



THD

Third Canadian General
Investment Trust Limited

2004

INCOME
AND GROWTH

Annual Report

Corporate Profile

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

Third Canadian's objective is to provide its investors with above-average returns comprised of a blend of current income and long-term capital appreciation through its investment in Canadian and international equities, funds, income trusts and related products. The fund qualifies as Canadian property for registered plans.

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

Net asset value per share (NAV) is calculated daily, and distributed via various news services in Canada and the U.S. NAV and market price information are published in the financial press in Canada and the U.S. on a daily/weekly basis.

Third Canadian is a founding member of the Closed-End Fund Association (CEFA) in North America (website: www.cefa.com).

Top Ten Investments at Market

*(Excludes cash and non-convertible preference shares)
December 31, 2004*

<i>(Portfolio details on page 9)</i>	<i>%</i>
Canadian General Investments, Limited	71.4
Canadian World Fund Limited	2.4
AltaGas Income Trust	1.3
Great Canadian Gaming Corporation	1.2
Northern Property Real Estate Investment Trust	1.1
United Natural Foods, Inc.	1.1
MGM MIRAGE	1.0
Home Capital Group Inc.	1.0
Russel Metals Inc.	1.0
Cedara Software Corp.	0.9
Total	82.4



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

- NAV return **28.3%**
- Market return **32.5%**
- Principal assets **+22.3%**
- Non-principal assets **+39.0%**

Third Canadian had another outstanding year, achieving returns for 2004 that would place it in the top ten of Canadian general equity mutual funds. Annual net asset value growth and market return with distributions reinvested were 28.3% and 32.5%, respectively. In comparison, the benchmark S&P/TSX Composite Total Return Index (S&P/TSX) rose 14.5%. The Company's returns are also impressive from a global perspective as the S&P/TSX Composite Index outperformed most other markets due mainly to its heavy exposure to resources, in particular, oil and gas, uranium and coal.

For many investors, 2004 was a challenging year. However, a strong and steady rally that began in March 2003 carried over into early 2004 and resulted in a bullish first quarter. Market momentum dissipated in the second quarter and, by May, market index gains had completely vanished. An up-and-down period ensued and it was not until August that the market choppiness finally subsided. Investors had to be nimble to take advantage of opportunities during the steady, upward progression in the latter part of the year.

With two consecutive years of particularly strong performance, Third Canadian is focused on extending its record and continuing to reward its shareholders.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President

PORTFOLIO COMMENTARY

The principal assets in Third Canadian's portfolio had another standout year. The shares of Canadian General Investments, Limited (CGI), representing 64.0% of the portfolio at year-end, rose 28.8% for the one-year term, assuming reinvestment of dividends. The CGI warrants, representing 7.5% of the portfolio, increased 33.9%. Canadian World Fund Limited (CWF) shares, which constituted 2.4% of the portfolio at year-end, returned 11.1% for the year, doubling its benchmark, the Morgan Stanley All-Country World Free Index (in Cdn \$). Collectively, these principal assets, which formed 73.9% of Third Canadian's portfolio at year-end, appreciated in market value by 22.3% for the twelve-month period.

CGI's performance was influenced by its proactive participation in top sectors. CGI's investment in Cameco Corporation, along with juniors such as International Uranium Corporation, UEX Corporation and the restructured Denison Mines Inc. gave good exposure to the uranium play. Coal, a commodity that rocketed in price during 2004, due to supply/demand pressures, propelled upstart mining companies such as Grande Cache Coal Corporation into prominence.

The overweight positioning in oil and gas provided CGI with excellent participation in energy, the strongest performing sector in the S&P/TSX for 2004. In particular, CGI captured huge returns in this sector with a collection of emerging oil and gas companies participating internationally and making world class discoveries. Niko Resources Ltd., First Calgary Petroleum Ltd. and Centurion Energy International Inc. were strong players in this regard.

Another Outstanding Year (continued)

Most importantly, CGI's actively managed, diversified portfolio provides exposure to all sectors of the Canadian market and remains an excellent core holding for Third Canadian.

CWF meets a need for global positioning that aims for growth rather than just international diversification through index weighting or reliance on core stocks in international markets.

NON-PRINCIPAL ASSETS

Non-principal assets totalled in excess of \$48 million and formed 26.1% of the portfolio at year-end. The assets in this category increased a very impressive 39.0% during the twelve months ended December 31, 2004. Contributions to this growth included a special cash capital gains dividend received from CGI in December, a timely addition to the leverage platform, and strong organic returns. With a bias to income generation, the non-principal assets have long provided stabilisation to the overall portfolio in declining markets. However, with a desire to build Third Canadian's non-principal assets, investments have been made with an additional focus on capital appreciation, and the results have been successful.

