



2015 ANNUAL REPORT

Focussed on Canada



Certain financial information contained in this report, including investment growth rates, rates of return and other such statistical information, are historical values; past performance is no assurance or indicator of future returns. Share prices, net asset values and investment returns will fluctuate. Stated historical returns assume the reinvestment of all distributions. Such financial information does not reflect any broker commissions, transaction costs or such other fees and expenses which may have been applicable nor income taxes payable by any shareholder, which would have the effect of reducing such historical returns. Stated returns for periods greater than one year are compound average annual rates of return. Further information concerning risk can be found in the Company's Annual Information Form which is available on the Company's website at www.canadiangeneralinvestments.ca or on SEDAR at www.sedar.com.

The Company is an investment fund, and as such, this annual report to shareholders carries a variety of information concerning stocks and other investments, all for informational purposes only. The reader should assume that the Company and all individuals and entities (including the Manager and members of its staff) who have contributed to this publication may have a conflict of interest. Readers should therefore not rely solely on this report in evaluating whether or not to buy or sell securities discussed herein.

Cover: *Calm Reflection, Killarney*. Oil on panel.

Paul Mantrop is a working artist and founding member of the art collective "drawnnonward". Over nineteen years ago the artists of drawnnonward began to travel throughout Canada in order to document its unique and varied regions. Today after over 100,000 kilometres have been travelled by bus, boat, canoe, train, skis and feet, drawnnonward has painted from coast to coast. From the Queen Charlotte Islands to the Yukon, from the Gaspé to Newfoundland and throughout the Canadian Arctic. Today Paul paints from a studio in his home near Collingwood, Ontario. You can learn more about Paul at www.paulmantrop.com. He is represented by the Roberts Gallery in Toronto (www.robertsgallery.net).



Jonathan A. Morgan (President & CEO), D. Greg Eckel (Portfolio Manager), Vanessa L. Morgan (Chairman), and Michael A. Smedley (Executive Vice-President & Chief Investment Officer of the Manager)

Dear Fellow Shareholders,

We are pleased to present the 2015 annual report for Canadian General Investments, Limited (CGI or the Company). In this report, you will find information on the performance of CGI for 2015. The management report of fund performance contains a management discussion of fund performance, a financial highlights section incorporating per share information as well as various financial ratios, historical returns and a summary of investment portfolio which includes the top 25 holdings as at the end of the year. The full investment portfolio as at December 31, 2015 is provided as part of CGI's audited financial statements, which are also included as part of this report.

For the 12 months ended December 31, 2015, CGI's common shares recorded a net asset value per share (NAV) total return of -7.2% and a market value total return of -2.7% (share price change plus dividends). By comparison, the total return of its benchmark, the S&P/TSX Composite Index, was -8.3% during the same period.

During 2015, CGI paid two regular quarterly taxable dividends that aggregated to \$0.28 per common share, two quarterly capital gains dividends that aggregated to \$0.28, as well as a year-end special capital gains dividend of \$0.20 per share, for an annual total of \$0.76. Based on the year-end market price of the common shares, aggregate dividends paid represented a 4.1% yield to shareholders.

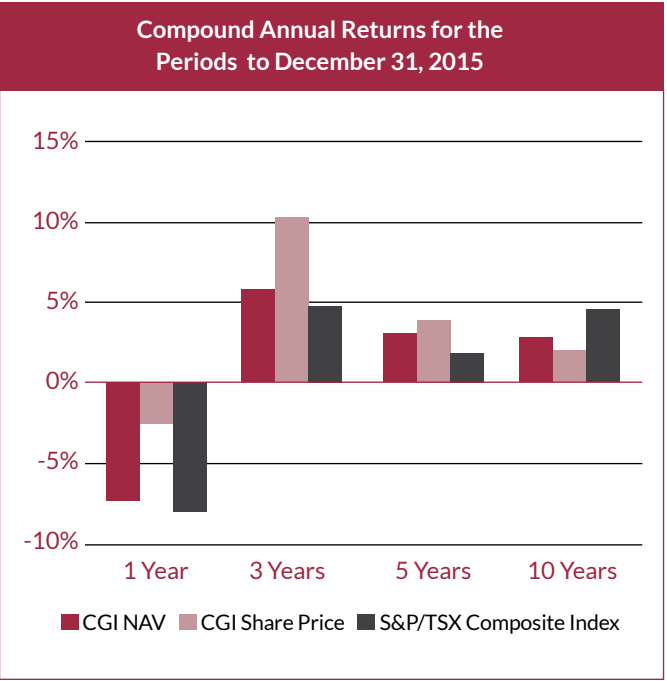
CGI has been managed by Morgan Meighen & Associates Limited (the Manager) since 1956. D. Greg Eckel, Senior Vice-President of the Manager, is the portfolio manager responsible for the management of CGI's investment portfolio.

