



Canadian General Investments, Limited

A Closed-End Fund

For Growth and Income
in Canada

1998 Annual Report

Corporate Profile

Canadian General Investments, Limited is a closed-end investment fund offering wide diversification in a Canadian equities portfolio that is a proxy for long-term growth and noted in recent years for large dividend distributions.

The investment objectives of the Fund's Manager are opportunity oriented, without taking on exposure to high overall risk.

Net Asset Value per share is provided daily, distributed via various news services, and is published in the financial media in Canada, the United States and the United Kingdom. Market prices are published daily in Canada and the U.K..

CGI was established in 1930 and has been managed since 1956 by MMA Investment Managers Limited.

CGI's shares and warrants are traded through stock brokers and listed on the Toronto Stock Exchange (symbols: common shares – CGI, preference shares – CGI.PR.A, warrants – CGI.WT), and on the London Stock Exchange (Reuters symbols: common shares – CGIq.L, warrants – CGI%q.L).

CGI is the only active internationally listed closed-end Canadian equities fund.

All percentages in this Report are calculated from unrounded amounts.

IN SUPPORT OF THE ARTS

We proudly recognize one of the country's premier dance companies, the National Ballet of Canada. Shown on the cover (left to right) are Shandelle Warkentin, Brenda Little, Jennifer Kropac and Monica Witt in *Theme and Variations*. Photo by David Street.

Letter to the Shareholders

DEAR SHAREHOLDER, *An uncertain and volatile period for Canadian markets, 1998 was a year of mixed results for the Corporation's portfolio.*

HIGHLIGHTS OF 1998:

- a yield of 11.5% based on the year-end closing market value in another year of strong income and capital gains dividends paid in cash and stock;
- a successful preference stock issue, raising \$60 million to gear up portfolio growth;
- the shares trading through the year with an overall average discount of only 8.2% and briefly at extremes of a premium of 0.7% to a discount of 17.0%;
- a flurry of takeover gains compensated for several setbacks, particularly in the final months.

The important financial and industrial sectors of the Canadian market, both up less than 2% in return, represented a large combined weighting of 41.4% at year end in the TSE 300 Composite Index. Natural resource sectors suffered declines ranging from 7.2% to 30.4% on a total weighting of only 19.5%, an all-time year-end low. All of this caused detachment of Canada from strong performance on Wall Street with its soaring industrials and technology stocks.

Among significant Canadian events last year were announcements of bank merger proposals which initiated intense debate and led to stalemate. International factors – Russia, Asia, Year 2000, Euroland – undoubtedly added to the array of effects on the market.

In 1998, the TSE 300 Composite Index return was -3.2%. Attribution analysis shows that the -2.9% superior performance of large capitalization stocks put upward bias on the TSE return. It was a difficult

year, comparatively, for most well-diversified equity funds, CGI included. An overall Canadian equity mutual fund average return of -7.5% was identified in the National Post.

CGI's market return for 1998, as measured by share price movement with dividends reinvested, was -8.4%. The corresponding compound average return for the three years ended December 31, 1998 was 23.4%.

Two extraordinary events and their timing contributed to our underperformance. Settlement of the issuer bid litigation in February had to be funded through liquidation of approximately 3% of assets during a rapidly declining market. In October, a TSE equities rally of 10.6% for the month coincided with an uncharacteristic portfolio weighting of more than 17% in cash deposits, being the proceeds of the preference share issue.

Put to work for CGI's long-term investment perspective, the \$60 million issue raised to lever growth should reward all shareholders.

PORTFOLIO EVENTS

Special situations proved to be highly productive for the CGI portfolio late in the year, in particular, several merchandising and communications takeovers. Sobeys Canada Inc., a major new merchandising name in Canada after purchasing Oshawa Group Ltd., became the fourth largest portfolio holding at year end. We were also positioned with Provigo Inc. for the takeover by Loblaw Co's. Limited. In the

communications sector, CGI was the beneficiary of Sun Media Corporation's takeover.

Consumer products at 19.1% had the highest capital return of all the sectors in the TSE 300 Composite Index for 1998. CGI had a strong presence in this area with a 9.3% portfolio weighting at year end, compared to 7.3% in the TSE 300 Composite Index. Continued strong performance from perennial top 10 holding A.L. Van Houtte, great results from newcomer Saputo Group and an opportunistic investment before the Schneider takeover by Smithfield, allowed CGI to benefit strongly from the sector's success.

GOING FORWARD

Prior to the deep mid-year correction, portfolio assets had peaked in excess of \$350 million, a record level. Given the relative health of the Canadian economy, our expectations for many Canadian enterprises, and eventual recovery of the resources sector, we have hopes of challenging that record.

Going forward, will depressed commodity related shares provide that special edge Canada and CGI always offer in natural resources? The consensus is no but the record shows that supply, demand and other factors can rapidly change trends and create rebounds that can be both swift and significant.



E. Louise Morgan
Chairman

Meanwhile, the Canadian market is set to benefit amply from the performance in a broad range of companies and sectors, domestically and globally. Gross national product growth is generally perceived to be on course to exceed positive U.S. growth.

INCOME AND DIVIDENDS

The income earning capacity of the portfolio was stepped up throughout the year, evidenced particularly by a utilities sector year-end weighting of 14.3%, up from 7.3% in the previous year and surpassing the index weighting of 12.7%. Quality additions throughout the portfolio resulted in positive net income despite higher total expenses.

The Board of Directors maintained high income and capital gains dividend payments in the form of cash and shares aggregating a yield of 11.5% on the market price of \$13.00 at year end. This extended CGI's record of the past few years as one of the highest yielding shares listed on the Toronto Stock Exchange.

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

Healthy interest in CGI's DRS Plan continued. The number of subscribing investors increased by 90% over the year. Shareholders also take advantage of the automatic dividend reinvestment plans operated by broking firms.



FIRST PREFERENCE SHARES

The preference share issue completed in October was the first CGI share issue since the creation of the Corporation in 1930. A Pfd-1 rating from the Dominion Bond Rating Service reflected the strong asset coverage. Oversubscribed on issue, the shares, listed on the TSE with the symbol CGI.PR.A, have always traded at or above their \$25 issue price and closed the year up 5.6%.



Michael A. Smedley
President

the MMA team. The Corporation is being featured at a Reuters forum in London in February 1999.

As always, management is pleased to answer questions about CGI from current or prospective shareholders. Information can be obtained by telephone, fax, e-mail or by visiting our website.

THE BOARD

Composition of the Board continued unchanged throughout the year with a clear majority having a financial industry background. The Board of Directors voted subsequent to year end to appoint Vanessa L. Morgan, a director of the Corporation, as Vice-Chairman of the Board.