STAGGERING GROWTH

Canadian income trusts comprised half of the market value of the non-principal asset segment of Third Canadian's year-end portfolio. The overall Canadian trust sector continues to grow at a staggering pace, with total market capitalisation approximating \$121 billion, up from \$83 billion only a year ago. This sector has been fuelled, in part, by the relatively low interest rate environment, compelling valuations, favourable tax considerations and a growing acceptance of the sector as a viable

investment alternative. Third Canadian was an early participant and has been a beneficiary of the sector's outperformance of the S&P/TSX Composite Index (S&P/TSX Composite) for many years. For example, the CIBC World Markets Income Trust Composite Index (CIBC Index) has outperformed the S&P/TSX Composite by 14.1%, 10.0% and 25.0% in 2004, 2003 and 2002, respectively. It is anticipated that the trusts, actively managed and diversified, will continue to provide compelling returns. Since year-end, the announced inclusion of certain major income trusts in the S&P/TSX Composite, the premier Canadian market index, should provide further stimulus in the months ahead.

Additions in the Canadian equity segment have been chosen primarily for their growth potential. Cedara Software Corp, Great Canadian Gaming Corporation and Russel Metals Inc. are examples of this initiative. Foreign investments, primarily U.S.-listed securities, will be maintained as a complement to the Canadian dominant portfolio and are expected to provide growth opportunities.

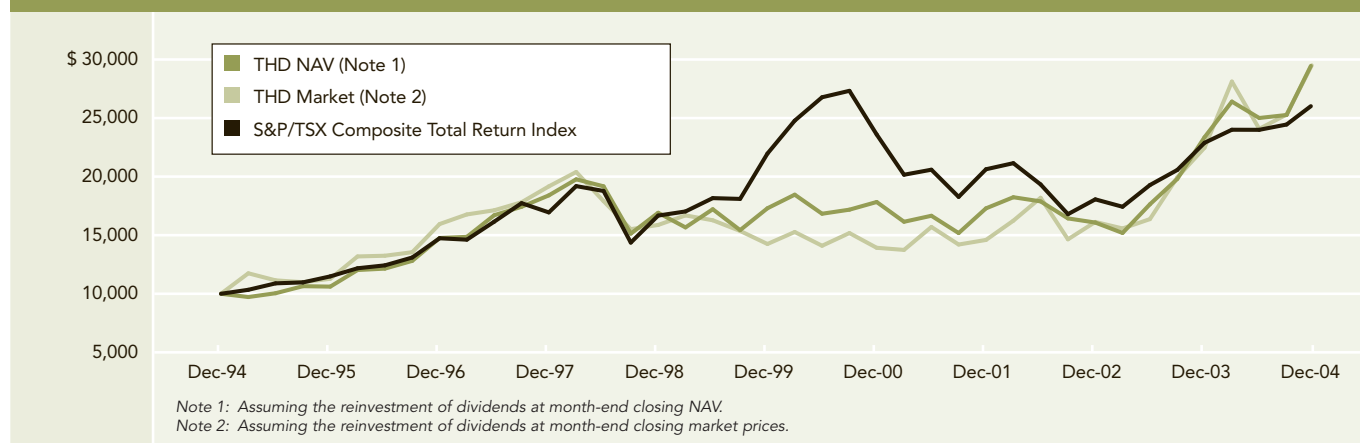
OUTLOOK

Third Canadian confidently looks to CGI for leadership in its quest for another successful year. In addition, the non-principal assets will provide diversification and will be actively managed for a combination of growth and income.

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

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

Growth of a \$10,000 Investment – to December 31, 2004



Management's Discussion & Analysis

For the year 2004, Third Canadian achieved a 28.3% net asset value per share (NAV) return with distributions reinvested, strongly outperforming the 14.5% return of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX). The success of 2004 follows an outstanding 2003 when the corresponding return came in at 45.3%.

FINANCIAL REVIEW

At December 31, 2004, net assets were \$152,726,000, up 25.6% from year-end 2003. The increase was largely attributable to a significant 22.8% uplift in the combined market value of the shares and warrants of Canadian General Investments, Limited (CGI), the Corporation's key principal asset, representing more than 70% of Third Canadian's portfolio at year-end 2004. The non-principal asset segment was also a key contributing factor, appreciating in market value by 39.0%.

For 2004, Third Canadian had net investment income of \$2,471,000, 11.7% lower than the \$2,797,000 recorded in 2003.