Further information about CGI, including the most recent NAV and market price, current performance, the portfolio's weekly top 10 holdings, historical dividend payments, as well as various financial and regulatory reports, can be found at www.canadiangeneralinvestments.ca.

We appreciate your investment in CGI.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO



CANADIAN GENERAL INVESTMENTS, LIMITED (CGI)

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

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

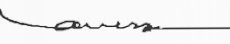
The graph below is presented to illustrate the benefit of a long-term investment in CGI's common shares. A \$10,000 investment in CGI would have grown to nearly \$140,000 over the 25-year period ended December 31, 2015. This equates to a compound annual average growth rate of 11.1%. By comparison, a \$10,000 investment in the benchmark S&P/TSX Composite Index would have grown to nearly \$73,000 or a compound average annual growth rate of 8.3%.

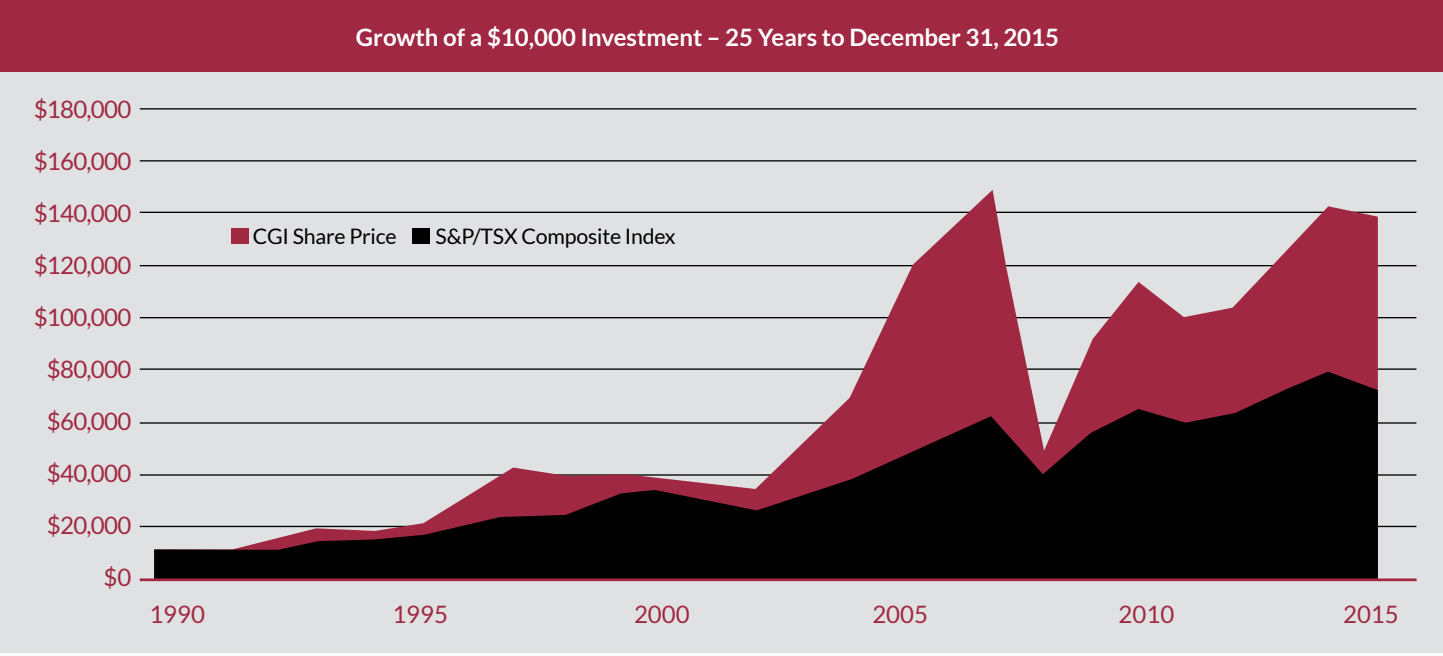
RESPONSIBILITY STATEMENT

In accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority, the Board of Directors confirms that to the best of its knowledge:

- i. the financial statements have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- ii. the management report of fund performance includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

The financial statements and management report of fund performance were approved by the Board of Directors on February 10, 2016.