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

THE MANAGER

MMA Investment Managers Limited continued the portfolio management and general management services first commenced in 1956, providing the skills of three portfolio managers with backup resources. An expanded marketing team at MMA raised awareness of CGI at a forum for financial advisors in Vancouver in November 1998 and at a similar event in Toronto in January 1999. The Directors of CGI record their thanks for the efforts of

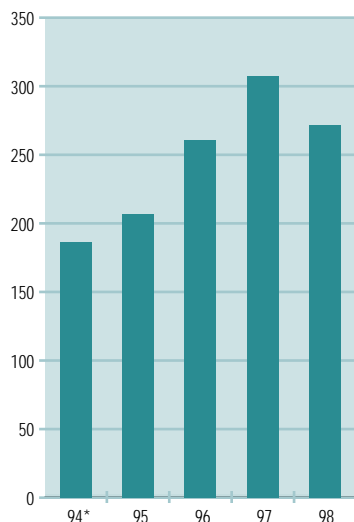
E. Louise Morgan, Chairman
February 11, 1999

Michael A. Smedley, President
February 11, 1999

Management Discussion and Analysis

NET ASSETS

as at December 31
(\$ Millions)



*Impacted by payment of \$119,097,000 re issuer bid to shareholders.

NET ASSETS

During 1998, net assets declined by 11.6% to \$271,568,000 from \$307,195,000, in one of the occasional setbacks that are not uncharacteristic over the long term growth of the portfolio. In addition to a decline in market value of portfolio assets, the payment of \$10,562,000 in cash dividends to common shareholders, and litigation payments aggregating \$8,890,000 were special contributory causes to the reduction in net assets. These payments represented over half of the decline in assets.

Net asset value per share (NAV) at year-end was \$14.73, a decrease of 11.6% from the end of 1997. On a fully diluted basis, NAV was \$13.86, down 11.2% from \$15.60 at December 31, 1997.

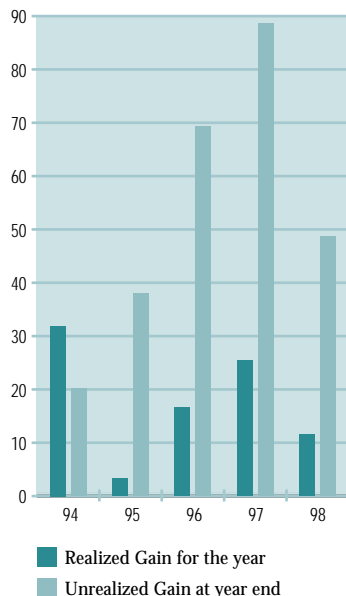
OPERATING RESULTS

Total income was greatly improved, up 25.7% to \$6,234,000 from \$4,961,000. This revenue enhancement was the result of greater focus on higher yielding stocks in a year of unsettled and volatile markets. Also contributing was income generated by the net proceeds of the Corporation's preference share issue. Net income for the year was \$624,000 compared to \$2,394,000 in 1997, or \$0.03 versus \$0.13 on a per share basis.

REALIZED AND UNREALIZED GAIN ON INVESTMENTS

Years 1994-1998

(\$ Millions)



Total expenses were at a par with last year before accounting for expenses related to the litigation (discussed below) and preference share issue costs and dividends. Directors' fees were \$165,000 – additional meetings related to the Corporation's preference share issue were held during 1998.

The management expense ratio (MER), was 1.3% in 1998, the same as last year. This continued to be favourable when compared with the 2.2% average MER of Canadian equity mutual funds in 1998 as reported in the Globe & Mail.

DIVIDENDS

Total dividend distributions were \$1.50 per share, compared to \$3.30 per share in 1997. This represented an 11.5% yield on the December 31, 1998 closing price of \$13.00, extremely high compared to common equities dividends in the Canadian market as shown by the 1.7% yield on securities in the TSE 300 Composite Index. The capital gains component of total dividends amounted to \$1.35 per share compared with \$3.075 per share the previous year, again issued in cash and stock and resulting in a significant income tax recovery by the Corporation. As in 1997, four quarterly dividends of \$0.075 were paid in 1998. Of these, regular dividends

were issued in two quarters in 1998 compared to three quarters in 1997. Special capital gains dividends of \$0.40 and \$0.80 were paid in June and December 1998 respectively, each comprised of 25% cash and 75% stock.

At year end, the Corporation had refundable capital gains tax of approximately \$1,900,000 which is refundable upon payment of capital gains dividends of approximately \$5,800,000. The corresponding tax recovery was \$7,765,000 in 1998. Significant payouts have occurred since the Corporation became an Investment Corporation under the Income Tax Act, Canada in 1993.

THE DISCOUNT FACTOR

In 1998, the common shares traded from a premium of 0.7% to a discount of 17.0% to basic net asset value, averaging discount of 8.2%. This is low among discounts for country funds. The discount at year end was 11.7%, or 6.2% allowing for the eventual dilution by CGI warrants traded on the Toronto and London stock exchanges.

We believe that the Corporation's focus on long-term performance and its dividend record will continue to attract as an opportunity to buy a growth oriented listed portfolio diversified across the Canadian stock market.

WARRANTS

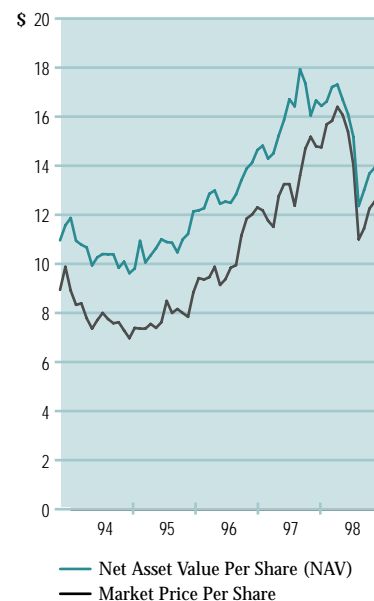
At December 31, 1998, the Corporation had 3,688,570 warrants outstanding, with an exercise price reduced from \$9.90 to \$9.51 after adjustment for the December 30 stock dividend. In accordance with the warrant indenture, with approval of the 1998 audited financial statements, the Board of Directors reduced the exercise price to \$8.96 as a result of cash dividends paid in excess of net income in 1998.

PREFERENCE SHARE ISSUE

On October 5, 1998, in order to provide for additional growth, the Corporation completed a \$60,000,000 public offering of 2,400,000, 5.40% Cumulative Redeemable Class A Preference Shares, Series 1. With dividends payable quarterly on the 15th of March, June, September and December the shares are redeemable by the holder or the Corporation on or after October 5, 2008. The Corporation may also redeem the shares between October 5, 2003 and October 4, 2008 with notice and according to a defined formula. The Corporation's historical long-term returns exceed the fixed dividend charge.