Total investment income for 2004, comprised of dividends, interest and other income, decreased by 4.6% to \$3,867,000 from \$4,054,000 in 2003. Regular dividends received from CGI continue to be the mainstay of this income category. At \$1,831,000 in both periods, these distributions represented 72.7% and 67.1% of total dividend income for 2004 and 2003, respectively. The year-over-year decline in dividend income of \$207,000 can be primarily attributed to a reduction in dividends from Asset Management Investment Company PLC, a position which was sold at the end of the first quarter of 2004. Interest and other income increased by \$20,000 for the year. For both 2004 and 2003, approximately 90% of interest and other income related to Canadian income trust distributions. The income trust holdings represented one-half of the non-principal assets at year-

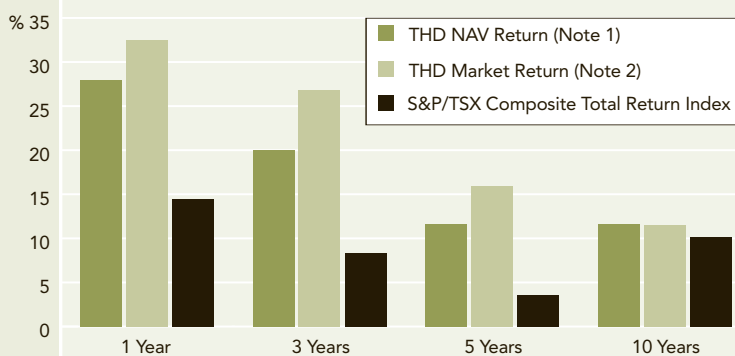
end 2004, a weighting that has not changed significantly over the last three years.

Total expenses increased by 11.2% to \$1,511,000. Increased management fees driven by higher portfolio values were responsible for much of the increase. Management fees 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. An administration fee of 0.2% of the market value applies to the holdings of the principal assets. Historically low interest rates resulted in a 7.5% year-over-year decrease in interest expense despite an increase in average borrowings in the most recent year to \$15.7 million from \$15 million in 2003. The average interest rate in 2004 was 3.8%, significantly lower than the 4.3% rate recorded for 2003.

The net gain on investments for 2004 was \$30,609,000 compared to \$36,094,000 for 2003, which included net realized losses on investments of \$2,084,000 and \$583,000 for 2004 and 2003, respectively. The net gain figures were largely impacted by increases in unrealized gain on investments of \$28,942,000 and \$34,433,000 in 2004 and 2003, respectively. Also included in these figures are special capital gains dividends (net of tax) received from CGI in December 2004 and December 2003 of \$3,751,000 and \$2,244,000, respectively. As a result of increased portfolio activity, the portfolio turnover rate was 10.6% in 2004, compared to 7.2% in 2003.

Dividend payments to shareholders aggregated \$0.55 per share or \$2,643,000 in both 2004 and 2003. Both years include a \$0.25 per share extra dividend paid in December. Based on the year-end market prices, this translates into dividend yields of 2.1% and 2.8% for 2004 and 2003, respectively.

Compound Average Annual Rates of Return vs. S&P/TSX Composite Total Return Index – For the periods to December 31, 2004



Note 1: Assuming the reinvestment of dividends at month-end closing NAV.
Note 2: Assuming the reinvestment of dividends at month-end closing market prices.

Weighting of Portfolio Investments at Market – December 31, 2004

Investment Category	Weighting (%)
Principal Assets	73.9
Canadian Income Trusts	13.1
Canadian Equities/Other	9.1
Foreign Equities	3.9
Total	100.0

Management's Discussion & Analysis (continued)

INVESTMENT OBJECTIVE AND STRATEGIES

Third Canadian is a closed-end fund with the objective of providing its investors with above average returns comprised of a blend of current income and long-term capital appreciation primarily through its investment in its principal assets, Canadian income trusts and equities as well as foreign equities. The Manager of Third Canadian primarily utilizes a bottom-up investment style. As a closed-end fund, the primary risk to the Corporation is market risk – the exposure to market price changes in the securities held within the portfolio. Third Canadian attempts to mitigate this risk by maintaining a diverse portfolio of non-principal assets. In addition, the principal assets themselves represent well-diversified portfolios.

PRINCIPAL ASSETS

CGI is an actively managed Canadian closed-end equity fund with well-diversified holdings. For 2004, CGI's diluted NAV and market returns, both including the reinvestment of dividends, were 26.6% and 28.8%, respectively.

