadian Utilities Limited, A NV	1,171	4,373
<b>TOTAL UTILITIES</b>		<b>7,253</b>	<b>10,965</b>
<b>SHORT-TERM SECURITIES (2.7%) (2008 - 18.3%)</b>			
15,000,000	Canadian Treasury Bill, 0.17% 02/18/2010	14,993	14,993
		<b>14,993</b>	<b>14,993</b>
TRANSACTION COSTS (NOTE 1)		(824)	-
<b>TOTAL INVESTMENTS (98.3%)</b>		<b>375,571</b>	<b>535,895</b>
<b>CASH &amp; CASH EQUIVALENTS (1.7%)</b>		<b>9,441</b>	<b>9,441</b>
<b>INVESTMENT PORTFOLIO (100.0%)</b>		<b>385,012</b>	<b>545,336</b>
Percentage amounts in brackets represent fair value as a percentage of the Investment Portfolio.			
NV: non-voting SV: subordinate voting			
<b>RECONCILIATION OF INVESTMENT PORTFOLIO TO NET ASSETS</b>			
INVESTMENT PORTFOLIO (136.4%)		545,336	
PREFERENCE SHARES (-37.5%)		(150,000)	
OTHER ASSETS AND LIABILITIES, NET (1.1%)		4,468	
<b>NET ASSETS (100.0%)</b>		<b>399,804</b>	
Percentage amounts in brackets represent fair value as a percentage of Net Assets.			

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

# NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These 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 Canadian General Investments, Limited (the Company).

### Amendments to existing accounting standards

In June 2009, the Canadian Institute of Chartered Accountants (CICA) amended Handbook Section 3862, Financial Instruments – Disclosures, to enhance disclosure regarding fair value measurement of financial instruments and liquidity risk exposures. The amendments introduce a three level hierarchy for disclosures intended to provide users of the financial statements with information on the relative reliability of the inputs used in fair value measurements. The Company adopted these amendments for the year ended December 31, 2009. Refer to note 7 for new disclosures relating to the adoption of the amendments.

In January 2009, the CICA issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC-173). EIC-173 requires that an entity's own credit risk and the credit risk of counterparties be taken into account when determining the fair value of financial assets and financial liabilities. The Company adopted EIC-173 for the year ended December 31, 2009 and its requirements did not have an impact on the financial position or results of operations of the Company.

### 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. The Company recognizes realized gains (losses) on investments and the net change in unrealized gains on investments in the statement of operations. Within shareholders' equity, net realized gains (losses) on investments are accumulated in retained earnings, while net changes in unrealized gain on investments, a component of retained earnings, are accumulated and separately presented as unrealized gain on investments.

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 statements of operations.

### Investment income

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

### 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.

### Deferred financing charge

Preference share issuance costs are amortized on a straight-line basis over a five-year period, commencing from date of issue.

### 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.

No provision is made for future income taxes on the unrealized gain on investments, since such income taxes would be recoverable on payment of capital gains dividends by the Company (note 6).

## 2 BANK INDEBTEDNESS

In October 2008, the Company entered into a credit agreement giving it access to a revolving demand credit facility of \$60.0 million, comprising bankers' acceptances and term loans, subject to specified covenants, with interest based on the prime bankers' acceptance rate (plus 75 basis points until January 24, 2009 and 100 basis points thereafter). In October 2009, the agreement expired and was not renewed. The Company did not draw on this credit facility in 2009 or 2008.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 3 CAPITAL STOCK

#### Common shares

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2009, there are 20,861,141 (2008 - 20,861,141) common shares issued and outstanding.

#### Preference shares

The Company is authorized to issue, in series, a class of preference shares of which the following are outstanding:

Class A preference shares	Number of shares	Stated amount per share \$	Cumulative annual dividend rate%	Date of issue	2009 Amount \$ (in thousands of dollars)	2008 Amount \$ (in thousands of dollars)
Series 2	3,000,000	25.00	4.65	November 3, 2003	75,000	75,000
Series 3	3,000,000	25.00	3.90	March 3, 2006	75,000	75,000
					150,000	150,000

On October 6, 2008, the Company redeemed the \$60,000,000 5.40%, cumulative, redeemable, Class A preference shares, Series 1 in accordance with the terms of the governing short form prospectus.