Vanessa L. Morgan
Chairman



For the 50 years ended December 31, 2015, a \$10,000 investment would have grown to nearly \$1.6 million, representing a compound average annual return of 10.7%. The values for the benchmark for the same period were \$706,000 and 8.9%, respectively.

Management Report of Fund Performance

This annual management report of fund performance contains financial highlights and should be read in conjunction with the complete audited annual financial statements of the Company that follow this report. Securityholders may request a copy of the Company's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, at no cost, by calling 416-366-2931 (Toll-free: 1-866-443-6097), by writing to the Company at 10 Toronto Street, Toronto, Ontario M5C 2B7 or by visiting the Company's website at www.canadiangeneralinvestments.ca. The interim report is also available on SEDAR at www.sedar.com.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVE AND STRATEGIES

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

The Manager, Morgan Meighen & Associates Limited (MMA), utilizes a bottom-up investment strategy in an effort to achieve CGI's objective. With this type of investment strategy, the Manager first seeks individual companies with attractive investment potential, then proceeds to consider the larger industry, economic and global trends affecting those companies. This investment style allows for sector weightings that can differ from those of the benchmark, the S&P/TSX Composite Index (S&P/TSX).

RISK

The risks associated with an investment in the Company are as disclosed in the Company's Annual Information Form which is available on the Company's website at www.canadiangeneralinvestments.ca or on SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

Performance

Canadian investors had a difficult year in 2015. Disappointments were experienced in all asset classes including stocks, bonds and the Canadian currency and there were few places to hide. The Canadian economy posted negative GDP growth in the first two quarters and only recovered slightly with a marginal uptick in the second half of the year. Perhaps Bank of Canada Governor Stephen Poloz summed up the environment best by calling it "another year in the serial-disappointment series".

The moderation of growth expectations was not exclusively Canadian. Global prospects were also tempered and investor enthusiasm for equities worldwide waned. By year-end, the scatterplot of returns for major developed market indices hugged the flat line in a range of mid single-digit losses to high single-digit gains. Unfortunately, Canada was affected to a greater extent than most of its peers by the state of commodities including the increasingly dramatic decline in the price of oil. The S&P/TSX suffered a negative 8.3% return and ended up at the bottom of the range of countries. By comparison, CGI recorded a net asset value per share (NAV) return, including reinvestment of dividends, of -7.2% for the year. CGI's net asset value at December 31, 2015 was \$508,528,000, representing a 9.9% decrease from \$564,382,000 at the end of 2014. CGI's NAV at December 31, 2015 was \$24.38, down from \$27.05 at year end 2014.

Throughout 2015, CGI's common shares traded at a discount to NAV ranging from 21.6% to 32.0%, ending the year at 23.1%. As a result of the general narrowing of the discount from 25.9% at December 31, 2014, the share price return for the year was -2.7%.

Resources weighed heavily on overall results in the Canadian market. The Energy and Materials sectors still account for over 28% of the S&P/TSX and had the two worst returns in the index with -26% and -23%, respectively. The Materials stocks have been adjusting to slowing demand for all commodities, a long-term process that has pressured returns in the last five years. But the sector's decline reaccelerated in 2015 as the industry was faced with a further drop-off in Chinese demand. Not only has China been the marginal growth driver, it also represents approximately 45% of total consumption for 16 of the key commodities.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at December 31, 2015, compared with year end 2014, and with the S&P/TSX. The weightings for CGI represent the market value of each sector as a percentage of the total investment portfolio. At December 31, 2015 the portfolio was overweight Consumer Discretionary, Industrials and Materials, and underweight Financials and Energy, as compared to the sector weightings in the S&P/TSX.