CGI's top five S&P/TSX sectors and investments (excluding cash, short-term investments and non-convertible preference shares) as at December 31, 2004 were as shown in the table below:

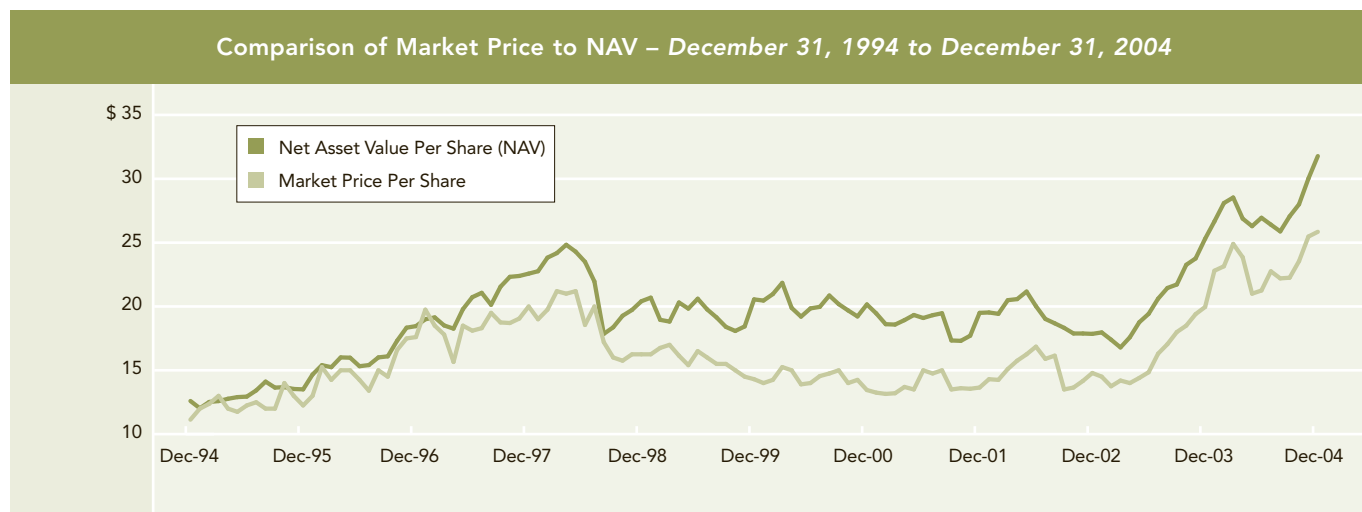
Information concerning CGI, including its annual report, is available via email (cgifund@mmainvestments.com) or toll-free at 1-866-443-6097.

Canadian World Fund Limited (CWF), established in 1994, is a global equities fund that constituted 2.4% of Third Canadian's portfolio at December 31, 2004. For 2004, CWF's net asset value per share (NAV) return was 14.6%, while its share price advanced 11.1%, both measures significantly outperforming the benchmark Morgan Stanley All-Country World Free Index, which returned 5.5% (in Canadian dollar terms).

PROSPECTS

We are so far optimistic that the marketplace will continue to reflect favourable results in 2005. Through its principal and other assets, Third Canadian will continue to offer investors a listed leveraged and diversified portfolio.

Canadian General Investments, Limited			
<i>Top 5 Sectors</i>	<i>% at market</i>	<i>Top 5 Investments</i>	<i>% at market</i>
Financials	23.4	Cameco Corporation	2.4
Energy	22.4	TELUS Corporation	1.8
Materials	19.7	Enbridge Inc.	1.8
Industrials	6.4	Home Capital Group Inc.	1.7
Consumer Discretionary	6.2	TSX Group Inc.	1.7
	78.1		9.4



MANAGEMENT'S REPORT

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

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

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

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



Vanessa L. Morgan
Chairman



Jonathan A. Morgan
President

February 9, 2005

AUDITORS' REPORT

*To the Shareholders of
Third Canadian General Investment Trust Limited*

We have audited the accompanying consolidated statements of net assets of **Third Canadian General Investment Trust Limited** as at December 31, 2004 and 2003, the consolidated statement of investments as at December 31, 2004 and the consolidated statements of operations, retained earnings and cash flows for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 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
Toronto, Canada

January 28, 2005

Consolidated Statements of Net Assets

<i>As at December 31,</i>	2004	2003
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Assets		
Investments at market value (cost - \$61,243; 2003 - \$58,016)	184,145	145,813
Cash	3,594	2,166
Accrued interest and dividends receivable	213	219
Income taxes recoverable	15	-
	187,967	148,198
Liabilities		
Bank indebtedness (note 2)	16,984	14,943
Payable on securities purchased	1,247	-
Accounts payable and accrued liabilities	102	79
Income taxes payable	-	820
Future income taxes on unrealized net capital gains (note 3)	16,908	10,745
	35,241	26,587
Net Assets	152,726	121,611
Shareholders' Equity		
Capital stock (note 4)	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments	105,994	77,052
Retained earnings	37,547	35,374
	152,726	121,611
Number of shares outstanding (note 4)	4,805,910	4,805,910
Net asset value per share	31.78	25.30

