



Third Canadian General  
Investment Trust Limited

# Tradition *and value*

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THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

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SECOND QUARTER REPORT

June 30, 2002



THIRD CANADIAN'S COMMON SHARES TURNED IN A SPARKLING PERFORMANCE IN THE FIRST SIX MONTHS OF 2002 WITH A 23.4% GAIN, WELL OUTPACING ALL CANADIAN INDICES AND MARKET SECTORS AND MOST GLOBAL MARKETS. Closing out the period at \$16.85, up from \$13.65 at year-end 2001, the



shares bettered all but a handful of stocks in the S&P/TSX Composite Total Return Index (S&P/TSX). On a one year basis, Third's share price return with distributions reinvested was 15.9%, more than doubling the 6.1% performance of the S&P/TSX.

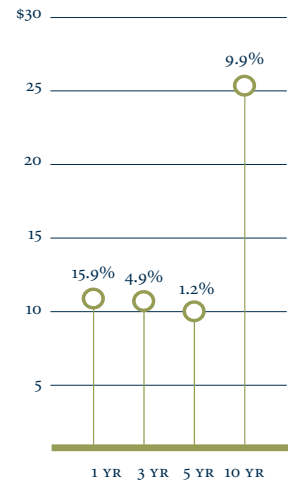
For the half year ended June 30, the market value of Third's principal assets, which consist of the shares and warrants of Canadian General Investments, Limited (CGI) as well as the shares of Canadian World Fund Limited (CWF), increased by 4.3%. Actively managed assets, representing approximately one-quarter of Third Canadian's portfolio at quarter-end grew 1.9%.

Due to its size, Third does not qualify for inclusion in the new S&P/TSX. However, it is one of the smaller companies that is performing well in an overall negative market. Some reasons are clear: the shares and net assets of CGI, the former constituting almost 70% of Third's portfolio at quarter-end, have also been outperforming the Canadian market this year; secondly, the actively managed segment of Third's portfolio has been on a winning course for several years, due largely to its substantial investment in the expanding \$35 billion market capitalization income trust sector in Canada. In fact, Third Canadian held sixteen income funds and real estate investment trusts (REITs) at June 30 with a combined market value of \$12.1 million. It is noted that CGI's portfolio held six income funds at quarter-end aggregating \$21.4 million in total market value, further representing the Manager's strong commitment to this important market sector.

Third Canadian made only four purchases in the latest quarter. An addition was made to the holding in Canada's biggest REIT, RioCan Real Estate Investment Trust. This trust is partnering investments with Kimco Realty Corp. in the U.S. Units were also purchased in Legacy Hotels Real Estate Investment Trust, owner of many of Canada's prestigious landmark properties managed by Fairmont Hotels and Resorts. Third Canadian also acquired a position in trust sector newcomer, The Keg Royalties Income Fund, a well known national restaurant chain. AltaGas Services

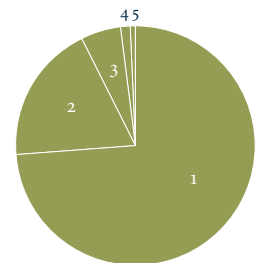
## GROWTH OF A \$10,000 INVESTMENT\*

For 1, 3, 5 and 10 years to June 30, 2002  
(in thousands of dollars)



\* Compound average annual rates of return assuming reinvestment of distributions at month-end closing prices

## WEIGHTING OF PORTFOLIO INVESTMENTS AT MARKET June 30, 2002



	%
1 Principal Assets	73.8
2 Canadian-Listed	18.8
3 U.K.-Listed	5.4
4 U.S.-Listed	1.3
5 Other	0.7

**TOP TEN INVESTMENTS\***

**AT MARKET**

*Excluding cash*

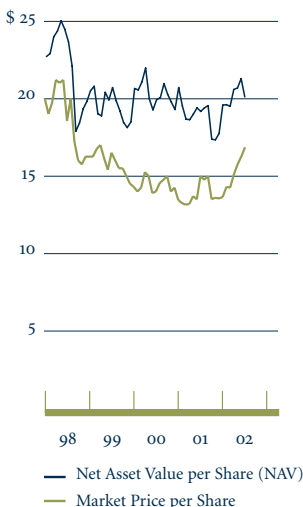
June 30, 2002

	%
Canadian General Investments, Limited	70.9
Canadian World Fund Limited	2.9
Asset Management Investment Company PLC	2.2
Rothmans Inc.	1.6
Chemtrade Logistics Income Fund	1.0
Danier Leather Inc.	0.9
Collins Stewart Holdings PLC	0.9
Pembina Pipeline Income Fund	0.9
TimberWest Forest Corp.	0.9
Viceroy Homes Limited	0.9
<b>Total</b>	<b>83.1</b>

\* Portfolio details on page 9

**COMPARISON OF MARKET PRICE TO NAV**

Trend from December 31, 1997 to June 30, 2002



Inc., which transports gas from wellhead to end user, was the only non-trust purchase and was chosen for growth and income.

