EDISON

Canadian General Investments

Benefits from patient and consistent approach

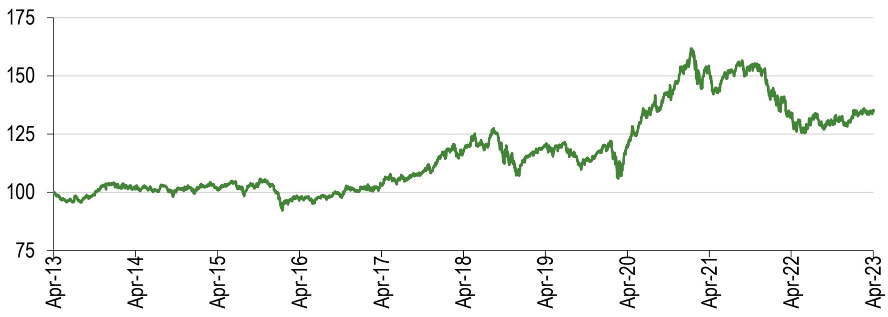
Investment companies
North American equities

11 May 2023

Price		**C$34.30**
Market cap		**C$716m**
Total assets		**C$1,298m**
NAV*		C$53.81
Discount to NAV		36.3%
*Including income. At 10 May 2023.		
Current yield		2.7%
Prospective yield		2.8%
Ordinary shares in issue		20.9m
Code/ISIN		CGI/CA1358251074
Primary exchange		TSX
Secondary exchange		LSE
Financial year end		31 December
AIC sector		North America
52-week high/low	C$36.80	C$28.85
NAV* high/low	C$54.02	C$44.65
*Including income		
Gross gearing*		15.7%
Net gearing*		14.7%
*At 30 April 2023.		

Canadian General Investments (CGI) has been managed by Greg Eckel at Morgan Meighen & Associates (MMA) since 2009. He has a very patient and consistent fundamental investment approach, which has delivered significant outperformance over the long term for CGI's shareholders. Last year proved to be a difficult period, as essentially energy stocks were the 'only game in town' and the fund has an underweight position in this sector. Also, technology stocks, which had served CGI well over a multi-year period, fell out of favour with investors. However, 2023 has started well, the stock market has rotated and the fund's performance has benefited from its sector positioning. The manager is confident that CGI's current portfolio holdings are well-placed to get the fund back on track. While he does seek new opportunities, Eckel is mindful never to neglect his current holdings. He believes that very often, the best outcome is to do nothing, which is reflected in a very low portfolio turnover of c 2% in 2022 and a c 6% five-year average.

Long-term NAV outperformance versus benchmark



Source: Refinitiv, Edison Investment Research

The analyst's view

Canada's base interest rate appears to have peaked and inflation has declined considerably since mid-2022, helped by a lower oil price. However, economic activity is slowing as the effects of earlier rate hikes are feeding through. In an uncertain environment, where stock market volatility remains high, a diverse portfolio of high-quality companies should be in a relatively strong position to weather the storm.

CGI's steady and patient investment approach has borne fruit, generating a 1.1pp annual share price outperformance over the last 25 years, and a greater 2.0pp annual outperformance over the last 50 years to end 2022 (source: MMA). Over the last decade, the fund has generated very acceptable absolute returns, with annual NAV and share price total returns of +11.6% and +11.5% respectively compared with the benchmark's +8.4% annual total return.

The fund's wide discount is likely due to heightened investor risk aversion and a limited free float. CGI has a progressive dividend policy; its total annual distribution is on track for a sixth consecutive year for a C$0.04 per share increase. This represents a prospective dividend yield of 2.8%.

Fund objective

Canadian General Investments' objective is to provide better-than-average returns to shareholders by investing in a diversified portfolio of primarily Canadian equities. It aims to achieve this through prudent security selection, timely recognition of capital gains/losses and appropriate use of income-generating instruments. CGI's performance is measured against the S&P/TSX Composite Index.

Bull points

- Diversified portfolio of North American equities.
- Very long-term record of outperformance versus the benchmark.
- Rising regular quarterly dividends.

Bear points

- Discount remains consistently wide.
- High level of family ownership.
- The relatively high level of gearing will amplify capital losses during a market sell-off.