Approved by the Board of Directors



Director



Director

Consolidated Statements of Operations

<i>For the years ended December 31,</i>	2004	2003
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Investment income		
Dividends	2,520	2,727
Interest and other	1,347	1,327
	3,867	4,054
Expenses		
Management fees (note 5)	688	496
Interest (note 2)	605	654
Directors' fees	61	49
Investor relations	39	40
Other	118	120
	1,511	1,359
Net investment income before income taxes	2,356	2,695
Income tax recovery (note 3)	115	102
Net investment income for the year	2,471	2,797
Realized and unrealized gains (losses) on investments		
Net realized loss on investments - net of income tax recovery of \$382 (2003 - \$389) (notes 3 and 6)	(2,084)	(583)
Change in unrealized gain on investments - net of future income taxes of \$6,163 (2003 - \$8,257) (note 6)	28,942	34,433
Capital gains dividends received - net of income taxes of \$827 (2003 - \$503) (note 5)	3,751	2,244
Net gain on investments	30,609	36,094
Increase in net assets resulting from operations for the year	33,080	38,891
Increase in net assets resulting from operations per share (based on 4,805,910 (2003 - 4,805,910) weighted average shares outstanding during the year)	6.88	8.09

Consolidated Statements of Retained Earnings

<i>For the years ended December 31,</i>	2004	2003
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Retained earnings - Beginning of year	35,374	33,964
Net investment income for the year	2,471	2,797
Net realized loss on investments - net of income taxes (note 6)	(2,084)	(583)
Capital gains dividends received - net of income taxes (note 5)	3,751	2,244
Net decrease (increase) in refundable dividend tax on hand	678	(405)
	40,190	38,017
Dividends paid	(2,643)	(2,643)
Retained earnings - End of year	37,547	35,374
Dividends per share	0.55	0.55

Consolidated Statements of Cash Flows

<i>For the years ended December 31,</i>	2004	2003
<i>(in thousands of dollars)</i>	\$	\$
Cash provided by (used in)		
Operating activities		
Increase in net assets from operations for the year	33,080	38,891
Add (deduct) non-cash items		
Realized loss on investments	2,466	972
Change in unrealized gain on investments	(35,105)	(42,690)
Increase in future income taxes on unrealized gain on investments	6,163	8,257
Purchases of investments during the year	(22,860)	(11,086)
Proceeds of disposition of investments during the year	17,167	8,436
Net change in non-cash balances related to operations	441	814
	1,352	3,594
Financing activities		
Increase (decrease) in bank indebtedness	2,041	(66)
Dividends paid	(2,643)	(2,643)
Decrease (increase) in refundable dividend tax on hand	678	(405)
	76	(3,114)
Net increase in cash during the year (note 7)	1,428	480
Cash - Beginning of year	2,166	1,686
Cash - End of year	3,594	2,166

Notes to Consolidated Financial Statements

December 31, 2004 and 2003

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management 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 the Company.

Basis of consolidation

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

Valuation of investments

Market values of securities are based on closing market quotations.

Investment transactions

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

Dividend and interest income

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

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at year-end rates. Investment income, expenses and purchases and sales of investments are calculated at the exchange rates prevailing on the dates of the transactions.

Future income taxes

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

2 BANK INDEBTEDNESS

The Company has a credit facility of \$19.0 million comprising bankers' acceptances and term loans, with interest either at a quoted one-year rate or based on the prime bankers' acceptance rate. The Company must comply with specified covenants during the terms of the loans. The bank indebtedness has a combined weighted average interest rate of 3.87% per annum (2003 - 4.16% per annum) and is repayable in 2005.

3 TAXATION

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

<i>Years ended December 31,</i> <i>(in thousands of dollars)</i>	2004 \$	2003 \$
Recovery on net investment income		
Provision for income taxes based on combined Canadian federal and provincial income tax rate	851	987
Decrease in income taxes resulting from		
Dividends from taxable Canadian companies	(865)	(854)
Other items	(101)	(235)
Income tax recovery	(115)	(102)
Recovery on net realized loss on investments (note 6)		
Recovery of income taxes based on combined Canadian federal and provincial income tax rate	(890)	(356)
Decrease (increase) in income taxes resulting from		
Non-taxable portion of allowable capital losses	445	178
Other	63	(211)
Income tax recovery	(382)	(389)

The Company is also subject to a special tax of up to 33-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. The Company has refundable dividend tax on hand of approximately \$282,000 as at December 31, 2004 (2003 - \$960,000).

The effective tax rate for the Company's future income taxes on its unrealized gain on investments is approximately 18% (2003 - 18%).

The Company has capital loss carry forwards of approximately \$978,000 as at December 31, 2004 (2003 - \$nil). An income tax benefit using income tax rates expected to be in effect when these losses are utilized has been included as a reduction in the Company's future income taxes on unrealized gain on investments.