More than 70% of the actively managed segment of Third Canadian’s portfolio is currently dedicated to Canadian securities. This is timely given Canada’s image as the developed country with the best growth projection for 2002, a strengthening currency and a market for high cash distributions. Third Canadian’s trading discount has declined from 30% to 15.8% in the first half of 2002.

During the latest period, the Manager continued to make presentations on Third Canadian and the market outlook at investment dealer offices as part of its investor relations program.

Vanessa L. Morgan, *Chairman*

Michael A. Smedley, *President*

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Despite continued high volatility in stocks amid low investor confidence, the market price of Third Canadian General Investment Trust Limited (Third) closed the current quarter at \$16.85, up 11.6% from the end of the first quarter, greatly aided by relative strength of the shares of Canadian General Investments, Limited (CGI) and stability among Third’s income investments.

**Financial Performance**

Third finished the quarter with net assets of \$96,236,000, an increase of 2.7% and 4.9% from year-end 2001 and the end of the second quarter of 2001, respectively.

For the three months ended June 30, 2002, Third’s net value asset per share (NAV) with distributions reinvested decreased by 1.9%, well outperforming the 8.6% decline of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX). Third also outperformed on a year-over-year basis, increasing its NAV with distributions reinvested by 7.3% compared to a decline of 6.1% in the S&P/TSX.

For the six months, Third had net investment income of \$1,105,000, a decrease of 4.6% from \$1,158,000 for the first half of 2001.

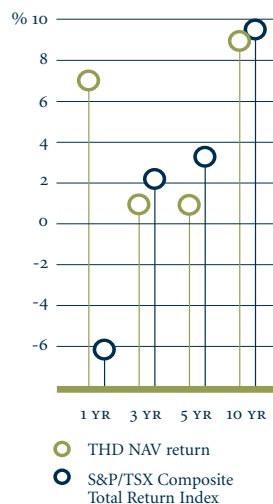
For both the three and six month periods ended June 30, 2002, total investment income, comprised of dividends, interest and other income, decreased by 7.7% from the comparative periods in 2001. Dividends earned from its principal asset, Canadian General Investments, Limited (CGI), representing 66.6% and 64.5% of total dividend income for the current and comparative six-month periods, respectively, continue to play a major role for Third. Income generation is enhanced by distributions received from investments in income trusts, a significant component of the Canadian-listed segment of Third's portfolio for several years. The trusts, representing more than 40% of Third's actively managed portfolio at quarter-end, are diversified across many sectors of the Canadian economy including oil and gas, cold storage, real estate, manufacturing, and forestry. High cash distributions from income trusts, in both this relatively low yield environment as well as the general uncertainty of the market place, continue to be attractive.

Total expenses for the current quarter and year-to-date periods decreased by 20.2% and 18.2%, respectively, primarily a result of lower interest costs on Third's bank borrowings used to lever the portfolio. Third's weighted average interest rate on the \$15,000,000 bank borrowing was 4.1% at June 30, 2002, compared to a rate of 5.2% at June 30, 2001. Management fees, relatively unchanged from the comparative six-month period last year, are calculated quarterly in arrears at the annual rate of 1% of consolidated net asset value, excluding tax liabilities, bank indebtedness, and the holdings of the principal assets that are subject to an administration fee of 0.2% on their market value.

Decreases in portfolio values over the current quarter led to a decrease of \$1,624,000 in unrealized appreciation in value of investments. However, the year-to-date change was an increase of \$3,558,000, thereby increasing the unrealized gain on investments at June 30 to \$53,542,000 from \$49,984,000 at year-end 2001. Net realized loss on investments for the current quarter and year-to-date periods were \$448,000 and \$1,025,000, respectively, compared to a net realized gain on investments of \$232,000 and \$340,000 in the same periods of 2001.

During the first half of both 2002 and 2001, Third paid two regular quarterly dividends of \$0.075 per share to its common shareholders.