Analyst

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Market outlook: Reversals favour diversified exposure

Looking at Canadian sector performances in Exhibit 1 (left-hand side), it is very interesting to note how dramatic the change in market leadership has been. In 2022, the energy sector was essentially the 'only game in town' with a 30.9% total return in an overall declining market where only four sectors ended up in positive territory. However, fast forward to Q123, in a period of lower energy commodity prices, and the energy sector was the only one that declined. Technology stocks have also had a dramatic reversal of fortunes; in 2022, the sector delivered a -52.0% total return, but in Q123 it was by far the best performing sector with a +26.5% total return. With such an investment backdrop, investors are likely to be better served by having a diversified Canadian equity exposure.

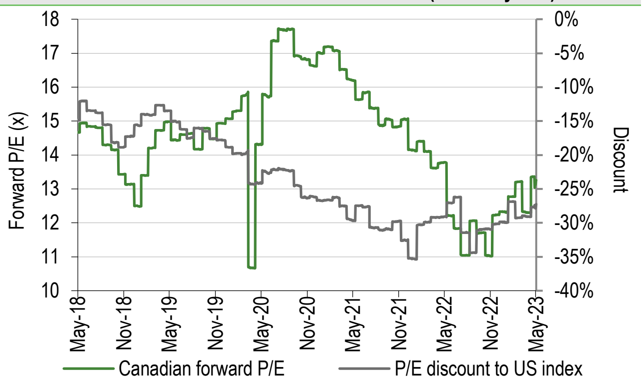
Similar to actions in other developed markets, the Canadian central bank has increased interest rates to combat higher inflation. The base rate has moved from 0.25% in Q122 to 4.50% in January 2023, but has been held steady since then as inflation has continued to moderate from 8.1% in June 2022 to 4.3% in March 2023. Canada's growth outlook is modestly higher than for advanced economies. In its April 2023 World Economic Outlook, the International Monetary Fund projected Canadian GDP growth of 1.5% in both 2023 and 2024 compared with 1.3% and 1.4% for advanced economies in 2023 and 2024, respectively. Canadian stocks remain attractively valued on both an absolute and relative basis. The Datastream Canada Index is trading on a 13.3x forward P/E multiple, which is an 8.4% discount to its 14.5% five-year average. It is also a 27.2% discount to the Datastream US Index versus a 23.7% five-year average.

Exhibit 1: S&P/TSX Composite Index data and valuation

S&P/TSX Composite Index data (at 31 March 2023)

	Number of companies	Weight (%)	Q123 total return (%)	2022 total return (%)
Financials	29	30.0	1.7	(9.4)
Energy	40	16.8	(2.3)	30.9
Industrials	27	13.8	6.6	1.5
Materials	50	12.5	8.1	1.8
Info technology	12	6.7	26.5	(52.0)
Comm'n services	5	4.8	3.2	(2.6)
Utilities	16	4.5	6.8	(10.6)
Consumer staples	11	4.4	7.9	10.1
Cons discretionary	15	3.7	4.6	(6.0)
Real estate	21	2.5	5.9	(21.5)
Healthcare	6	0.3	0.9	(61.6)
Index	**232**	**100**	**4.6**	**(5.8)**

Valuation of DS Canada Index versus DS US Index (last five years)



Source: Refinitiv, Bloomberg, Edison Investment Research. Note: Performance in Canadian dollar terms. Numbers subject to rounding. Valuation data at 10 May 2023.

The fund manager: Greg Eckel

The manager's view: Evidence of slowing Canadian economy

The Bank of Canada has held the Canadian base interest rate steady at 4.50% since January 2023, as inflation has continued to moderate. Eckel believes that the current base rate will be maintained as the Canadian economy is slowing from the robust annualised level of 2.5% seen in Q123 and wage rates have not spiked; however, central bank decisions will be dependent on upcoming data points. The manager explains that there was a drop-off in Canadian economic activity at the end of March 2023, as the impact of prior interest rate hikes is starting to be felt. He reports that, so far, there have been modest effects on the housing sector, but global economic weakness has been negatively affecting Canadian exports. Eckel also highlights messages from the transportation sector that railroads and truckers, including portfolio companies Canadian National Railway and TFI International, are seeing lower volumes, which is clear evidence of an economic slowdown. In its Q123 results, trucker TFI International reported difficult business conditions, particularly in the US.

Turning his attention to lower inflation in Canada, the manager says that the easy part has been done, helped by lower oil prices, and it could be tough to see further declines. The Canadian jobs market remains robust and unemployment at c 5% is near an all-time low. Eckel says that oil prices peaked following Russia's invasion of Ukraine in February 2022, but since then both the oil price and oil stocks have been in a declining trend. He notes that the energy sector led the market in 2021 and 2022 but, looking at the last dozen years, energy can be strong for one to two years and then tends to underperform again.