4 CAPITAL STOCK

The Company is authorized to issue 60,000 First Preferred Shares, Series A and an unlimited number of common shares. As at December 31, 2004 and 2003, there are 4,805,910 common shares issued and outstanding.

5 RELATED PARTY INFORMATION

Management fees are paid monthly to Morgan Meighen & Associates Limited (MMA) for services received in connection with the management of the Company's financial accounts and investment portfolio. Management fees are calculated on a quarterly basis at the annual rate of 1.0% of consolidated net asset value, excluding income tax liabilities, bank indebtedness and the holdings of the principal assets and at the rate of 0.2% of the market value of the principal assets.

Included in dividend income is \$1,831,000 (2003 - \$1,831,000) and included in net gain on investments are capital gains dividends of \$4,578,000 (2003 - \$2,747,000) from Canadian General Investments, Limited (CGI) in which the Company has an approximate 37% ownership interest.

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

Notes to Consolidated Financial Statements (continued)

December 31, 2004 and 2003

Included in the change in unrealized gain on investments is \$24,386,000 (2003 - \$37,113,000) related to the Company's investment in CGI and \$448,000 (2003 - \$1,087,000) related to the Company's investment in CWF. These amounts are gross of income taxes.

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

6 NET REALIZED LOSS AND UNREALIZED GAIN ON INVESTMENTS

<i>(in thousands of dollars)</i>	2004	2003
	\$	\$
The net realized loss on investments was as follows:		
Proceeds of disposition of investments	17,167	8,436
Investments at cost - Beginning of year	58,016	56,338
Investments purchased during the year	22,860	11,086
Investments at cost - End of year	(61,243)	(58,016)
Cost of investments disposed of during the year	19,633	9,408
Realized loss on disposition of investments before income taxes	(2,466)	(972)
Income tax recovery on allowable capital losses (note 3)	382	389
Net realized loss on investments	(2,084)	(583)
The change in unrealized gain on investments was as follows:		
Unrealized gain on investments - Beginning of year	77,052	42,619
Increase during the year	35,105	42,690
Increase in provision for future income taxes	(6,163)	(8,257)
Unrealized gain on investments - End of year	105,994	77,052

7 SUPPLEMENTAL CASH FLOW INFORMATION

<i>(in thousands of dollars)</i>	2004	2003
	\$	\$
Included in the net increase in cash during the year are the following amounts:		
Interest paid	670	522
Income taxes paid	835	664

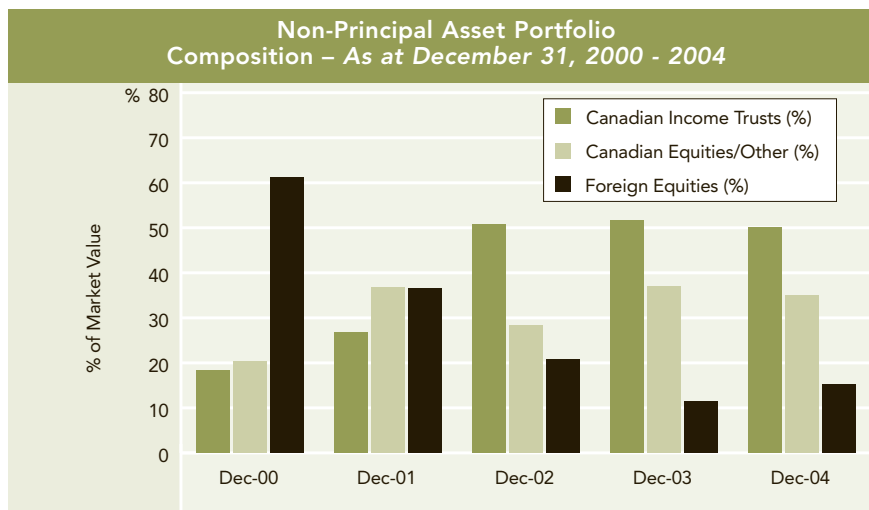
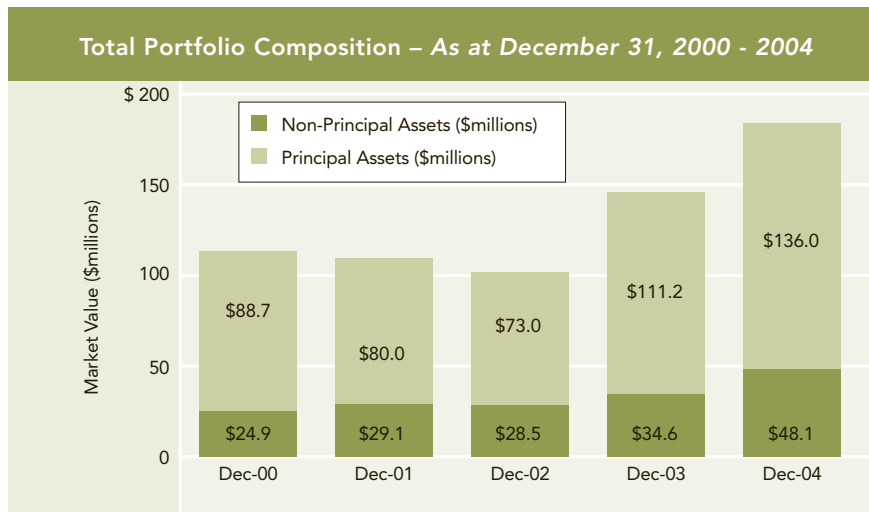
8 SECURITIES LENDING