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

	\$26.00	\$25.75	\$25.50	\$25.25	\$25.00
Series 2	March 15, 2009 to March 14, 2010	March 15, 2010 to March 14, 2011	March 15, 2011 to March 14, 2012	March 15, 2012 to March 14, 2013	March 15, 2013 and thereafter <sup>(1)</sup>
Series 3	June 15, 2011 to June 14, 2012	June 15, 2012 to June 14, 2013	June 15, 2013 to June 14, 2014	June 15, 2014 to June 14, 2015	June 15, 2015 and thereafter <sup>(2)</sup>

(1) The holders may require the Company to redeem the Series 2 shares on or after March 15, 2014 for a cash price of \$25.00 per share.

(2) The holders may require the Company to redeem the Series 3 shares on or after June 15, 2016 for a cash price of \$25.00 per share.

The deferred financing charge of \$3,985,000 (2008 - \$3,985,000) in respect of Series 2 and Series 3 shares is presented net of accumulated amortization of \$3,599,000 (2008 - \$3,269,000).

### 4 RETAINED EARNINGS

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

(in thousands of dollars)	2009 \$	2008 \$
Retained earnings, beginning of year	121,627	217,794
Net realized gain (loss) on investments, net of transaction costs	1,602	(112,935)
Net investment loss	(640)	(453)
Dividends paid from net realized gain on investments, net of income taxes recoverable of \$2,190 (2008 - \$nil)	(8,240)	-
Dividends paid from net investment income	(5,007)	(5,007)
Decrease in refundable income taxes on net realized gain on investments (note 6)	1,570	22,228
Retained earnings, end of year	110,912	121,627

## 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 monthly at 1% per annum of the fair value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month.

## 6 TAXATION

The Company qualifies as an investment corporation under Section 130 of the Income Tax Act (Canada) (the Act) and, as such, is subject to a reduced rate of income tax on its net investment income other than dividends received from taxable Canadian corporations. The Company's provision for income taxes during the year is determined as follows:

<i>(in thousands of dollars)</i>	<b>2009</b> \$	<b>2008</b> \$
<b>Recovery of income taxes on net investment loss</b>		
Recovery of income taxes based on combined Canadian federal and provincial income tax rate	(211)	(152)
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(3,518)	(4,407)
Dividends on preference shares	2,116	2,977
Income tax rate differential for investment corporations	(440)	(364)
Other	(32)	35
Recovery of income taxes	(2,085)	(1,911)
Applied to reduce refundable income taxes on net realized gain on investments	2,085	1,911
Recovery of income taxes	-	-
<b>Refundable income taxes on net realized gain (loss) on investments</b>		
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rate	862	(37,416)
Increase (decrease) in income taxes resulting from:		
Non-taxable portion, net realized loss (gain) on investments	(431)	18,708
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(26)	2,503
Income tax rate differential for investment corporations	110	(4,112)
Recovery applied from investment income	(2,085)	(1,911)
Decrease in refundable income taxes on net realized gain on investments	(1,570)	(22,228)

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 21%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation. The Company has refundable capital gains taxes of approximately \$5 million as at December 31, 2009 (2008 - \$9 million), which are refundable on payment of capital gains dividends of approximately \$23 million (2008 - \$41 million). This potential recovery has not been recorded by the Company.

The Company is also subject to a special tax of 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 no refundable dividend tax on hand as at December 31, 2009 and 2008.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

In accordance with the Act, a corporation can qualify as an investment corporation if certain tests are satisfied. One of the tests is that the corporation cannot have specified shareholders. A specified shareholder is generally a shareholder, who, along with certain persons to whom the shareholder is considered to be related, has a greater than 25% shareholding. The Company has had specified shareholders since June 20, 1996. The specified shareholder rules of the Act generally allow the Company to maintain its investment corporation status as long as it does not have any specified shareholders other than those specified shareholders existing on June 20, 1996. In addition, the specified shareholders as at June 20, 1996 cannot, after that date, contribute capital or acquire additional shares of the Company other than through certain specified transactions.