The manager highlights the increased level of merger and acquisition activity in Canada. In the telecom sector, Rogers Communications eventually received approval for the takeover of Shaw Communications after a two-year regulatory process. Canadian Pacific Railway (now known as CPKC) will be providing sales and earnings guidance in June 2023, following its acquisition of US-based railroad Kansas City Southern.

Teck Resources had been increasing its copper exposure and reducing its coal operations, which had been received positively by investors and its stock re-rated. The company announced plans to split its metals and coal businesses and remove its dual-class share structure. Glencore then announced a takeover bid for Teck Resources, which was rejected. On the day of the shareholder vote for the proposed Glencore bid, Teck Resources retracted its plan of splitting the company and suggested there could be a simpler approach to dividing the company. An added complication is that there is an initiative in place, whereby the Canadian government is trying to establish a supply chain for critical minerals, meaning that it could block any bid for Tech Resources.

In the financial sector, Toronto-Dominion Bank was looking to acquire US-based First Horizon Corp. However, it has withdrawn its offer following the failure of US regional banks Silicon Valley Bank, Signature Bank and First Republic Bank. HSBC is selling its profitable Canadian operations to Royal Bank of Canada to increase its focus on its Asian businesses.

Current portfolio positioning

At end April 2023, CGI’s top 10 positions made up 40.1% of the fund, which was a higher concentration compared with 36.3% 12 months earlier; nine positions were common to both periods. Three of the top 10 names are US stocks, including the largest holding in NVIDIA, which is part of the allowed maximum 25% American allocation. All three companies operate in businesses that are under-represented in Canada.

Exhibit 2: Top 10 holdings (at 30 April 2023)

Company	Country	Industry	Portfolio weight %	
			30 April 2023	30 April 2022*
NVIDIA Corp	US	Semiconductors	4.9	3.1
Canadian Pacific Kansas City	Canada	Railroads	4.8	4.3
Franco-Nevada Corp	Canada	Gold mining	4.6	4.4
First Quantum Minerals	Canada	Metals & mining	4.6	5.2
TFI International	Canada	Transport & logistics	4.0	2.8
West Fraser Timber	Canada	Forest products	3.8	4.5
Apple	US	Technology	3.7	3.3
The Descartes Systems Group	Canada	Logistics software	3.3	N/A
WSP Global	Canada	Business services	3.3	2.8
Mastercard	US	Financial transaction processing	3.1	2.9
Top 10 (% of portfolio)			**40.1**	**36.3**

Source: CGI, Edison Investment Research. Note: *N/A where not in end-April 2022 top 10.

Over the 12 months to 30 April 2023, the largest changes in CGI’s sector exposure are a 4.3pp lower weighting in materials and a 2.1pp higher technology weighting. Compared with the benchmark, the fund continues to have a significant 20.4pp underweight in financials and a 13.8pp overweight in technology shares.

Exhibit 3: Portfolio sector exposure versus benchmark (% unless stated)

	Portfolio end April 2023	Portfolio end April 2022	Change (pp)	Index weight	Active weight vs index (pp)	Fund weight/ index weight (x)
Information technology	20.5	18.4	2.1	6.7	13.8	3.1
Industrials	20.5	19.3	1.2	13.6	6.9	1.5
Materials	17.1	21.4	(4.3)	12.6	4.5	1.4
Consumer discretionary	11.6	11.1	0.5	3.6	8.0	3.2
Energy	11.3	9.4	1.9	17.2	(5.9)	0.7
Financials	9.8	10.9	(1.1)	30.2	(20.4)	0.3
Real estate	5.0	4.8	0.2	2.4	2.6	2.1
Communication services	2.3	2.5	(0.2)	4.4	(2.1)	0.5
Healthcare	0.9	1.1	(0.2)	0.4	0.5	2.3
Consumer staples	0.0	0.0	0.0	4.3	(4.3)	0.0
Utilities	0.0	0.0	0.0	4.5	(4.5)	0.0
Cash & cash equivalents	1.0	1.1	(0.1)	0.0	1.0	N/A
	100.0	**100.0**		**100.0**		

Source: CGI, Edison Investment Research. Note: Numbers subject to rounding.