SECTOR	CGI		S&P/TSX	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Financials	22.5%	23.5%	38.3%	35.7%
Consumer Discretionary	19.6%	16.7%	6.9%	6.4%
Industrials	14.2%	16.4%	8.3%	8.7%
Materials	13.4%	11.1%	9.5%	10.6%
Energy	12.4%	16.7%	18.9%	22.0%

CGI's overweight position in Materials was influenced by a larger presence in forest product stocks than the benchmark. This has been the case for the last few years and the sub-group had been outperforming until this year when West Fraser Timber Co. Ltd. (-21%) and Canfor Corporation (-35%) finally succumbed to general selling pressure. The Norbord Inc. (4%) position held up extremely well, but one stock performance was of minimal help. Gold has a 40% plus presence in the Materials index. CGI is underweight here but its lone current holding, Franco-Nevada Corporation (FNV), is substantial and ranks in the top ten. The Company participated in FNV's IPO in 2007 and the stock has been strong, not only outperforming the average of its peers in the group but also posting excess returns relative to the general equity market. In 2015 FNV had a 2% return compared to the Gold sub-index of the S&P/TSX at -14%.

Surprisingly perhaps, one of CGI's best performers was in the Materials group. CCL Industries Inc. (CCL), a global container and label manufacturer, may not be thought of as a typical constituent but its inclusion presented an upgrading opportunity and is a major reason for CGI's sector overweighting. The CCL holding was established early in the year and it was one of CGI's best performers in 2015 with a 64% gain. It rapidly ascended to the second largest position in the portfolio and helped to offset some of the deterioration in value otherwise experienced in Materials.

Much of the Energy group's demise was more about supply not demand. The revolutionary U.S. shale play has added considerable production on the global scene and has helped tip supply/demand into surplus mode, while major producers like Saudi Arabia have maintained or increased production. As a result, there was a 30.5% decline in the WTI oil price during 2015.

CGI has been cautious on the Energy group for some time and has carried an underweight position since 2011. Although this choice was effective, the Company could not avoid sustaining losses despite low exposure to the group. Even long-established defensive names were broadsided. Two of the largest holdings, Enbridge Inc. and TransCanada Corp., were down 20% and 17%, respectively. Only five energy stocks in the S&P/TSX had positive returns for the year. Raging River Exploration Inc. was one of the few with an outstanding return of 14% and happened to be the largest of CGI's six remaining non-pipeline Energy holdings.

Returns in any area of the Canadian equity market were elusive. Only two of the S&P/TSX's ten sectors had positive price returns in 2015 and individual returns across the portfolio provided a mixed-to-negatively biased result. On the positive side, the Company's largest holding, Dollarama Inc., had another great year finishing in the top 20 of the S&P/TSX with a return in excess of 39%. In the years since its IPO, the market value of the Dollarama position has grown substantially for the Company. At its peak share price near the end of the year, the holding's value had increased about nine-fold from its cost. For the first time since purchase, substantial gains in the position were taken. It still remains CGI's largest holding by market value at year-end in spite of an almost 40% reduction in the number of shares held. On the negative side, a couple of top performers came under pressure. Air Canada (-14%) and Canadian Pacific Railway Limited (-20%) backtracked partly as their growth prospects waned along with the economy. These are large holdings and impacted the Company's overall returns for the year.

The leverage employed by CGI, in the form of the Company's two outstanding series of preference shares, totalling \$150 million (par value), served to increase the effect of the overall negative portfolio returns, negatively impacting CGI's NAV return.

Dividend and interest income was \$12,374,000 for the year, down 8.5% from 2014 primarily as a result of a decreased focus on dividend-paying portfolio holdings. Management fees and dividends on preference shares are the largest expenses of the Company. Management fees decreased by 3.0% to \$7,822,000 as a result of lower average monthly portfolio values compared to 2014. The dividends on its preference shares were unchanged.

Dividends

CGI’s dividend policy is determined by the Board of Directors. The Company is able to pay both regular taxable dividends and capital gains dividends. In 2015 the Company paid regular quarterly taxable dividends of \$0.14 per common share on March 15, June 15, and capital gains dividends of \$0.14 per common share on September 15 and December 15. For tax purposes, CGI designated all taxable dividends paid to common and preference shareholders in 2015 as “eligible dividends”. On December 27, 2015, CGI also paid a year-end special capital gains dividend of \$0.20 per common share, bringing total dividends to \$0.76 for the year, equal to the prior year. Based on year-end prices for the common shares, the dividend yield was 4.1% for 2015 compared to 3.7% for 2014.