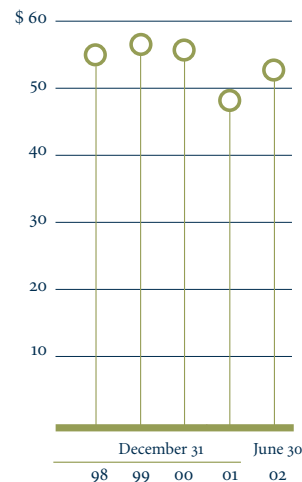
NAV RETURNS\* VS S&P/TSX  
For 1, 3, 5 and 10 years to June 30, 2002



\* Compound average annual rates of return assuming reinvestment of distributions at month-end closing net asset values.

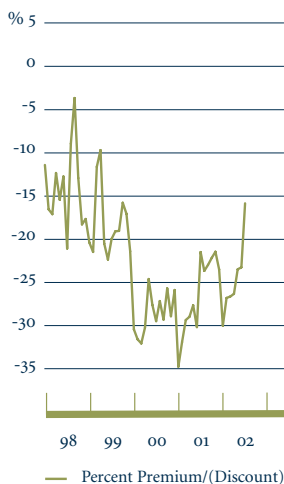
#### UNREALIZED GAIN ON INVESTMENTS

(as at end of periods)  
(in millions of dollars)



**PREMIUM/(DISCOUNT)  
TO NAV**

Trend from December 31, 1997 to  
June 30, 2002



**Discounts**

Third's share price discount to NAV ranged from 14.6% to 26.7% during the second quarter, closing at 15.8%, a significant decrease from 26.3% at the end of the first quarter.

Third trades at a "double discount" – reflecting its 15.8% discount to NAV and the discounted market prices of its principal assets, CGI and Canadian World Fund Limited (CWF), which represented 70.9% and 2.9%, respectively, of Third's portfolio at quarter-end. At the end of the current quarter, CGI and CWF were trading at discounts of 26.9% and 34.5%, respectively, which resulted in Third's "double discount" narrowing significantly to 34.6% from 44.9% at March 31, 2002.

CWF, established in 1994, endeavours to provide superior long-term growth returns by investing globally in securities of publicly traded, primarily growth companies. CGI is an actively managed Canadian equity fund with well-diversified holdings, mainly in the Canadian market. For the current six month period, CGI's diluted NAV return with distributions reinvested of -0.1% outperformed the -6.3% return of its benchmark, the S&P/TSX. CGI's top five sectors and top five holdings as of June 30, 2002 were as follows:

<i>Canadian General Investments, Limited</i>			
<i>Top 5 Sectors</i>	<i>% at market</i>	<i>Top 5 Holdings</i>	<i>% at market</i>
Financials	18.9	Inco Limited	3.2
Materials	17.8	Corby Distilleries Limited	2.6
Consumer Staples	15.4	EnCana Corporation	2.3
Consumer Discretionary	14.6	Quebecor World Inc.	2.2
Energy	11.5	Suncor Energy, Inc.	2.2
	<u>78.2</u>		<u>12.5</u>

**Outlook**

We expect that the volatility of the global marketplace will continue for at least the remainder of the year. However, Third's strategic positioning for high income and growth should enable it to participate in market improvements.

## CONSOLIDATED STATEMENTS OF NET ASSETS

<i>(in thousands of dollars, except per share amounts)</i>	As at June 30, 2002	As at December 31, 2001	As at June 30, 2001
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	\$	\$	\$
<b>Assets</b>			
Investments	113,071	109,074	108,421
Cash	2,004	1,703	2,302
Accrued interest and dividends	180	329	269
Income taxes recoverable	501	1,513	1,504
	<b>115,756</b>	112,619	112,496
<b>Liabilities</b>			
Bank indebtedness	14,973	14,994	14,978
Payable on securities purchased	-	-	1,170
Accounts payable and accrued liabilities	38	61	60
	<b>15,011</b>	15,055	16,208
Future income taxes on unrealized net capital gains	4,509	3,866	4,519
	<b>19,520</b>	18,921	20,727
<b>Net Assets</b>	<b>96,236</b>	93,698	91,769
<b>Shareholders' Equity</b>			
Capital stock	6,504	6,504	6,504
Contributed surplus	2,681	2,681	2,681
Unrealized gain on investments	53,542	49,984	48,792
Retained earnings	33,509	34,529	33,792
	<b>96,236</b>	93,698	91,769
<b>Number of shares outstanding</b>	<b>4,805,910</b>	4,805,910	4,805,910
<b>Net asset value per share</b>	<b>20.02</b>	19.50	19.10