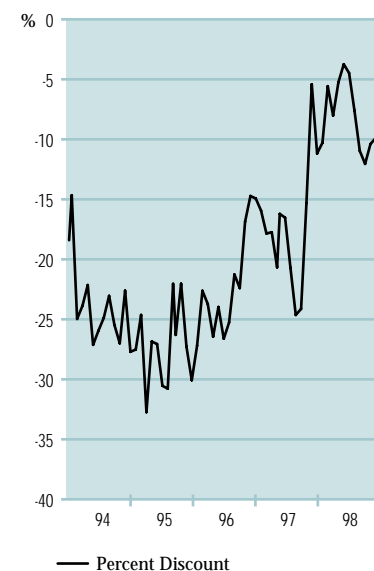
COMPARISON OF MARKET PRICE TO BASIC NAV

Years 1994-1998 (month-end values)



DISCOUNT TO NAV

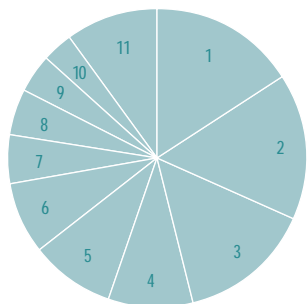
Years 1994-1998 (month-end values)



Management Discussion and Analysis (continued)

WEIGHTING OF PORTFOLIO INVESTMENTS SECTOR ANALYSIS

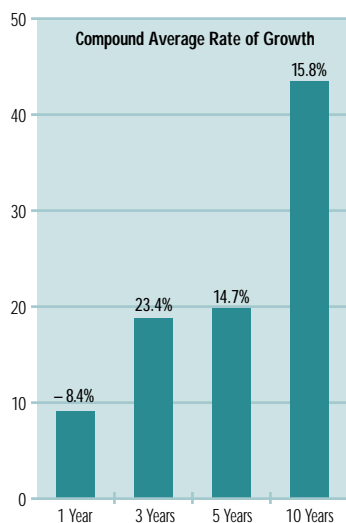
December 31, 1998



	% at Market
1 Industrial Products	16.1
2 Financial Services	15.8
3 Utilities	14.3
4 Consumer Products	9.3
5 Oil & Gas	9.0
6 Merchandising	7.9
7 Communications & Media	5.3
8 Metals & Minerals	4.9
9 Golds & Precious Metals	4.3
10 Pipelines	3.3
11 Other Sectors	9.8

GROWTH OF A \$10,000 INVESTMENT*

For 1, 3, 5 and 10 years to December 31, 1998 (\$000)



*Assuming reinvestment of distributions at month-end closing prices.

MANAGEMENT AGREEMENT

CGI's investment portfolio has been managed by MMA Investment Managers Limited (MMA) since 1956. The independent members of the Board of Directors of CGI approved an amendment to the management agreement effective October 1, 1998 providing for the management fee payable to MMA to be calculated quarterly at 1% per annum of the market value of the Corporation's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Prior to October 1, the management fee was calculated quarterly as 1% per annum of net asset value, excluding tax liabilities.

ISSUER BID LITIGATION

The Corporation's appeal against the award of \$6,725,000 plus interest granted to shareholders who tendered to a pro rata substantial issuer bid in 1994 was dismissed by the Ontario Court of Appeal in February 1998. The total amount awarded of \$8,890,000, including interest, was paid by CGI on February 27, 1998. Prior to that date, the monies were invested favourably under normal portfolio strategy during the lengthy waiting period.

YEAR 2000

The Year 2000 Issue refers to the possibility that on January 1, 2000 some computer systems may function improperly because they use two digits to identify the year, rather than four.

The Manager has initiated its Year 2000 program with the objective of ensuring that its important computer systems relied on by the Corporation will continue to operate before and after December 31, 1999. The Manager's critical software, including accounting and investment programs, is currently being updated to be Year 2000 compliant with a scheduled July 1999 completion date. The Corporation initiated a vendor compliance project in 1998 with the goal of becoming Year 2000 compliant by September 30, 1999.

CGI is not aware of any investee company not taking appropriate steps to mitigate their risk to the Year 2000 Issue. The financial condition of investee companies may be affected by systems failures, remediation costs, and overall economic uncertainties.

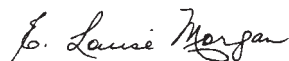
Management's Responsibility for Financial Reporting

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

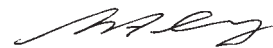
The Corporation maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies which management believes are appropriate for the Corporation, 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 Directors prior to the approval of the audited financial statements for publication.

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



E. Louise Morgan
Chairman
February 11, 1999



Michael A. Smedley
President
February 11, 1999

Auditors' Report

TO THE SHAREHOLDERS OF CANADIAN GENERAL INVESTMENTS, LIMITED

We have audited the statements of assets and liabilities of Canadian General Investments, Limited as at December 31, 1998 and 1997, the statement of investments as at December 31, 1998 and the statements of income and expenses, retained earnings, unrealized gain on investments, net realized loss on investments and changes in net assets for the years then ended. 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 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, 1998 and 1997, its investments as at December 31, 1998 and the results of its operations and the changes in its net assets for the years then ended in accordance with generally accepted accounting principles.

Toronto, Canada
January 22, 1999



Chartered Accountants

Statements of Assets and Liabilities

As at December 31	1998	1997
		(000's)
ASSETS		
Investments	\$ 311,554	\$ 291,386
Cash and short-term investments	7,566	2,162
Receivable on securities sold	425	-
Accrued interest and dividends	596	572
Income taxes recoverable	10,962	13,290
Deferred financing charge	1,578	-
Total Assets	332,681	307,410
LIABILITIES		
Payable on securities purchased	818	-
Accounts payable and accrued liabilities	153	215
Accrued dividends on preference shares	142	-
Preference shares (note 3)	60,000	-
Total Liabilities	61,113	215
Net Assets	\$ 271,568	\$ 307,195
SHAREHOLDERS' EQUITY		
Common shares (note 3)	\$ 95,122	\$ 79,245
Unrealized gain on investments	48,678	88,686
Retained earnings	127,768	139,264
	\$ 271,568	\$ 307,195

Approved on behalf of the Board:



Director



Director

Statements of Income and Expenses

Years ended December 31	1998	1997
	(000's)	
INCOME		
Dividends	\$ 5,080	\$ 3,986
Interest	1,098	944
Miscellaneous	56	31
Total Income	6,234	4,961
EXPENSES		
Management fees (note 5)	3,084	3,069
Interest related to issuer bid litigation (note 6)	2,165	–
Dividends on preference shares	772	–
Amortization of deferred financing charge	83	–
Directors' fees	165	126
Miscellaneous	511	534
Total Expenses	6,780	3,729
Income (loss) before income taxes	(546)	1,232
Income tax recovery (note 2)	1,170	1,162
Net income for year	\$ 624	\$ 2,394
Net income per share (note 7)	\$ 0.03	\$ 0.13