### 7 FINANCIAL INSTRUMENTS

The Company is a closed-end equity fund focussed on medium to long-term investments in primarily Canadian corporations. Its objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains/losses and appropriate income generating instruments. The Company may invest in foreign securities that are typically not expected to exceed 15%, in aggregate, of the portfolio's fair value.

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 set by the Board of Directors of the Company, in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate, security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, the Manager considers other criteria such as asset class, industry, country and currency

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main exposure to credit risk may consist of investments in debt instruments, including short-term securities, bonds, preferred shares, amounts due from brokers as well as securities on loan as part of the Company's securities lending program. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of debt instruments, as presented on the statement of investment portfolio represents the maximum credit risk exposure as at December 31, 2009. This also applies to other assets, as these have a short term to settlement. As at December 31, 2009, the Company has a \$15 million Canadian treasury bill or 2.7% of the investment portfolio, which carried an AAA rating (2008 - \$75 million or 18.3% of the investment portfolio).

All transactions in securities are settled/paid for on delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Company's custodian has received payment. Payment is made on a purchase once the securities have been received by the Company's custodian. The trade will fail if either party fails to meet its obligation.

Credit risk with respect to the Company's securities lending program is considered minimal given the nature of the collateral, as well as the indemnification provided by the agent administering the program (note 10).

#### 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 two series of Class A preference shares outstanding: Series 2 for \$75 million with a redemption date of March 15, 2014 and Series 3 for \$75 million with a redemption date of June 15, 2016. Included in the Series 2 and Series 3 preference share provisions is a restriction, which precludes payment of a common share dividend unless, after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times.

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 statement of investment portfolio. There are no restricted securities as at December 31, 2009. 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.

All financial liabilities of the Company as at December 31, 2009 and 2008 fall due within twelve months.

## **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.

As at December 31, 2009, the Company's investments in debt instruments were limited to short-term securities, with the longest maturity being under three months. The Company has minimal sensitivity to changes in interest rates on these securities since it is anticipated they will be held to maturity and they are short-term in nature.

The Company's two series of Class A preference shares outstanding both have fixed coupon rates. While they themselves are not subject to interest rate risk, any new issues, whether or not in connection with the redemption date of an existing series, will be subject to the prevailing interest rate environment at that time.

### Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, 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, 2009, the Company had a 5.7% (2008 - 1.8%) weighting in foreign currencies. As at December 31, 2009, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio as at December 31, 2009, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,547,000 or approximately 0.4% of total net assets (2008 - \$363,000 or approximately 0.0% of total net assets).

### 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 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 statement of investment portfolio groups the securities by industry sector.

As at December 31, 2009, a 5% increase or decrease in market prices in the investment portfolio, excluding short-term securities, with all other variables held constant, would have resulted in the net assets of the Company increasing or decreasing, respectively, by approximately \$26,045,000 or approximately 6.5% of total net assets (2008 - \$16,433,000 or approximately 5.7% of total net assets).

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.

## **Fair value measurements**

The Company classifies its investments within a fair value hierarchy, based on the inputs used in their fair value measurement. The hierarchy of inputs is summarized below:

Level 1: Unadjusted quoted prices at the measurement date in active markets for identical assets

Level 2: Directly or indirectly observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar assets in markets that are not active

Level 3: Inputs for the assets that are not based on observable market data

As at December 31, 2009, the fair value of all equity investments and short-term securities of the Company are classified within Level 1 because their fair values represent quoted prices in active markets for identical assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

All other financial instruments of the Company, which may include cash, receivable on securities sold or payable on securities purchased, interest and dividends receivable, income taxes recoverable or payable, accounts payable and accrued liabilities, accrued dividends on preference shares and preference shares are carried at amortized cost which approximates their fair value.

During the year ended December 31, 2009, there were no investments transferred between Level 1 and Level 2.