### Note to Consolidated Financial Statements

The accompanying consolidated financial statements should be read in conjunction with the notes to the company's audited financial statements for the year ended December 31, 2001. These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands of dollars)	Three months ended		Six months ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
	\$	\$	\$	\$
<b>Investment income</b>				
Dividends	716	667	1,374	1,419
Interest and other	175	298	372	472
	<b>891</b>	965	<b>1,746</b>	1,891
<b>Expenses</b>				
Management fees	135	123	265	261
Interest expense	176	249	340	492
Directors' fees	10	10	23	17
Other	23	49	69	82
	<b>344</b>	431	<b>697</b>	852
<b>Investment income before income taxes</b>	<b>547</b>	534	<b>1,049</b>	1,039
<b>Income tax recovery</b>	<b>(26)</b>	(23)	<b>(56)</b>	(119)
<b>Net investment income</b>	<b>573</b>	557	<b>1,105</b>	1,158
<b>Realized and unrealized gain (loss) on investments</b>				
Net realized gain (loss) on investments	(448)	232	(1,025)	340
Change in unrealized appreciation of investments	(1,624)	2,070	3,558	(8,064)
<b>Net gain (loss) on investments</b>	<b>(2,072)</b>	2,302	<b>2,533</b>	(7,724)
<b>Increase (decrease) in net assets resulting from operations</b>	<b>(1,499)</b>	2,859	<b>3,638</b>	(6,566)

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(Unaudited)

(in thousands of dollars, except per share amounts)	Three months ended		Six months ended	
	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
	\$	\$	\$	\$
<b>Retained earnings – Beginning of period</b>	<b>34,124</b>	33,364	<b>34,529</b>	33,015
Net investment income for the period	573	557	1,105	1,158
Net realized gain (loss) on investments	(448)	232	(1,025)	340
Dividends	(361)	(361)	(721)	(721)
Provision for refundable dividend tax on hand	(379)	-	(379)	-
<b>Retained earnings – End of period</b>	<b>33,509</b>	33,792	<b>33,509</b>	33,792
<b>Dividends per share</b>	<b>0.075</b>	0.075	<b>0.150</b>	0.150

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

<i>(Unaudited)</i>	<i>Three months ended</i>		<i>Six months ended</i>	
<i>(in thousands of dollars)</i>	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
	\$	\$	\$	\$
<b>Increase (decrease) in net assets resulting from operations</b>	<b>(1,499)</b>	2,859	<b>3,638</b>	(6,566)
Distributions to shareholders from net investment income	(361)	(361)	(721)	(721)
Net increase in refundable dividend tax on hand	(379)	-	(379)	-
<b>Increase (decrease) in net assets</b>	<b>(2,239)</b>	2,498	<b>2,538</b>	(7,287)
<b>Net assets – Beginning of period</b>	<b>98,475</b>	89,271	<b>93,698</b>	99,056
<b>Net assets – End of period</b>	<b>96,236</b>	91,769	<b>96,236</b>	91,769

## CONSOLIDATED STATEMENTS OF NET GAIN (LOSS) ON INVESTMENTS

<i>(Unaudited)</i>	<i>Three months ended</i>		<i>Six months ended</i>	
<i>(in thousands of dollars)</i>	June 30, 2002	June 30, 2001	June 30, 2002	June 30, 2001
	\$	\$	\$	\$
Proceeds from disposition of investments	<b>1,484</b>	3,200	<b>2,585</b>	5,415
Investments at cost, beginning of period	<b>55,428</b>	53,812	<b>55,224</b>	50,376
Investments purchased during the period	<b>1,742</b>	4,204	<b>3,762</b>	9,718
Investments at cost, end of period	<b>(55,020)</b>	(55,110)	<b>(55,020)</b>	(55,110)
<b>Cost of investments disposed of during the period</b>	<b>2,150</b>	2,906	<b>3,966</b>	4,984
<b>Realized gain (loss) on disposition of investments</b>				
before income taxes	(666)	294	(1,381)	431
Income taxes on realized net taxable capital gains (recovery on allowable capital losses)	(218)	62	(356)	91
<b>Net realized gain (loss) on investments</b>	<b>(448)</b>	232	<b>(1,025)</b>	340
Change in unrealized appreciation of investments	(1,624)	2,070	<b>3,558</b>	(8,064)
<b>Net gain (loss) on investments</b>	<b>(2,072)</b>	2,302	<b>2,533</b>	(7,724)