Eckel had been reducing CGI's underweight energy exposure at the beginning of 2022 due to better industry demand/supply dynamics. However, he ceased buying on valuation concerns following commodity price spikes after the Russian invasion of Ukraine. The manager has been opportunistically adding to CGI's energy weighting in a modest way in recent months as he believes the oil price is closer to the bottom than the top of its expected trading range.

Discussing CGI's consistent overweight technology position, Eckel comments that the sector became oversold in 2022, and now investors are becoming less defensive and rotating back into these stocks. He points to the fund's largest position; NVIDIA's share price halved last year, but so far in 2023, has more than doubled. The manager notes that other large-cap technology stocks are performing well including Microsoft and Alphabet (Google) as their valuations are now more attractive and they are generating large amounts of cash flow that can be returned to shareholders. Eckel explains that for portfolio company Amazon, both its cloud and retail businesses are improving. During the pandemic, there was high demand for the company's products but, as economies reopened, there was concern that there would be a shift back to bricks and mortar retail. However, the manager reports that e-commerce is proving resilient, with around 20% of global retail sales now being generated online.

While CGI's portfolio turnover is very low, there is a new position in the fund. Precision Drilling Corp is Canada's largest onshore driller and the fourth largest in the US; Eckel says that this holding provides diversification within CGI's energy exposure. Drilling activity is increasing in the oil and gas industry, which is using up excess oil service capacity, so day rates are rising. The manager believes that there is potential for Precision Drilling to expand its margins even if oil prices hold steady at current levels. The company has a good operational balance between the US, where it is possible to drill all year round, and Canada, where there are periods when the severe weather precludes drilling. Eckel reports that Precision Drilling has repaired its balance sheet and the next step is likely to be returning cash to shareholders.

Performance: Return to above-index returns in 2023

Last year was a difficult period for CGI – its NAV and share price total returns of -20.0% and -24.1% respectively were considerably behind the benchmark's -5.8% total return. Factors contributing to the company's underperformance included its underweight energy exposure (energy was by far the best performing sector in 2022), an overweight technology position (technology stocks performed very poorly last year) and a relatively high level of gearing, which added to CGI's capital losses in a falling market. Things are looking brighter in 2023; in the first quarter of the year, CGI's NAV was 4.3pp ahead of the index, although its share price lagged by 2.4pp, leading to a wider discount.

Any short-term results should be put into historical context, as CGI has a very commendable long-term record of outperformance. Data from MMA show that over the 25 years to the end of December 2022, the fund generated a +8.1% annual total return versus the benchmark's +7.0% annual total return; with dividends reinvested, a C$10k investment in CGI would have grown to more than c C$70k. Over the 50 years to the end of 2022, the fund generated a +11.0% per year annual total return versus the benchmark's +9.0% annual total return; with dividends reinvested, a C$10k investment in CGI would have grown to more than c C$1.8m.

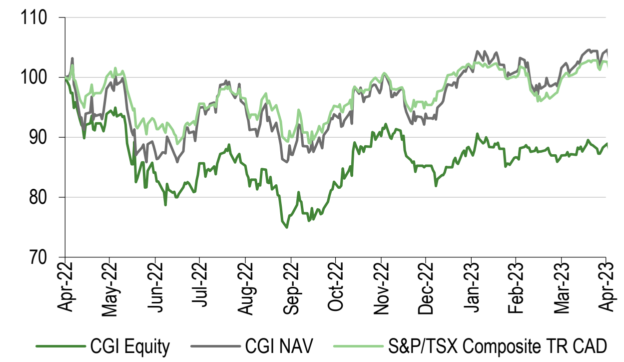
Exhibit 4: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	S&P/TSX Composite (%)	MSCI Canada (%)	MSCI World (%)
30/04/19	13.1	12.1	9.6	9.7	12.4
30/04/20	(6.8)	(7.8)	(7.9)	(9.1)	(0.3)
30/04/21	67.8	68.1	33.3	32.1	29.3
30/04/22	6.3	(2.6)	11.6	11.6	0.7
30/04/23	(11.7)	4.0	2.7	3.3	10.1

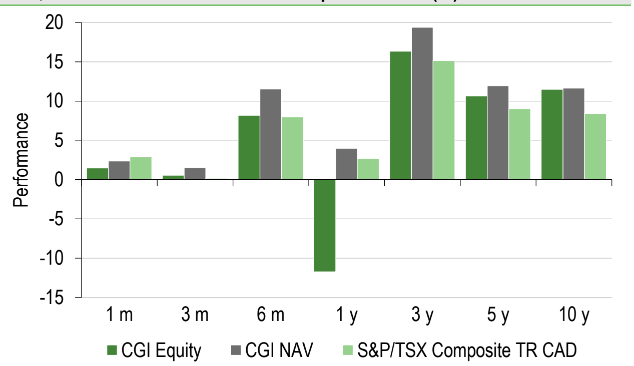
Source: Refinitiv. Note: All % on a total return basis in Canadian dollars.