### 8 SUPPLEMENTAL CASH FLOW INFORMATION

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

<i>(in thousands of dollars)</i>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Preference share dividends and interest paid	6,488	9,061
Income taxes recovered - net	(28,046)	(5,491)

### 9 CAPITAL MANAGEMENT

The Company considers capital to be comprised of its shareholders' equity, as well as its outstanding preference shares. The balances are as follows:

<i>(in thousands of dollars)</i>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Shareholders' equity	399,804	288,011
Preference shares	150,000	150,000
	549,804	438,011

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, the Company monitors its adherence to the provisions of the preference shares. In particular, included in the provisions is a dividend payment restriction, which provides that the Company shall not pay a dividend on its common shares unless after giving effect thereto, the ratio of assets to obligations (both as defined in the preference shares' provisions) exceeds 2.5 times. All common share dividend payments made in 2009 and 2008 were in compliance with this provision.

### 10 SECURITIES LENDING

The Company participates in a securities lending program with its custodian, CIBC Mellon Trust Company. Collateral is held by the custodian as agent for the Company and generally comprises Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit ratings, and other short-term securities, of at least 105% of the fair value of securities on loan. In the event that any of the loaned securities are not returned to the Company and the value of the collateral held is less than the fair value of the securities not returned, the custodian shall indemnify the Company for any such shortfall.

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. In July 2009, the Company reinitiated the program and at December 31, 2009, the Company had loaned securities with a fair value of \$92,036,000 and the custodian held collateral of \$97,507,000.

### 11 SOFT DOLLARS

The portion of total brokerage commissions that was used to pay for goods and services through soft dollar (the amount ascertained to have been paid to dealers for goods and services, other than order execution) arrangements for the year ended December 31, 2009 was nil (2008 - \$2,000).

## 12 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 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.

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Net asset value per share	19.27	13.93
Canadian GAAP adjustment	(0.10)	(0.12)
Net assets per share	19.17	13.81

## FREQUENTLY ASKED QUESTIONS

### **WHAT IS CANADIAN GENERAL INVESTMENTS?**

CGI is a publicly listed closed-end equity fund, founded in 1930, focussed on medium to long-term investments in Canadian corporations.

### **WHAT IS CGI'S OBJECTIVE?**

CGI's objective is to provide better than average returns to investors through prudent security selection, timely recognition of capital gains and appropriate income generating instruments.

### **DOES CGI EMPLOY LEVERAGE?**

At December 31, 2009, CGI had two series of TSX-listed preferred shares outstanding, consisting of the \$75 million 4.65% Series 2 issue and the \$75 million 3.90% Series 3 issue, which add leverage to the portfolio.

### **CGI HAS INVESTMENT CORPORATION STATUS. WHAT IS THIS AND HOW DOES IT BENEFIT ME?**

Qualification as an investment corporation under the Income Tax Act (Canada) essentially provides CGI with the same tax advantages as a Canadian mutual fund and closed-end funds in the U.S. and U.K. (i.e. capital gains tax is paid only once, by the investor, upon payment of the distribution by the company). This reduces double taxation at the corporate and shareholder levels, translating into higher returns for shareholders. The capital gains refund mechanism enables CGI to recover taxes on realized net capital gains through the payment of capital gains dividends. Most years, this has enabled CGI to provide a dividend yield superior to that of most common shares on the TSX. In addition, this status allows CGI to benefit from a reduced tax rate on certain investment income, as well as to borrow at favourable rates by making a tax election that is beneficial to preferred shareholders without negatively impacting common shareholders.

### **WHAT IS THE DIVIDEND POLICY?**

CGI's dividend policy is determined by the Board of Directors. Over the past several years, the Company has paid regular quarterly income dividends of \$0.06 per common share on March 15, June 15, September 15 and December 15. In addition, as an investment corporation, CGI is able to pay capital gains dividends. On a periodic basis, the Board considers the payment of a capital gains dividend taking into account the current year's performance, the amount of refundable capital gains tax on hand, and the desire to provide some degree of yield consistency over time. Although the Company has paid year-end special capital gains dividends in twelve of the previous thirteen years, as a result of market conditions, no such dividend was paid in 2008. A special capital gains dividend of \$0.50 was paid on December 30, 2009.

### **WHAT IS CGI'S MANAGEMENT EXPENSE RATIO (MER)?**

As a public company, CGI is responsible for numerous corporate costs, including management fees, dividends on preference shares, investor relations, listing and regulatory costs. CGI's MER is based on all of these expenses as a percentage of daily average net assets during the year. CGI's Management Report of Fund Performance discloses the MER calculated as prescribed, as well as excluding leverage costs (ie, dividends on preference shares and amortization of deferred financing charges). CGI's MER for 2009 was 3.82% including leverage costs and 1.78%, excluding these costs.