Statements of Retained Earnings

Years ended December 31	1998	1997
		(000's)
Retained earnings, beginning of year	\$ 139,264	\$ 148,448
Add:		
Net income for year	624	2,394
Realized gain on disposition of investments	11,593	25,470
	151,481	176,312
Deduct:		
Capital gains dividends, net of income taxes recoverable	16,037	33,066
Regular dividends	2,637	3,537
Provision for (recovery of) refundable taxes, net	(1,686)	445
Payment pursuant to issuer bid litigation (note 6)	6,725	-
	23,713	37,048
Retained earnings, end of year	\$ 127,768	\$ 139,264
Dividends per common share (note 4)		
Regular	\$ 0.150	\$ 0.225
Capital gains	1.350	3.075
	\$ 1.500	\$ 3.300

Statements of Unrealized Gain on Investments

Years ended December 31	1998	1997
		(000's)
Unrealized gain on investments, beginning of year	\$ 88,686	\$ 69,320
Increase (decrease) during the year	(40,008)	19,366
Unrealized gain on investments, end of year	\$ 48,678	\$ 88,686

Statements of Net Realized Loss on Investments

Years ended December 31	1998	1997
		(000's)
Proceeds from disposition of investments	\$ 139,346	\$ 130,673
Investments at cost, beginning of year	202,700	188,975
Investments purchased during the year	182,339	107,190
Investments at cost, end of year	(262,876)	(202,700)
Cost of investments disposed of during the year	122,163	93,465
Realized gain on disposition of investments before income taxes	17,183	37,208
Income taxes on realized net taxable capital gains (note 2)	5,590	11,738
Realized gain on disposition of investments	11,593	25,470
Capital gains dividends paid (note 4)	(23,802)	(49,077)
Income taxes recoverable on capital gains dividends paid (note 4)	7,765	16,011
Net realized loss on investments	\$ (4,444)	\$ (7,596)

Statements of Changes in Net Assets

Years ended December 31	1998	1997
		(000's)
Net assets, beginning of year	\$ 307,195	\$ 260,338
Add (deduct):		
Net income for year	624	2,394
Realized gain on disposition of investments	11,593	25,470
Increase (decrease) in unrealized gain on investments	(40,008)	19,366
Cash dividends (note 4)	(10,562)	(15,939)
Payment pursuant to issuer bid litigation (note 6)	(6,725)	-
Income taxes recoverable on capital gains dividends (note 4)	7,765	16,011
Net decrease (increase) in refundable dividend tax on hand	1,686	(445)
Increase (decrease) in net assets	(35,627)	46,857
Net assets, end of year	\$ 271,568	\$ 307,195
Net asset value per common share - basic (note 7)	\$ 14.73	\$ 16.66
Net asset value per common share - fully diluted (note 7)	\$ 13.86	\$ 15.60

Statement of Investments

December 31, 1998

NUMBER OF SHARES OR PAR VALUE		PERCENTAGE OF TOTAL MARKET VALUE			NUMBER OF SHARES OR PAR VALUE	PERCENTAGE OF TOTAL MARKET VALUE		
		COST	MARKET VALUE			COST	MARKET VALUE	
(000s)					(000s)			
Communications & Media								
130,000	Imax Corporation	\$ 2,890	\$ 6,292					
80,000	Quebecor Inc. B	2,341	2,632					
100,000	SHAW Communications Inc. B	1,304	3,710					
100,000	Sun Media Corporation	1,693	2,100					
100,000	Torstar Corporation B*	1,751	1,805					
		9,979	16,539	5.3				
Conglomerates								
240,000	EdperBrascan Corporation A	5,646	5,112					
		5,646	5,112	1.6				
Consumer Products								
250,000	A.L. Van Houtte Ltee.	1,789	7,363					
100,000	Canada Bread Company, Limited*	2,158	2,100					
120,000	Imasco Limited	1,983	3,924					
90,000	Saputo Group Inc.	2,859	3,888					
114,215	Smithfield Canada Limited exchange shares*	3,578	5,922					
50,000	The Seagram Company Ltd.	147	2,912					
200,000	Vincor International Inc.*	2,910	2,800					
		15,424	28,909	9.3				
Financial Services								
374,000	Connor, Clark & Company Ltd. A	2,941	2,150					
175,000	CT Financial Services Inc.	5,756	9,800					
200,000	Desjardins-Laurentian Financial Corporation A	4,786	3,700					
5,300	E-L Financial Corporation Limited	1,368	1,139					
9,000	Fairfax Financial Holdings Limited	2,340	4,860					
75,000	Goran Capital Inc.	2,407	1,170					
151,692	Great-West Lifeco, Inc.	1,119	3,944					
150,000	Laurentian Bank of Canada	4,295	4,350					
100,000	National Bank of Canada	2,880	2,480					
60,000	Royal Bank of Canada	2,941	4,593					
57,500	Sceptre Investment Counsel Ltd. A	1,341	1,869					
100,000	The Toronto-Dominion Bank	4,982	5,380					
150,000	Trilon Financial Corporation A	1,958	1,650					
97,000	Trimark Financial Corporation*	2,359	1,984					
		41,473	49,069	15.8				
Forest Products								
200,000	Alliance Forest Products Inc.	5,499	2,920					
80,000	Donohue Inc. A	2,537	2,344					
2,000,000	George Weston Limited 3% June 30, 2023 conv. deb.*	1,550	1,850					
		9,586	7,114	2.3				
Gold & Precious Metals								
500,000	Agnico-Eagle Mines Limited 3.5% January 27, 2004 conv. deb.*	\$ 489	\$ 451					
90,150	Dia Met Minerals Ltd. A	1,082	1,578					
90,000	Dia Met Minerals Ltd. B	1,515	1,800					
300,000	Euro-Nevada Mining Corporation Limited	3,775	7,500					
35,000	Euro-Nevada Mining Corporation Limited wts	-	1,085					
1,000,000	TrizecHahn Corporation 3.25% December 10, 2018 conv. deb.	1,184	1,076					
		8,045	13,490	4.3				
Industrial Products								
200,000	ATI Technologies Inc.+	3,007	3,490					
260,000	Bombardier Inc. B	1,613	5,720					
400,000	The Caldwell Partners International Inc. A	1,190	2,900					
200,000	Canadian Marconi Company	2,962	3,710					
50,000	Celanese Canada Inc.*	1,127	1,122					
89,200	Decoma International Inc. A*	1,094	1,160					
88,000	DuPont Canada Inc. A+	3,211	3,784					
60,000	Geac Computer Corporation+	2,036	2,388					
75,000	Intertape Polymer Group Inc.	2,499	2,925					
200,000	MPACT Immedia Corporation*	2,170	2,770					
60,600	NOVA Corporation	2,107	1,212					
75,000	Open Text Corporation	1,061	2,791					
30,000	Potash Corporation of Saskatchewan Inc.+	3,450	2,955					
81,300	Ritchie Bros. Auctioneers Incorporated	2,758	3,352					
210,000	Shaw Industries Ltd. A	1,473	2,625					
200,000	Slater Steel Inc.	2,764	1,480					
64,000	Unican Security Systems Ltd. B+	2,206	2,304					
100,000	Velan Inc.	1,881	3,500					
		38,609	50,188	16.1				
Merchandising								
58,200	Canadian Tire Corporation, Limited A*	2,240	2,343					
105,000	Hudson's Bay Company	3,606	2,032					
350,000	Liquidation World Inc.	2,929	5,775					
94,181	Loblaws Companies Limited*	2,701	3,522					
200,000	MAAX Inc.	2,175	3,360					
450,000	Sobeys Canada Inc.*	6,724	7,650					
		20,375	24,682	7.9				