Taxation

As a corporate entity, CGI is subject to tax on its taxable income – primarily realized gains on the sale of investments – at an effective rate of approximately 20%. As a result of its investment corporation status under Canadian tax law, CGI can recover taxes paid or payable on its realized taxable capital gains through the payment of capital gains dividends to shareholders. To the extent that taxes paid or payable on taxable income and capital gains in a year are greater than taxes recovered on the payment of capital gains dividends, there will be a negative impact on net assets of the fund. For the year ended December 31, 2015, there was a net payable related to tax of \$865,000, compared to a net payable of \$83,000 in the prior year. Taxes paid or payable on realized taxable capital gains may be recovered through the payment of capital gains dividends in future years. As at December 31, 2015, the Company had refundable capital gains tax on hand of approximately \$1,662,000 (2014 - \$682,000), which is refundable on payment of capital gains dividends of approximately \$14.1 million (2014 - \$8.4 million). The Company also has refundable dividend tax on hand of approximately \$1,813,000 as at December 31, 2015 (2014 – \$1,937,000).

RECENT DEVELOPMENTS

Outlook

World economic growth has been characterized as “frustratingly fragile”. China has shifted its focus from export-dependent to domestic consumption-driven and its torrid growth pace of the last decade has receded. European economies appear to have finally made a slightly progressive re-awakening. The United States continues to advance at one its slowest paces coming out of a recession and seems unlikely to experience an acceleration soon. And Canada still has to work its way out of its shallow recession in the first half of 2015.

Markets might price in further declines, but basic fundamentals remain positive on balance and, if the leading indicators are correct, conditions are favourable for investors in the medium to long term. Investors should be vigilant in their approach to 2016, but gain some comfort from the fact rising oil prices and the Canadian dollar, historically correlated, should mark the occurrence of a major opportunity in the Canadian market.

RELATED PARTY TRANSACTIONS

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

Third Canadian General Investment Trust Limited (Third Canadian), a private, Ontario-based corporation under common control with the Company, has an approximate 37% (December 31, 2014 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, during the year ended December 31, 2015, Third Canadian received dividends from net investment income of \$2,136,000 (2014 - \$1,831,000) and dividends from net realized gain on investments of \$3,662,000 (2014 - \$3,968,000).

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Company and are intended to help you understand the Company’s financial performance for the past five years.

The Company’s Net Assets per Share ⁽¹⁾

	2015	2014	2013	2012	2011
Net assets – beginning of year	\$27.05	\$25.65	\$21.87	\$20.37	\$23.97
Increase (decrease) from operations					
Total revenue	0.61	0.65	0.71	0.68	0.59
Total expenses (excluding common share dividends)	(0.71)	(0.74)	(0.71)	(0.67)	(0.68)
Realized gains for the year	1.49	1.20	1.48	0.77	0.74
Unrealized gains (losses) for the year	(3.26)	1.05	3.13	1.38	(3.55)
Refundable income tax expense	(0.04)	-	(0.07)	-	-
Total increase (decrease) from operations ⁽²⁾	(1.91)	2.16	4.54	2.16	(2.90)
Dividends paid to common shareholders					
Taxable dividends	(0.28)	(0.24)	(0.26)	(0.24)	(0.24)
Capital gains dividends	(0.48)	(0.52)	(0.50)	(0.52)	(0.56)
Total dividends ⁽³⁾	(0.76)	(0.76)	(0.76)	(0.76)	(0.80)
Income taxes recoverable on dividends from net realized gain on investments	-	-	-	0.10	0.11
Net increase in refundable dividend tax on hand	-	-	-	(0.03)	–
Increase in refundable income taxes on net realized gain on investments	-	-	-	(0.04)	(0.01)
	-	-	-	0.03	0.10
Net assets – end of year ⁽⁴⁾	\$24.38	\$27.05	\$25.65	\$21.80	\$20.37

(1) This information is derived from the Company’s audited annual financial statements. For financial years beginning before January 1, 2013, the financial statements of the Company were prepared in accordance with Canadian generally accepted accounting principles applicable to public enterprises (Previous Canadian GAAP), whereas for financial periods beginning January 1, 2013, the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). As related to the Company, the primary difference between IFRS and Previous Canadian GAAP relates to valuation differences between the two sets of accounting principles for investments that trade in an active market. Previous Canadian GAAP generally required the use of bid price to establish fair value, while IFRS requires fair value to be a price within the bid-ask spread.