Exhibit 5: Investment company performance to 30 April 2023

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

As shown in Exhibit 6, CGI has a solid record of outperformance. Its NAV is ahead of the S&P/TSX Composite Index over all periods shown, apart from the last month. The company's share price performance has been disappointing over the last year, resulting in a wider discount.

Exhibit 6: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to S&P/TSX Composite	(1.4)	0.4	0.2	(14.0)	3.1	7.7	32.6
NAV relative to S&P/TSX Composite	(0.5)	1.3	3.3	1.3	11.5	14.1	34.3
Price relative to MSCI Canada	(1.7)	0.2	0.0	(14.6)	3.3	9.2	31.7
NAV relative to MSCI Canada	(0.9)	1.1	3.1	0.6	11.7	15.7	33.3
Price relative to MSCI World	(0.5)	(3.5)	(3.3)	(19.8)	9.9	3.4	(9.4)
NAV relative to MSCI World	0.3	(2.6)	(0.4)	(5.5)	18.8	9.6	(8.2)

Source: Refinitiv, Edison Investment Research. Note: Data to end April 2023. Geometric calculation.

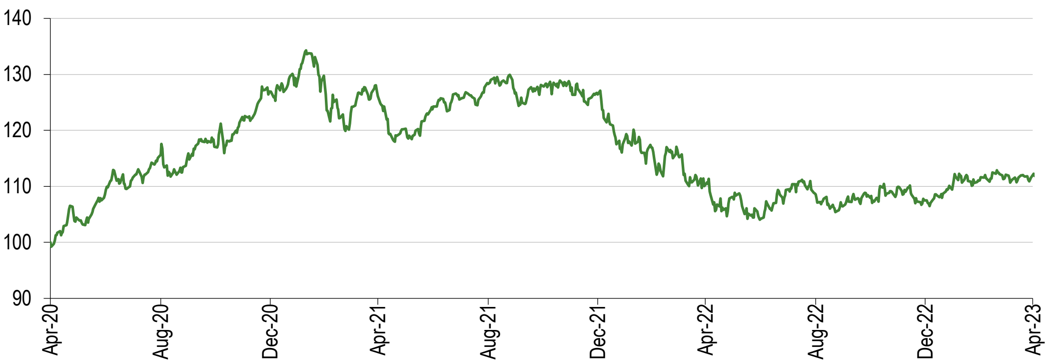
Eckel notes that many of CGI's holdings which performed poorly in 2022 are doing very well this year, including long-term holding Shopify (e-commerce platform), and he believes that the current portfolio constituents can contribute to an overall improvement in the fund's performance. Although the manager seeks additional opportunities, he comments that 'a lot of the time CGI's current holdings are just as good as any new ideas'. He had been considering a position in retailer Aritzia, but its share price recently declined by 20% following a weak earnings report, 'so sometimes, doing nothing is the best thing to do' adds Eckel.

Discussing CGI's performance so far in 2023, the manager says that the fund has benefited from its overweight technology exposure as this is by far the best performing sector this year. It has also benefited from its overweight materials and underweight energy positions.

At the stock level, Parex Resources has performed well this year. In 2022, its Colombian operations were interrupted by social unrest, but conditions are now improving. Other positive contributors this year include NVIDIA (semiconductors), First Quantum Minerals (metals and mining), Franco-Nevada Corp (gold mining), Teck Resources (metals and mining), FirstService Corp (real estate management) and WSP Global (construction and engineering services).

Detractors to CGI's performance this year include most of its energy names, which have reversed their strong performance of last year, Toronto-Dominion Bank, which has been hurt by concerns about US regional banks and its proposed acquisition of First Horizon Corp (the bid has now been withdrawn) and Magna International, whose shares have been weak due to investors' caution about the prospects for the cyclical automotive sector.