NUMBER OF SHARES OR PAR VALUE	PERCENTAGE OF TOTAL MARKET VALUE		
	COST	MARKET VALUE	
	(000s)		
Metals & Minerals			
50,000	Alcan Aluminium Limited	\$ 2,353	\$ 2,075
300,000	Boliden Limited +	3,471	1,155
8,000,000	Denison Mines Limited	1,046	720
1,500,000	Dynatec Corporation	1,262	600
61,750	Inco Limited pfd. series E+	3,826	3,195
242,500	Kap Resources Limited wts	33	3
220,000	Labrador Iron Ore Royalty Income Fund	2,262	2,266
331,900	Luscar Coal Income Fund	3,860	1,626
165,000	Noranda Inc.	3,164	2,516
466,000	Novicourt Inc.	2,331	1,025
		<u>23,608</u>	<u>15,181</u>
			4.9
Oil & Gas			
250,000	Baytex Energy Ltd. A*	1,472	975
101,600	Berkley Petroleum Corp.*	1,087	1,179
90,000	Canadian Hunter Exploration Ltd.*	962	900
100,000	Canadian Occidental Petroleum Ltd.*	1,949	1,590
100,000	Fracmaster Ltd.	2,464	450
90,000	Imperial Oil Limited	1,457	2,209
147,400	Morrison Middlefield Resources Limited	2,093	626
150,000	PanCanadian Petroleum Limited	2,161	2,595
200,000	Petro-Canada	3,153	3,250
150,000	Probe Exploration Inc.	720	338
225,000	Prudential Steel Ltd.	928	1,553
250,000	Rio Alto Exploration Ltd.+	1,656	3,750
150,000	Suncor Energy, Inc.	3,113	6,900
270,000	Tesco Corporation*	2,241	1,714
		<u>25,456</u>	<u>28,029</u>
			9.0
Pipelines			
33,100	Enbridge Inc.+	2,257	2,334
263,000	TransCanada PipeLines Limited	6,603	5,904
70,000	Westcoast Energy Inc.*	2,121	2,135
		<u>10,981</u>	<u>10,373</u>
			3.3
Real Estate			
1,000,000	Brookfield Properties Corporation 6% February 14, 2007 conv. deb.*	1,295	1,320
139,900	Centrefund Realty Corporation	1,779	2,336
600,000	Centrefund Realty Corporation 7.25% June 30, 2008 conv. deb.*	450	516
100,000	Intrawest Corporation*	2,405	2,585
		<u>5,929</u>	<u>6,757</u>
			2.2

NUMBER OF SHARES OR PAR VALUE	PERCENTAGE OF TOTAL MARKET VALUE		
	COST	MARKET VALUE	
	(000s)		
Transportation & Environment			
290,000	RaiLink Ltd. A	\$ 3,310	\$ 1,624
		<u>3,310</u>	<u>1,624</u>
			0.5
Utilities			
50,000	BC Telecom, Inc.*	2,071	2,090
140,000	BCE, Inc.	3,126	8,099
100,000	Canadian Utilities Limited A	2,342	4,800
90,000	Fortis, Inc.	4,074	3,443
257,900	Manitoba Telecom Services Inc.	3,852	5,158
40,800	NewTel Enterprises Ltd.	838	1,501
100,000	Nova Scotia Power Inc.	1,519	1,820
130,000	QuebecTel Group Inc.+	2,127	2,242
75,000	Teleglobe Inc.	2,909	4,125
200,000	Telesystem International Wireless Inc.+	5,046	3,850
70,000	TELUS Corporation*	2,312	2,275
225,000	TransAlta Corporation+	3,962	5,085
		<u>34,178</u>	<u>44,488</u>
			14.3
Preferred Shares			
18	CanUtilities Holdings Ltd. pfd. series C*	4,500	4,500
155,000	Falconbridge Limited pfd. series 2*	3,404	3,178
69,000	Genra Inc. pfd. series G	1,404	1,259
425,000	Gulf Canada Resources Limited pfd. series A*	969	1,062
		<u>10,277</u>	<u>9,999</u>
			3.2
Total Investments			
	- December 31, 1998	\$262,876	\$311,554
			100.0
Total Investments			
	- December 31, 1997	\$202,700	\$291,386

Changes from September 30, 1998

* New Holdings + Increased Holdings

Notes to Financial Statements

December 31, 1998

1. SIGNIFICANT ACCOUNTING POLICIES

a) Valuation of investments

Market values of quoted securities are based on closing market quotations. Securities not having a quoted market value have been included at values determined by the Directors based principally on the underlying value of the assets represented by these securities.

No provision is made for deferred income taxes on the unrealized gain on investments since such taxes would be recoverable upon payment of capital gains dividends by the Company (note 2).

b) Investment transactions

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

c) Dividend and interest income

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

d) Foreign exchange

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

e) Deferred financing charge

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

2. TAXATION AND REFUNDABLE CAPITAL GAINS TAX

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

Statements of Income and Expenses

Years ended December 31	1998	1997
		(000's)
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rate	\$ (244)	\$ 550
Increase (decrease) in taxes resulting from:		
Dividends from taxable Canadian companies	(2,267)	(1,779)
Interest related to issuer bid litigation	966	-
Dividends on preference shares	345	-
Other	30	67
Actual recovery of income taxes	\$ (1,170)	\$ (1,162)

NOTE 2 (continued)

Statements of Net Realized Loss on Investments

Years ended December 31	1998	1997
		(000's)
Provision for income taxes based on combined Canadian federal and provincial income tax rate	\$ 7,667	\$ 16,602
Decrease in taxes resulting from:		
Non-taxable portion of net capital gains	(1,917)	(4,150)
Differences arising from use of different cost bases for tax and accounting purposes and other items	(16)	(402)
Reduced corporate surtax for investment corporations	(144)	(312)
Actual provision for income taxes	\$ 5,590	\$ 11,738

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 33%. These taxes are recoverable by the Company, as long as it continues to qualify as an investment corporation. The Company has refundable capital gains tax of approximately \$1,900,000 at December 31, 1998 (1997 - \$5,200,000) which is refundable upon payment of capital gains dividends of approximately \$5,800,000 (1997 - \$16,000,000). This potential recovery has not been recorded in the Company's accounts.