The Company has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services Company. The Company receives collateral, generally comprising Canadian or provincial government-guaranteed securities or obligations of other governments with appropriate credit ratings, of at least 105% of the market 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 received is less than the market value of the securities not returned, the custodian shall indemnify the Company for any such shortfall.

The Company has loaned securities with a market value of \$2,473,000 as at December 31, 2004 (2003 - \$153,000) and has received collateral of \$2,638,000 (2003 - \$164,000). Income from securities lending for the year of \$1,000 (2003 - \$1,000) is included in interest and other income on the consolidated statements of operations.

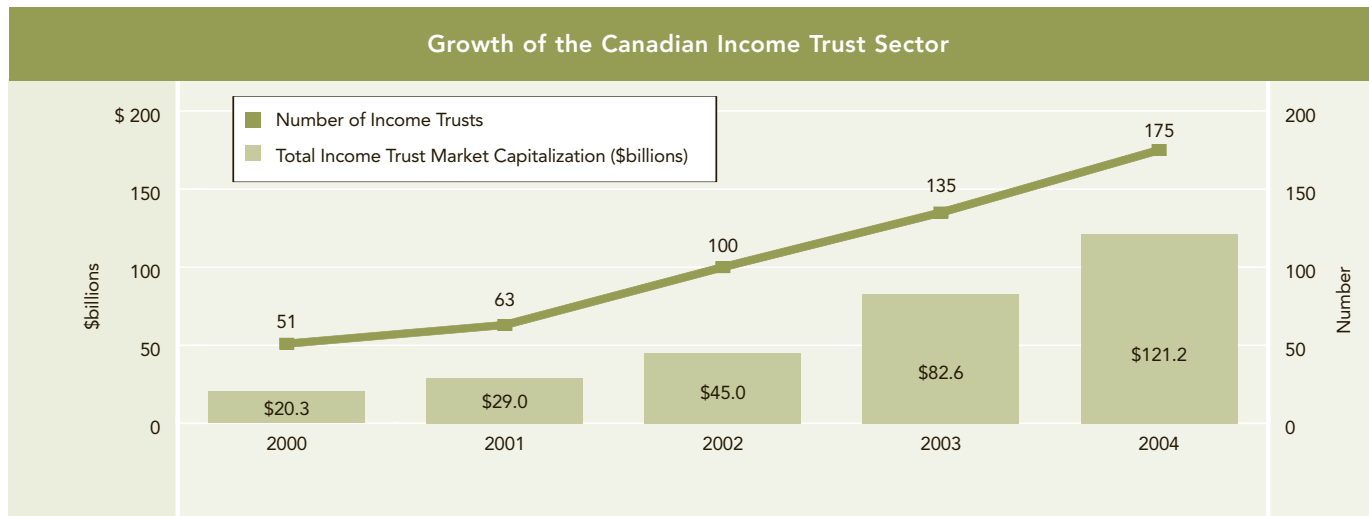
Portfolio Composition

The graphs below illustrate the composition of Third Canadian's portfolio at market as at December 31 for the last 5 years. The principal assets have contributed to the portfolio yield over the period and provided exceptional growth in 2003 and 2004. The non-principal assets, which include a component of Canadian income trusts as well as Canadian and foreign equities, have provided stability to the overall portfolio, particularly in bear market conditions, and have exhibited both growth and income attributes.



The Canadian Income Trust Sector

The graph on page 13 (bottom) illustrates the changing mix of non-principal assets as Third Canadian has participated in this evolving sector. The income trust component of Third Canadian's portfolio represented 50% of the market value of the non-principal assets at year-end 2004 compared to 18% at the end of 2000. Overall market growth and an increase in business diversity within the sector requires an actively managed process for Third Canadian to enhance its returns to shareholders.