Exhibit 7: NAV total return performance relative to benchmark over three years



Source: Refinitiv, Edison Investment Research

Peer group comparison

Exhibit 8: Selected peer group at 10 May 2023 (C$)*

% unless stated	Market cap (C$m)	NAV TR one year	NAV TR three year	NAV TR five year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Canadian General Investments	715.5	12.0	66.4	70.3	204.4	(36.3)	1.4	No	115	2.7
Middlefield Canadian Income	208.5	(5.8)	50.8	40.4	99.1	(10.2)	1.3	No	116	4.6
Average	**462.0**	**3.1**	**58.6**	**55.3**	**151.7**	**(23.2)**	**1.3**		**115**	**3.6**
Fund rank in sector	**1**	**1**	**1**	**1**	**1**	**2**	**1**		**2**	**2**

Source: Morningstar, Edison Investment Research. Note: *Performance to 9 May 2023 based on ex-par NAV. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

CGI is the largest of the two funds in the AIC North America sector with significant Canadian exposure. The two companies follow different investment mandates – CGI has a total-return focus while, as its name suggests, Middlefield Canadian Income has an income bias. Both funds generally have an allocation to US equities, but currently Middlefield Canadian has a zero weighting in US stocks. CGI has considerably higher NAV total returns than its peer over all periods shown. It currently has a modestly lower level of gearing and the fund's discount is much wider, perhaps due to its limited free float. The company has a slightly higher fee structure and a lower dividend yield, which is unsurprising given its focus on total return rather than income.

Dividends: Steadily growing at C$0.04 per year

CGI's regular quarterly dividends are paid in March, June, September and December; no special dividends have been paid since FY17 (Exhibit 9). The C$0.92 per share FY22 annual dividend was made up of four regular taxable dividends of C$0.23 per share and was 4.5% higher than the C$0.88 per share payment in FY21 (made up of two regular taxable dividends and two capital gains dividends of C$0.22 per share). In FY22, CGI's dividend and interest income increased 33.5% year-on-year due to large special distributions from Tourmaline Oil Corp and Economic Investment Trust, as well as general dividend increases.

So far in FY23, two regular taxable dividends of C$0.24 per share have been declared. If this year's dividend payments follow the trend established in prior years, the total annual payment will be C$0.96 per share, which would be a 4.3% increase year-on-year. The manager considers that given CGI's high level of unrealised gains (currently around C$0.75bn), the strategy of rising annual dividends is sustainable.

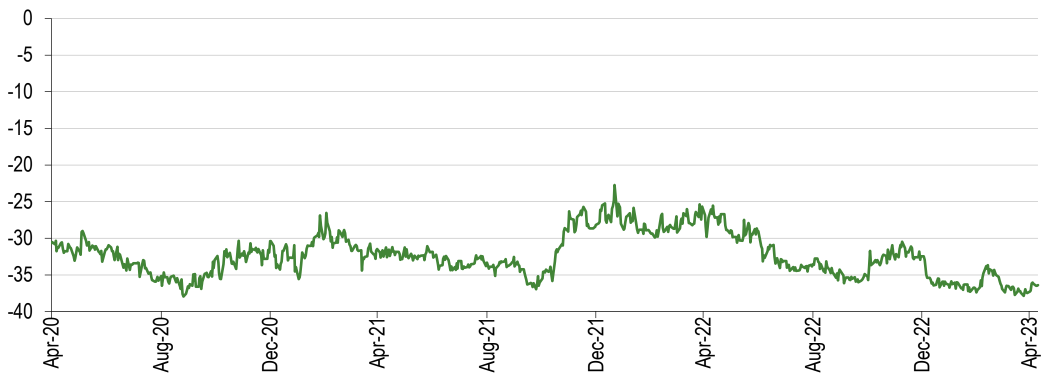
Exhibit 9: Dividend history since FY17

Source: Bloomberg, Edison Investment Research

Valuation: Wider discount reflecting risk aversion

With an uncertain economic environment, investor risk aversion appears to be higher than average and the manager comments that 'investment in Canada is not in vogue'. These factors are reflected in CGI's 36.3% discount, which is at the wider end of the 25.6% to 37.9% range of discounts over the last 12 months. It is also wider than the 33.6%, 32.4%, 31.6% and 30.2% average discounts over the last one, three, five and 10 years, respectively.

Exhibit 10: Share price discount to NAV (including income) over three years (%)



Source: Refinitiv, Edison Investment Research

The board is unable to repurchase shares to help manage the discount as this would invalidate the company's favourable Canadian investment corporation tax status. There have been brief periods when CGI's shares traded at a premium to NAV; the last time was in 1998, while they traded very close to par in 2006, a period when CGI outperformed its benchmark and there was a commodities super-cycle and a rising oil price.