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 \$1.00 for each \$3.00 of such dividends paid. The amount eligible for refund at December 31, 1998, all of which is included in the statement of retained earnings, amounted to approximately \$80,000 (1997 - \$1,763,000).

In accordance with the Income Tax Act, Canada ("the Act"), a corporation can qualify as an investment corporation if certain tests are satisfied. Amendments to the investment corporation section of the Act have been enacted effective as of June 20, 1996, the significant impact of which is to limit and restrict "specified shareholders". Further amendments were released on August 14, 1998 and December 10, 1998 which include modifications to the definition of specified shareholders. Under the proposed amendments, a specified shareholder is generally a shareholder, who, along with certain persons with whom the shareholder is related, has a greater than 25% shareholding. The Company had specified shareholders on June 20, 1996. The amendments 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 at June 20, 1996 cannot, after June 20, 1996, contribute capital or acquire additional shares of the Company other than through certain specified distributions.

Notes to Financial Statements (continued)

3. CAPITAL STOCK

Common Shares

The Company is authorized to issue an unlimited number of common shares.

The changes in common shares were as follows:

	1998		1997	
	Number of Shares	Amount	Number of Shares	Amount
		<i>(000's)</i>		<i>(000's)</i>
Balance at beginning of year	17,433,133	\$ 79,245	15,487,207	\$ 42,570
Stock dividends (note 4)	1,008,739	15,877	1,945,926	36,675
Balance at end of year	18,441,872	\$ 95,122	17,433,133	\$ 79,245

Preference Shares

During the year, the Company filed articles of amendment to create a class of preference shares issuable in series. On September 24, 1998, the Company authorized the creation of 2,400,000 5.40% Cumulative Redeemable Class A, Preference Shares Series 1 (the Series 1 Shares). On October 5, 1998, the Company completed a public offering of 2,400,000 Series 1 Shares for net proceeds of \$58,339,000.

On and after October 5, 2003 to October 4, 2008, the Company may redeem for cash all but not less than all of the Series 1 Shares upon payment of a redemption price equal to the higher of the Yield Price (as defined) and \$25.00 per share together with accrued and unpaid dividends to the date of redemption. The Company can redeem in whole or in part and the holder may require the Company to redeem the Series 1 Shares on or after October 5, 2008 at \$25.00 per share.

Warrants

The Company has 3,688,370 warrants outstanding which are exercisable on June 30 each year, commencing June 30, 2000 and ending on June 30, 2007. As at December 31, 1998, each warrant entitles the holder to subscribe for a common share at a price of \$9.51 (1997 - \$10.28) per share, subject to adjustment based on the warrant indenture. Upon approval of the audited financial statements for 1998 by the Board of Directors, in accordance with the warrant indenture, the exercise price will be reduced to \$8.96 (1997 - \$9.51) per share as a result of cash dividends paid in excess of net income in 1998.

4. COMMON SHARE DIVIDENDS AND RECOVERABLE CAPITAL GAINS INCOME TAXES

The following common share dividends were paid during the years indicated:

	1998	1997
		(000's)
Regular Dividends		
Cash dividends \$0.15 per share (1997 - \$0.225)	\$ 2,637	\$ 3,537
Capital Gains Dividends		
Cash dividends of \$0.45 per share (1997 - \$0.775)	7,925	12,402
Stock dividends of \$0.90 per share (1997 - \$2.30)	15,877	36,675
	<u>23,802</u>	<u>49,077</u>
Total dividends paid including cash dividends of \$10,562,000 (1997 - \$15,939,000)	<u>\$ 26,439</u>	<u>\$ 52,614</u>

The income taxes recoverable on capital gains dividends paid were as follows:

	1998	1997
		(000's)
On capital gains cash dividends	\$ 2,585	\$ 4,046
On capital gains stock dividends	5,180	11,965
	<u>\$ 7,765</u>	<u>\$ 16,011</u>

5. RELATED PARTY INFORMATION

Management fees are paid monthly to MMA Investment Managers Limited, 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. Prior to October 1, 1998, management fees were calculated quarterly at the annual rate of 1% of net asset value, excluding tax liabilities. On August 13, 1998, the independent members of the Board of Directors of the Company approved an amendment to the Management Agreement providing for the management fee payable by the Company to the Manager to be computed quarterly at 1% per annum of the market value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable with values determined on the basis of the published financial statements of the Company as at the last day of the immediately preceding quarter year period.

Notes to Financial Statements (continued)

6. ISSUER BID LITIGATION

Subsequent to the pro rata substantial issuer bid on February 28, 1994, shareholders directly and indirectly related to a former Director made application to the Ontario Court (General Division) for payment of a further sum of \$6,725,000 for all shares purchased pursuant to this issuer bid.

On April 3, 1995, the Ontario Court (General Division) rendered its final decision that the Company pay a further sum of \$6,725,000 plus interest for all shares purchased. The Company, after considering the advice of its solicitors, appealed the decision. A hearing took place in December 1997 and on February 18, 1998 the Ontario Court of Appeal dismissed the appeal. The total amount awarded, including interest, of \$8,890,000 was paid on February 27, 1998.