### **IS CGI APPROPRIATE FOR ME?**

The Board and Management envisage that the typical investor in CGI is interested in long-term capital growth and income from a portfolio of almost exclusively Canadian equities. Investors in CGI should be willing to tolerate a moderate level of volatility in normal markets. CGI offers the opportunity to purchase a widely diversified, performance-oriented portfolio of Canadian equities in one stock, which is actively managed by a team of experienced managers and overseen by a Board of Directors. It is the only closed-end Canadian equity fund company listed internationally.

### **IS CGI ELIGIBLE FOR REGISTERED PLANS?**

CGI is a fully qualified investment for Canadian registered plans.

### **HOW CAN I BUY CGI?**

CGI's shares are traded through stock brokers and are listed on the Toronto Stock Exchange (symbols: common shares – CGI; preferred shares – CGI.PR.B and CGI.PR.C) and the London Stock Exchange (symbol: common shares – CGI). For the common shares, Bloomberg symbols are CGI CN and CGI LN; the Reuters symbols are CGI.TO and CGIq.L.

# *No 10 Toronto Street*

## *A Brief History*

Since it opened in 1853, the building at 10 Toronto Street has served numerous purposes and has undergone several renovations. Originally constructed as Toronto's 7th Post Office, the building descended in three tiers from the three storey neo-classical façade down to one storey at the rear. At this time it sported two entrances: one for ladies and one for gentlemen.

No. 10 was made an office for the Internal Revenue in 1872. In conjunction with its change of purpose, it was renovated and the 'his & hers' entrances were replaced by a single 'unisex' door. In 1936, it became a branch of the Bank of Canada.

Endangered by what was understood to be urban renewal in 1959, No. 10 was saved from the wrecking ball by E.P. Taylor and made into the headquarters for Argus Corporation. A third floor was added onto the front half of the building and the interior underwent considerable renovations.

Argus was one of the most powerful conglomerates of the 1960's and '70's, with companies such as British Columbia Forest Products, Dominion Stores, Domtar, Hollinger Mines, Massey-Ferguson and Standard Broadcasting in its stable. The founder of Morgan Meighen & Associates, Maxwell Meighen, who was also a long-serving Chairman of Canadian General Investments, and one of its original senior executives, Alex Barron, a long-time CGI President, were directors and officers of Argus. Control of Argus passed to Conrad Black in 1978 and No. 10 became the headquarters of Hollinger Inc., which it remained until Mr. Black's well publicized fall from grace.

We, Jonathan Morgan and Vanessa Morgan, children of E. Louise Morgan, another original Morgan Meighen executive, purchased it personally in 2006, to serve as the new offices for Morgan Meighen and the companies affiliated with it, including Canadian General Investments.

## *A Long Renovation*

When we learned No. 10 would be offered for sale, we recognized a once in a lifetime opportunity. We also knew that we were in for a big job. While the exterior remained impressive and parts of the interior elegant, the building overall was showing signs of dysfunction, neglect and decay. The interior had been repurposed so many times that it had become a rabbit warren, water damage was visible on several of the walls, and bits of masonry were falling from the cornice. There was asbestos throughout the building, PCBs in the light fixtures, a leaky roof and an odd ramp on the third floor.

All this we knew before we embarked on our renovations. Some surprises which we met once they got underway were: more and different asbestos, a 1950's ceiling above the 1980's ceiling, hiding a 1930's ceiling, and two mysterious, unmarked 'voids' in the basement. Our hopes that these voids might contain skeletons, Bank of Canada bullion or even hooch were dashed when they turned out to contain nothing more than rubble, an empty cigar package and an old newspaper.

Our aim in renovating was to restore a lovely and rare historical building and to create a pleasant environment for our clients and staff. Key to this latter aim was the creation of a central atrium with a skylight illuminating what had been a dark interior. The skylight harkens back to the cupola on top of the original public hall. We have also incorporated green technology where practical, including a geothermal system and cutting-edge heating and cooling panels. A new urban green space will take over part of the parking lot.