Fund profile: North American equity specialist

CGI was established in 1930 and is North America's second-oldest closed-end fund. It has been listed on the Toronto Stock Exchange since 1962 and on the London Stock Exchange since 1995. MMA took over management of CGI in 1956; the firm has c C$3.0bn of assets under management for both private and institutional clients. Eckel has managed CGI's portfolio since 2009, aiming to generate a better-than-average total return from a diversified portfolio of North American equities via prudent stock selection and timely recognition of capital gains and losses. While most of the fund is invested in Canadian companies, up to 25% may be held in US-listed businesses. The manager has an unconstrained approach, within the remit that a maximum 35% of the portfolio may be held in a single sector, and he invests without reference to the sector weightings of its benchmark, meaning CGI's performance may differ meaningfully from that of the S&P/TSX Composite Index. Eckel has a medium- to long-term view, so some of the fund's holdings have been in the portfolio for many years. The company is designated as an investment corporation under the Income Tax Act (Canada). This eliminates a layer of taxation, as capital gains are only taxed at the shareholder level, allowing them to be paid as dividends to shareholders. However, to maintain this favourable tax status, CGI is unable to repurchase its shares to help manage the share price discount to NAV. A maximum 25% of its gross revenue may come from interest income and at least 85% of gross revenue must be from Canadian sources.

Investment process: Bottom-up stock selection

Eckel's stock selection process is primarily bottom up, although he does take the macroeconomic environment into account. The manager aims to generate an above-average total return for investors, seeking reasonably valued companies with favourable fundamentals and strong management teams; he also takes firms' economic, social and governance credentials into account. While most of CGI's portfolio is invested in Canadian companies, up to 25% of the fund may be held in US equities, which are primarily in niche operations or business areas that are under-represented in the Canadian market. The broad exposures at the end of April 2023 were 78% Canada, 21% US and 1% cash/equivalents.

There are currently 57 holdings in the portfolio with a bias to large- and mid-sized stocks. Some of these are higher yielding, such as the Canadian banks, helping to support CGI's own dividend payments. Eckel has a long-term focus; over the last five financial years, portfolio turnover has averaged c 5.7% pa (range of 2.1% in 2022 to 10.14% in 2020), which implies a c 17-year average holding period. However, positions are reassessed regularly to ensure they are sized correctly, and investment cases are still valid. The manager has a history of successively backing good management teams that may move companies due to mergers and acquisitions.

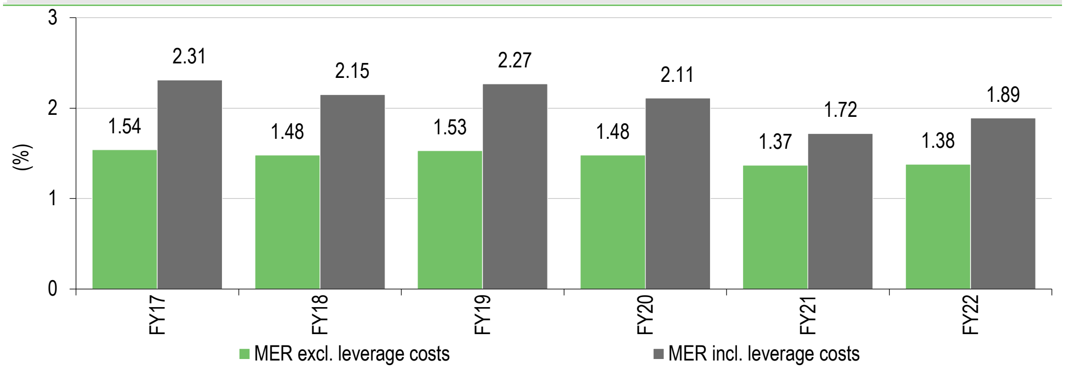
Gearing: Redeeming preference shares

CGI has employed a leveraged strategy since its first issue of preference shares in 1998. Since then, to end March 2023, its total return has averaged 6.42% per year above its cost of debt. The company has a C$100m margin borrowing facility via a prime brokerage services agreement with a Canadian chartered bank, at a one-month Canadian dollar offer interest rate plus 0.6% per year (currently, all is being used). CGI also has C$75m in 3.75% cumulative Series 4 preference shares, which are redeemable, at par, on or after 15 June 2023. At end March 2023, CGI's combined cost of debt was 4.78%. On 14 April 2023, CGI announced the redemption of its preference shares. The redemption date is 12 June 2023 at a price of C$25 per share plus all accrued and unpaid dividends ($0.2286 per share). As it is not currently attractive to issue preference shares, the company is likely to increase its margin borrowing facility when its preference shares are redeemed. The manager is happy with CGI's level of gearing, commenting that it needs to be at a reasonably high level to make a meaningful impact.