7. NET INCOME PER SHARE AND NET ASSET VALUE PER SHARE

The calculation of net income per share and net asset value per share is based on the weighted average number of shares outstanding:

	1998	1997
Weighted average number of shares outstanding during the year as adjusted retroactively for the stock dividends (note 4)	18,441,872	18,441,872

8. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

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

Investment Portfolio Ten Largest Investments

December 31, 1998

COMPANY	Cost (\$000's)	Market Value (\$000's)	% of Total Investment Portfolio
<p>CT Financial Services Inc.</p> <p>CT Financial, the financial holding company for the Canada Trust group of companies, is a strong growth vehicle and a coveted financial asset. Imasco controls close to 98% of the common shares of CT Financial. Canada Trust is the last of the non-bank owned major trust companies, and has an enviable branch network.</p>	5,756	9,800	3.1
<p>Euro-Nevada Mining Corporation Limited</p> <p>Euro-Nevada is the portfolio's premier gold holding and is the leader of its industry. It is involved in the Midas area in Nevada and continues to report strong profits in a difficult sector.</p>	3,775	8,585	2.8
<p>BCE, Inc.</p> <p>BCE is the strongest telecom company in Canada and has recently improved its competitive national status by acquiring a stake in Manitoba Telecom in this period of deregulation.</p>	3,126	8,099	2.6
<p>Sobeys Canada Inc.</p> <p>The company has listed its stock under its flagship brand name after the recent purchase of Oshawa Group. Sobeys is now one of the two largest public grocery chains in Canada and will compete in some areas with Loblaws. It is a new entrant to this year's top ten.</p>	6,724	7,650	2.5
<p>A.L. Van Houtte Ltee.</p> <p>This coffee purveyor and coffee shop chain continues to dominate in the single cup category through its office exposure. The company continues to grow in its own market niche.</p>	1,789	7,363	2.4

Investment Portfolio Ten Largest Investments (continued)

December 31, 1998

COMPANY	Cost (\$000's)	Market Value (\$000's)	% of Total Investment Portfolio
<p>Suncor Energy, Inc. This Fort McMurray based producer is a leader in oil sands production. Daily production approximates 100,000 barrels and Northern Alberta is the world leader in non-conventional oil reserves.</p>	3,113	6,900	2.2
<p>Imax Corporation Imax is the world leader in large screen entertainment production. New facilities are to be built in Europe and a Hollywood production association is being sought. Imax is a new addition to this year's top ten through price appreciation.</p>	2,890	6,292	2.0
<p>Smithfield Canada Limited Smithfield won the bidding war for Canada's Schneider Inc. in a battle with Maple Leaf Foods. It is a new addition to this year's top ten.</p>	3,578	5,922	1.9
<p>TransCanada PipeLines Limited TransCanada is the largest pipeline system in Canada and carries a strong yield. Throughput continues to increase and access to U.S. markets continues to augur well for increased profitability. It is a new addition to this year's top ten.</p>	6,603	5,904	1.9
<p>Liquidation World Inc. This company performs well under all economic scenarios and continues to benefit from bankruptcies, surplus inventory, and off-price clearances. While based in Canada, the company has over a dozen U.S. outlets and continues to grow earnings.</p>	2,929	5,775	1.9
TOTAL	40,283	72,290	23.3

Illustration of an Assumed Fifteen Year Investment of \$10,000

Calendar Years Ending December 31	Market Value of Original Shares	Cumulative Market Value of Dividends Reinvested	Total Market Value	Total Net Asset Value
1983	\$ 10,000	\$ 0	\$ 10,000	\$ 15,144
1984	10,809	493	11,302	16,330
1985	13,824	1,200	15,024	20,215
1986	15,735	1,957	17,692	21,998
1987	11,176	1,890	13,066	20,852
1988	11,471	2,630	14,101	22,720
1989	13,529	3,865	17,394	26,073
1990	11,471	4,060	15,531	24,782
1991	12,647	5,306	17,953	28,599
1992	16,176	7,671	23,847	28,912
1993	20,294	10,607	30,901	38,012
1994	16,618	11,992	28,610	39,578
1995	17,868	14,713	32,581	46,594
1996	25,235	25,846	51,081	60,047
1997	27,618	39,241	66,859	67,917
1998	22,941	38,312	61,253	69,405

The above table illustrates the growth of an investment of \$10,000 in common shares of the Company at the end of 1983, with all dividends and distributions reinvested in additional shares at the month-end closing price for the months in which the dividends were paid. The average annual compound rate of return, without deduction of commission, for the 15-year period ended December 31, 1998 was 12.8%. No adjustment has been made for any income taxes which may be payable by a shareholder. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future.

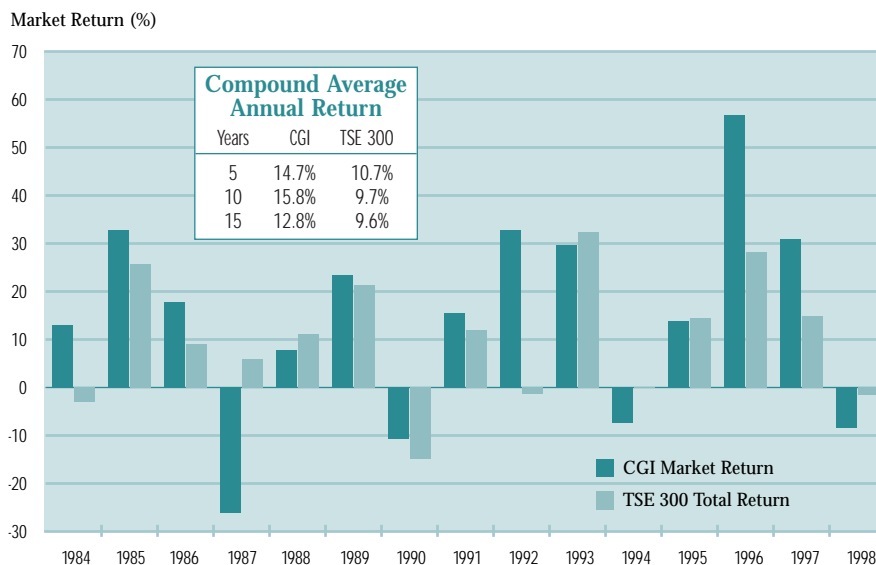
Ten Year Performance Summary

	Net Assets Per Share	Net Assets Per Share (Basic)	Net Assets Per Share (Fully Diluted)	Net Income Per Share	Net Income Per Share	Dividends Per Share (Income)	Dividends Per Share (Capital Gains)	Market Value of Share		
	(000's)			(000's)				High	Low	Close
1989	\$261,025	\$8.90		\$10,476	\$0.36	\$0.265		\$6.33	\$5.07	\$5.94
1990	235,268	8.03		9,631	0.33	0.265		6.07	4.53	5.03
1991	258,965	8.84		8,496	0.29	0.265		6.13	4.65	5.55
1992	252,082	8.61		6,905	0.23	0.265		8.26	5.55	7.10
1993	320,881	10.96		7,132	0.24	0.265		9.29	6.71	8.91
1994	186,040	10.09		2,635	0.13	0.159	\$0.887	10.07	7.10	7.23
1995	206,805	11.22	\$11.07	4,060	0.22	0.174	0.058	8.65	6.84	7.84
1996	260,338	14.12	13.49	3,822	0.21	0.174	1.142	12.09	7.84	12.01
1997	307,195	16.66	15.60	2,394	0.13	0.192	2.660	15.88	10.50	14.79
1998	271,568	14.73	13.86	624	0.03	0.143	1.290	16.68	10.09	13.00

Per share figures have been restated to reflect the 1992 2 for 1 stock split, the 1996 3 for 1 stock split, the 1996 1 for 11.8682 capital gain stock dividend (issue price of \$16.62), the June 1997 1 for 22.3021 capital gain stock dividend (issue price of \$17.85), the December 1997 1 for 12.9298 capital gain stock dividend (issue price of \$19.40), the June 1998 1 for 59.95795 capital gain stock dividend (issue price of \$18.01) and the December 1998 1 for 24.68567 capital gain stock dividend (issue price of \$14.82).