Source: Data courtesy of GIBC World Markets Inc.

COMPARATIVE PERFORMANCE OF S&P/TSX COMPOSITE AND INCOME TRUST INDICES*



* The graphs above illustrate the relative performance of the S&P/TSX Capped Income Trust Total Return Index compared to the S&P/TSX Composite Total Return Index. Returns shown are annual rates of return with reinvestment of distributions.

Ten Year Performance Summary

	Investments	Net Assets		Increase (Decrease) In Net Assets Resulting From Operations		Dividends	Market Value Per Share		
	(000's) \$	(000's) \$	Per Share \$	(000's) \$	Per Share \$	Per Share \$	High \$	Low \$	Close \$
1995	80,101	64,920	13.51	5,789	1.20	0.300	14.00	11.00	12.25
1996	129,186	88,700	18.46	25,222	5.25	0.300	18.50	12.50	17.60
1997	154,537	108,483	22.57	21,705	4.52	0.400	20.50	15.00	20.00
1998	128,075	98,096	20.41	(6,141)	(1.28)	0.350	22.00	15.00	16.25
1999	130,100	98,782	20.55	2,128	0.44	0.300	17.00	13.80	14.30
2000	113,565	99,056	20.61	2,917	0.61	0.550	17.50	13.00	13.45
2001	109,074	93,698	19.50	(3,195)	(0.66)	0.450	15.50	13.00	13.65
2002	101,445	85,768	17.85	(5,933)	(1.23)	0.300	17.50	13.12	14.79
2003	145,813	121,611	25.30	38,891	8.09	0.550	20.63	13.67	19.96
2004	184,145	152,726	31.78	33,080	6.88	0.550	26.10	19.90	25.85

Closed-End Funds Simply Understood

- Fixed number of shares
- Usually listed and traded on a stock exchange
- Bought and sold through investment dealers and brokers
- Commission charges only when stock is purchased or sold
- Trade usually below real value
- May pay cash and/or stock dividends
- Often have dividends and dividend reinvestment plans (company may absorb all administrative charges, including commissions)
- May employ leverage

Corporate Information

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

BOARD OF DIRECTORS

Ronald D. Barnes
*(President, Barmac Capital Management Inc.
[Investment Management])*

Shawn S. Cooper
*(Managing Director and Country Manager for
Canada, Russell Reynolds Associates [Global
Executive Recruitment and Assessment])*

Robert S. Hart
(Barrister and Solicitor)

Jonathan A. Morgan
*(President & CEO, Canadian General Investments,
Limited [Closed-end Investment Company])*

Vanessa L. Morgan
*(Chairman, Canadian General Investments, Limited
[Closed-end Investment Company])*

Michael A. Smedley
*(Executive Vice-President & CEO, Morgan Meighen &
Associates Limited [Investment Management])*

AUDIT COMMITTEE

Ronald D. Barnes
Shawn S. Cooper
Robert S. Hart

CORPORATE GOVERNANCE COMMITTEE

Ronald D. Barnes
Robert S. Hart
Jonathan A. Morgan

INDEPENDENT DIRECTORS COMMITTEE

Ronald D. Barnes
Shawn S. Cooper
Robert S. Hart

OFFICERS

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Colin Smith
Secretary-Treasurer

Frank Fuernkranz, MBA, CA, CFA
Assistant-Treasurer

OFFICE OF THE COMPANY

110 Yonge Street, Suite 1601
Toronto, Ontario, Canada M5C 1T4
Telephone: (416) 366-2931
Toll Free: 1-866-443-6097
Fax: (416) 366-2729
e-mail: thdfund@mmainvestments.com
website: www.mmainvestments.com

MANAGER

Morgan Meighen & Associates Limited
Toronto

AUDITORS

PricewaterhouseCoopers LLP
Toronto

BANKERS

Royal Bank of Canada
Toronto

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

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

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

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: THD

PUBLICATION

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

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

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of the shareholders of Third Canadian General Investment Trust Limited will be held at 12:00 noon (Toronto time) Wednesday, April 6, 2005 in Room A, 4th Floor, The Toronto Board of Trade, 77 Adelaide Street West, First Canadian Place, Street Level, (Adelaide Street entrance) Toronto, Ontario, M5X 1C1 (Telephone: (416) 366-6811).

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

Managed by:



MorganMeighen

& ASSOCIATES

Investment Managers

**THIRD CANADIAN GENERAL
INVESTMENT TRUST LIMITED**

110 Yonge Street, Suite 1601, Toronto, Ontario, Canada M5C 1T4
Telephone: (416) 366-2931 Toll Free: 1-866-443-6097 Fax: (416) 366-2729
e-mail: thdfund@mmainvestments.com
website: www.mmainvestments.com