(2) Net assets and dividends are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Dividends were paid in cash.

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

Ratios and Supplemental Data

	2015	2014	2013	2012	2011
Total net asset value (000's) ⁽¹⁾	\$508,528	\$564,382	\$535,055	\$456,149	\$426,413
Number of shares outstanding ⁽¹⁾	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141
Management expense ratio ^{(2) (3)}	2.63%	2.63%	2.95%	3.08%	3.02%
Trading expense ratio ⁽⁴⁾	0.08%	0.07%	0.12%	0.08%	0.12%
Portfolio turnover rate ⁽⁵⁾	16.37%	13.11%	23.80%	13.06%	22.32%
Net asset value per share ⁽¹⁾	\$24.38	\$27.05	\$25.65	\$21.87	\$20.44
Closing market price ⁽¹⁾	\$18.75	\$20.05	\$18.40	\$15.75	\$16.00

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

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

(3) Excluding leverage costs (dividends on preference shares and interest and financing charges), the Company's MERs were as follows: 2015 - 1.57%, 2014 - 1.58%, 2013 - 1.66%, 2012 - 1.66%, 2011 - 1.63%.

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

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

Management Fees

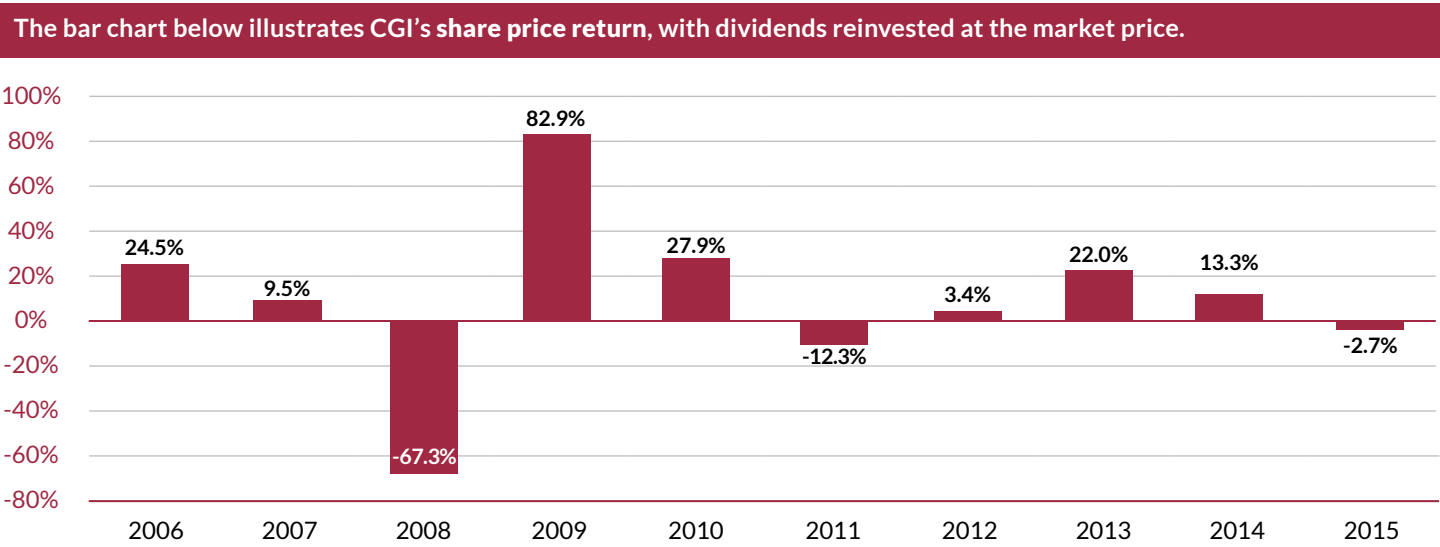
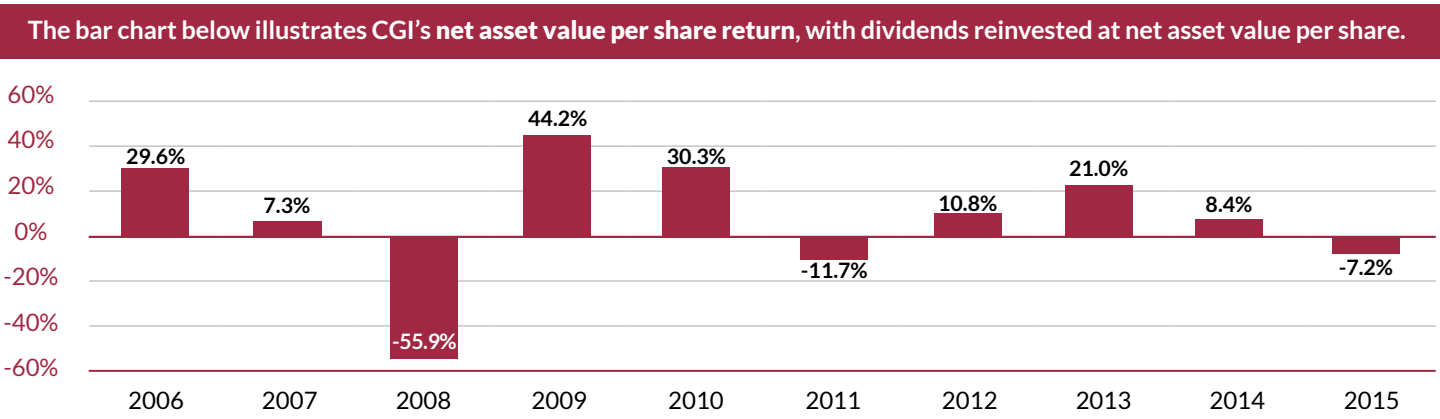
The Company pays a management fee that is calculated and paid monthly at 1% per annum of the market value of CGI's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. The Company's management fees were used by MMA to pay costs for managing the portfolio and making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