Fifteen Year Market Return

CGI Versus TSE 300



The bars on the chart depict historical market returns for an investment in CGI common shares, as measured by share price appreciation with distributions reinvested, compared with the TSE 300 Total Return, for each of the past 15 years.

Board of Directors

E. LOUISE MORGAN is Chairman of the Corporation. She has been an officer, and in the management of Canadian General Investments, Limited since 1955 and has been a director since 1982. She is President and controlling shareholder of the Manager, MMA Investment Managers Limited and Chairman and a director of Third Canadian General Investment Trust Limited and Canadian World Fund Limited. She is President of The Catherine and Maxwell Meighen Foundation and a member of the Board of Directors and member of the Executive Committee of the Canadian Opera Company.

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

RONALD D. BARNES, elected April 28, 1994 has over 27 years of experience in the investment industry, involving all areas of the business including investment banking, sales management and compliance. He is President of Barmac Capital Management Inc. and a director of a number of public companies, including Third Canadian General Investment Trust Limited.

ALBERT E. BATES, was elected to the Board June 1, 1993. Prior to 1987 he was a senior executive with the Bank of Montreal and from 1987 to 1990 he was President of Metropolitan Life Insurance Company of Canada Limited. From 1990 to his retirement in 1992 he was President and subsequently Chairman – Canadian Subsidiaries – Metropolitan Life Insurance. He is also a director of Third Canadian General Investment Trust Limited and a director of Harris Trust/Bank of Montreal, Florida.

M. PAUL BLOOM, elected June 1, 1993 has over 20 years of experience as an investment manager. He is currently President and a director of Bloom Investment Counsel, Inc., an investment management firm established by him in 1985.

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

NICHOLAS L. MAJENDIE, elected April 28, 1994 has over 28 years of experience in the investment business. He was previously (for 11 years) Chief Executive Officer of Majendie Charlton Securities Limited and is currently Vice-President, Portfolio Strategy at Canaccord Capital Corporation, headquartered in Vancouver.

MARK D. MICKLEBOROUGH, elected June 1, 1993 is a partner in the Toronto law firm of Rogers, Campbell, Mickleborough. He is a director of Foreign Currency Exchange Corp., a public U.S. based corporation providing foreign currency related products and services primarily to large tourist attractions, major hotel chains and a variety of retail banking organizations in the continental United States and Hawaii. He is also active as an officer and principal of a private corporation engaged in the development of residential and industrial land in southern Ontario.

VANESSA L. MORGAN, elected to the Board April 1, 1997, is Vice-Chairman of the Corporation. A Chartered Financial Analyst, she is currently Secretary-Treasurer of Denbridge Capital Corporation, a growth-oriented management company, with subsidiaries in the digital electronics, mining and bio-technology industries. She is a director of Third Canadian General Investment Trust Limited, Canadian World Fund Limited and The Catherine and Maxwell Meighen Foundation.

ERNEST J. ROYDEN, elected June 1, 1993 has over 27 years of experience in the securities industry. He is currently Vice-President and director of Groome Capital Inc. and also a director of a charitable society – The Toronto Humane Society.

Corporate Information

BOARD OF DIRECTORS

Ronald D. Barnes
Albert E. Bates
M. Paul Bloom
Carl S. Hutman
Nicholas L. Majendie
Mark D. Mickleborough
E. Louise Morgan
Vanessa L. Morgan
Ernest J. Royden
Michael A. Smedley

AUDIT COMMITTEE

Mark D. Mickleborough
Vanessa L. Morgan
Ernest J. Royden

OFFICERS

E. Louise Morgan
Chairman
Vanessa L. Morgan
Vice-Chairman
Michael A. Smedley
President
Colin Smith
Secretary-Treasurer
Frank Fuernkranz, M.B.A., C.A.
Assistant-Treasurer

OFFICE OF THE COMPANY

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Toronto, Ontario, Canada
M5C 1T4
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1-800-207-0067
Fax: (416) 366-2729
e-mail: cgifund@mma-investmgr.com
website: www.mma-investmgr.com

AUDITORS

PricewaterhouseCoopers LLP
Toronto

BANKERS

Bank of Montreal
Toronto

SOLICITORS

Blake, Cassels & Graydon
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
151 Front Street W.
8th Floor
Toronto, Ontario, Canada
M5J 2N1
Tel: (416) 981-9633
Fax: (416) 981-9800
e-mail: mmamail@montrealtrust.com

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

U.K. TRANSFER AGENT

CIBC Mellon Trust Company
Balfour House
390 High Road
Ilford, Essex
IG1 1NQ
Tel: 0181-478-1888

PUBLICATION

The Corporation calculates and releases its net asset value per share (NAV) on a daily basis. The NAV is published in various media in Canada, the United States and the United Kingdom.

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

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Trading Symbols:
Common Shares CGI
Preference Shares CGI.PR.A
Warrants CGI.WT

The London Stock Exchange
Reuters Symbols:
Common Shares CGIq.L
Warrants CGIq.L

The Corporation is a member of the Association of Investment Trust Companies ('AITC') in the United Kingdom and the Closed-End Fund Association ('CEFA') in North America.

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Canadian General Investments, Limited will be held at 2:00 p.m. (Toronto time) Tuesday, April 6, 1999 in Room 205D, Metro Toronto Convention Centre, 255 Front Street West, North Building, Toronto, Ontario M5V 2W6.

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

CGI's Dividend Reinvestment and Share Purchase Plan offers an efficient method of acquiring additional shares. As well as reinvesting dividends, shareholders may purchase additional shares for cash (minimum \$100 – maximum \$5,000) every quarter. U.S. shareholders are eligible for the dividend reinvestment segment of the Plan only.

Shares are purchased for the Plan in the open market during the 30 days prior to each regular dividend payment date. The buying fosters trading activity and is non-dilutive. Plan participants pay the average cost and administrative charges are paid by the Corporation.

Canadian shareholders may use the Plan for self-directed RRSPs. They should contact their personal investment counsellor or RRSP plan trustee for guidance.

The address of the Administrator (Montreal Trust Company of Canada) is shown above.

Dividend reinvestment plans are also currently offered to CGI shareholders by a number of brokers in Canada.

CANADIAN GENERAL INVESTMENTS, LIMITED

110 Yonge Street, Suite 1601
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M5C 1T4

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