Fees and charges

MMA is paid a management fee that is calculated and paid monthly at 1.0% per year of the market value of CGI's investments, adjusted for cash, portfolio accounts receivable and portfolio accounts payable; no performance fee is payable. In FY22, the annualised management expense ratio (MER) including leverage costs was 1.89%, which was 17bp higher year-on-year. Excluding leverage costs, which make the MER more comparable with the ongoing charge figure used in the UK, in FY22 it was 1.38%, which was just 1bp higher than 1.37% in FY21.

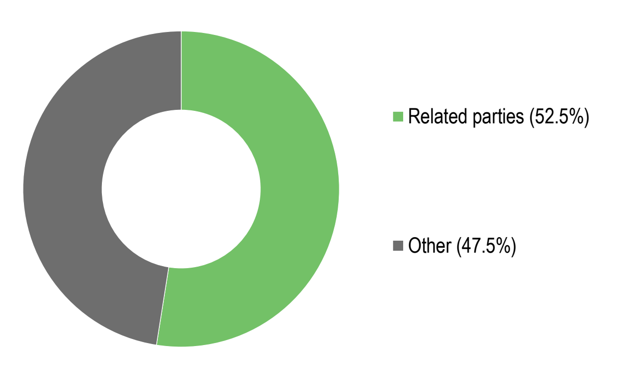
Exhibit 11: Management expense ratio since FY17



Source: CGI, Edison Investment Research. Note: Leverage costs include preference share dividends, interest and financing charges.

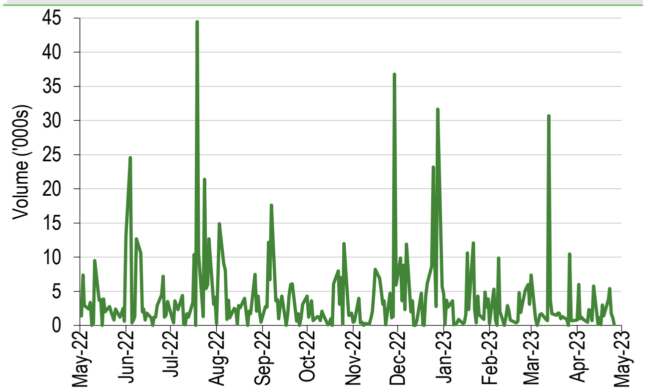
Capital structure

Exhibit 12: Major shareholders



Source: CGI. Note: At 30 April 2023.

Exhibit 13: Average daily volume



Source: Refinitiv. Note: 12 months to 10 May 2023.

CGI has 20.9m ordinary shares in issue, 52.5% of which are directly or indirectly owned by two of the company's directors, Jonathan Morgan and Vanessa Morgan. Hence, CGI has a free float of 9.9m shares (47.5% of the total) with these holders split 35:65 between Canada and international. The company has an average daily trading volume of c 4.0k shares on the Toronto Stock Exchange.

The board

Two of CGI's directors have recently stepped down from the board. Michael Smedley was the company's longest-serving director, having been appointed in 1989. He remains on MMA's board, while Neil Raymond was appointed in 2002.

Michael Walke has recently joined CGI's board as an independent director. He has a background in accountancy and is the CEO of the Canadian External Auditors Forum (CEAF), a non-profit corporation established as a collaboration of the seven largest certified public accountants in Canada. Prior to joining the CEAF, he spent his career at PwC in a series of leadership roles.

These changes mean that CGI's board now has two non-independent and four independent directors, who collectively have an average tenure of c 15 years. Vanessa Morgan is chair of CGI and president and CEO of MMA; she joined CGI's board in 1997. Jonathan Morgan, president and CEO of CGI and executive vice-president and COO of MMA, joined the board in 2001. The four independent directors and their years of appointment are James Billett (2005), Michelle Lally (2015), Marcia Lewis Brown (2020) and Michael Walke (2023). Jonathan Morgan commented that another new independent director may be appointed in due course.

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