## CONSOLIDATED STATEMENT OF INVESTMENTS

June 30, 2002

Number of Shares or Par Value	Investment	Cost	Market Value
<i>(in thousands of dollars)</i>			
<b>PRINCIPAL ASSETS – 73.8%</b>			
7,629,811	Canadian General Investments, Limited	\$ 20,969	\$ 73,628
1,526,578	Canadian General Investments, Limited wts	–	6,564
1,120,211	Canadian World Fund Limited	5,601	3,249
		26,570	83,441
<b>CANADIAN-LISTED – 18.8%</b>			
45,000	Advanced Fiber Technologies Income Fund	443	488
50,000	AltaGas Services Inc.*	469	545
70,000	ARC Energy Trust	626	894
70,000	Atlas Cold Storage Income Trust	661	804
75,000	Chemtrade Logistics Income Fund	820	1,088
75,000	Connors Bros. Income Fund	743	900
14,400	Corby Distilleries Ltd. B	484	864
60,000	Danier Leather Inc.	648	1,062
40,000	Davis + Henderson Income Fund	424	438
10,000	EnCana Corporation*	461	467
25,950	Enerplus Resources Fund	553	731
33,600	First Capital Realty Inc.	519	417
26,880	First Capital Realty Inc., wts 8/31/08	–	34
9,800	Inco Limited pfd. series E	675	725
60,000	The Keg Royalties Income Fund*	600	600
60,000	Legacy Hotels Real Estate Investment Trust*	505	504
30,000	North West Company Fund	454	595
237,800	Novicourt Inc.	562	404
85,000	Pembina Pipeline Income Fund	844	977
72,000	Retirement Residences Real Estate Investment Trust*	796	925
70,000	RioCan Real Estate Investment Trust*	845	917
60,000	Rothmans Inc.	1,310	1,797
100,000	Sceptre Investment Counsel Limited A	1,860	900
600,000	Sherritt International Corporation conv. deb. 6% due December 15, 2006	463	524
35,200	Shiningbank Energy Income Fund	123	510

Number of Shares or Par Value	Investment	Cost	Market Value
<i>(in thousands of dollars)</i>			
70,000	TimberWest Forest Corp.	\$ 831	\$ 977
25,000	TransAlta Corporation	635	505
164,700	Viceroy Homes Limited A	889	972
95,000	Viking Energy Royalty Trust	389	728
		18,632	21,292
<b>U.K.-LISTED – 5.4%</b>			
800,000	Asset Management Investment Company PLC	3,262	2,445
120,000	Collins Stewart Holdings PLC	921	1,019
80,000	Edinburgh Fund Managers Group PLC	812	502
1,875	The Lindsell Train Investment Trust PLC	440	449
75,765	London Stock Exchange PLC	439	722
92,500	Singer & Friedlander Group PLC	680	392
235,000	UK Coal PLC	461	533
		7,015	6,062
<b>U.S.-LISTED – 1.3%</b>			
10,000	General American Investors Company, Inc.	508	421
42,100	Morgan Stanley Dean Witter Emerging Markets Debt Fund, Inc.	467	453
40,000	Templeton Emerging Markets Income Fund, Inc.	673	658
		1,648	1,532
<b>OTHER – 0.7%</b>			
13,000	Fleming Russia Securities Fund Ltd.	326	410
20,000	The India I.T. Fund Limited	829	334
		1,155	744
<b>TOTAL INVESTMENTS – 100.0%</b>			
	– June 30, 2002	\$ 55,020	\$ 113,071
	– December 31, 2001	\$ 55,224	\$ 109,074
	– June 30, 2001	\$ 55,110	\$ 108,421
<i>Changes from March 31, 2002: * New Holdings; + Increased Holdings</i>			

## CORPORATE INFORMATION

### THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

#### OFFICE OF THE COMPANY

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#### MANAGER

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#### AUDITORS

PricewaterhouseCoopers LLP  
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#### BANKERS

Royal Bank of Canada  
Toronto

#### SOLICITORS

Blake Cassels & Graydon LLP  
Toronto

#### CANADIAN REGISTRAR AND TRANSFER AGENT

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Toll Free: 1-800-663-9097  
Fax: (416) 981-9507  
e-mail: mmamail@computershare.com

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

#### STOCK EXCHANGE LISTING

The Toronto Stock Exchange  
Trading symbol: THD

#### STOCK DATA

June 30, 2002:

Price	\$ 16.85
Net Asset Value	\$ 20.02
Discount	15.8%

#### PUBLICATION

Net asset value per share (NAV) and/or market price, market return, and discount information are published daily/weekly in various media in Canada and the United States. These include: Globe and Mail, National Post, New York Times, Wall Street Journal and Barron's.

The Company posts ongoing top 10 portfolio investments (priced at market), together with current discount and market return information on its website. Similar information is available directly from the Company upon request.

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