We are pleased we were able to restore No. 10 in a way that allowed it to meet the needs of a modern office, while being sensitive to its long legacy. We look forward to an enduring and successful future for Canadian General Investments in its new offices at No. 10 Toronto Street.

# CORPORATE INFORMATION

## CANADIAN GENERAL INVESTMENTS, LIMITED

### BOARD OF DIRECTORS

James F. Billett  
*President, J.F. Billett Holdings Ltd.*

James G. Cook  
*Barrister and Solicitor*

Jonathan A. Morgan  
*President & CEO of the Corporation*

Vanessa L. Morgan  
*Chairman of the Corporation*

R. Neil Raymond  
*Chairman & CEO, Innovium Media Properties Corp.*

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

Richard O'C. Whittall  
*President, Watershed Capital Partners Inc.*

### AUDIT COMMITTEE

James F. Billett (Chairman)  
James G. Cook  
Richard O'C. Whittall

### CORPORATE GOVERNANCE COMMITTEE

James G. Cook  
Jonathan A. Morgan  
R. Neil Raymond (Chairman)

### INDEPENDENT DIRECTORS COMMITTEE

James F. Billett  
James G. Cook (Chairman)  
R. Neil Raymond  
Richard O'C. Whittall

### 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

10 Toronto Street  
Toronto, Ontario, Canada M5C 2B7  
Telephone: (416) 366-2931  
Toll Free: 1-866-443-6097  
Fax: (416) 366-2729  
e-mail: [cgifund@mmainvestments.com](mailto:cgifund@mmainvestments.com)  
website: [www.mmainvestments.com](http://www.mmainvestments.com)

### MANAGER

Morgan Meighen & Associates Limited  
Toronto

### AUDITORS

PricewaterhouseCoopers LLP  
Toronto

### BANKERS

Bank of Montreal  
Toronto

### SOLICITORS

Blake, Cassels & Graydon LLP  
Toronto

### CANADIAN REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada  
100 University Avenue, 9th Floor  
Toronto, Ontario, Canada M5J 2Y1  
Telephone:  
Canada & U.S.: 1-800-564-6253  
Overseas: 1-514-982-7555  
Fax:  
Canada & U.S.: 1-888-453-0330  
Overseas: 1-416-263-9394  
e-mail: [mmamail@computershare.com](mailto:mmamail@computershare.com)

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

### U.K. TRANSFER AGENT

Computershare Investor Services PLC  
P.O. Box 82  
The Pavilions, Bridgwater Road  
Bristol, BS99 6ZY United Kingdom  
Telephone: 0870 702 0000  
Fax: 0870 703 6101  
e-mail: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk)

### U.K. STOCKBROKER

Matrix Corporate Capital LLP  
One Vine Street  
London W1J 0AH  
Telephone: 020 3206 7000  
Fax: 020 3206 7016  
website: [www.matrixgroup.co.uk](http://www.matrixgroup.co.uk)

### STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange  
*Trading Symbols:*  
Common Shares CGI  
Preference Shares,  
Series 2 CGI.PR.B  
Series 3 CGI.PR.C

The London Stock Exchange  
*Trading Symbol:*  
Common Shares CGI

### 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 U.K.

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

### DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

The Plan, administered by the Company's Canadian Transfer Agent, offers an efficient method of acquiring additional shares. As well as with reinvested dividends, shareholders may purchase additional shares for cash (minimum \$100 – maximum \$5,000) every quarter. Shares are purchased on the open market, with participants paying the average cost while the Company pays all administrative charges, including commissions. The Plan may be used for self-directed RRSPs. Also, a number of Canadian brokers offer dividend reinvestment plans to CGI shareholders. Note: U.S. shareholders are eligible for the dividend reinvestment segment of the plan only.

### ANNUAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Canadian General Investments, Limited will be held at 3:00pm (Toronto time), Wednesday, April 28, 2010 in the Austin Gallery, One King West Hotel & Residence, 1 King Street West, 12th Floor, Toronto, Ontario, M5H 1A1.

Telephone: (416) 548-8100  
Website: [www.onekingwest.com](http://www.onekingwest.com)

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

Managed by:



### CANADIAN GENERAL INVESTMENTS, LIMITED

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