PAST PERFORMANCE

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

YEAR-BY-YEAR RETURNS

The following bar charts show the Company's performance for each of the years shown, and illustrate how the Company's performance has changed from year to year. The bar charts show, in percentage terms, how much an investment made on the first day of each year would have grown or decreased by the last day of each year.



ANNUAL COMPOUND RETURNS

The following table shows the Company's historical annual compound total returns for the periods indicated, compared with the S&P/TSX. The Index return is also calculated on a total return basis, assuming that all distributions are reinvested.

	1 Year	3 Years	5 Years	10 Years
Canadian General Investments, Limited – NAV	-7.2%	6.8%	3.6%	3.2%
Canadian General Investments, Limited – Share Price	-2.7%	10.4%	4.0%	2.4%
S&P/TSX Composite Index	-8.3%	4.6%	2.3%	4.4%

The S&P/TSX Composite Index is a market capitalization-weighted index that provides a broad measure of performance of the Canadian equity market.

SUMMARY OF INVESTMENT PORTFOLIO

as at December 31, 2015

Sector Allocation			Asset Allocation		
	% of Net Asset Value*	% of Investment Portfolio		% of Net Asset Value*	% of Investment Portfolio
Financials	29.0	22.5	Canadian Equities	107.5	83.1
Consumer Discretionary	25.4	19.6	Foreign Equities	18.5	14.3
Industrials	18.3	14.2	Cash & Cash Equivalents	3.4	2.6
Materials	17.3	13.4			
Energy	16.1	12.4			
Information Technology	8.7	6.7			
Telecommunication Services	4.0	3.1			
Cash & Cash Equivalents	3.4	2.6			
Health Care	3.0	2.3			
Consumer Staples	2.9	2.2			
Utilities	1.3	1.0			

Top 25 Holdings				
Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio	
Dollarama Inc.	Consumer Discretionary	7.0	5.4	
CCL Industries Inc.	Materials	4.6	3.6	
Canadian Pacific Railway Limited	Industrials	4.5	3.5	
Bank of Montreal	Financials	4.2	3.3	
Franco-Nevada Corporation	Materials	3.9	3.0	
Element Financial Corporation	Financials	3.8	3.0	
Open Text Corporation	Information Technology	3.7	2.8	
Enbridge Inc.	Energy	3.6	2.8	
Royal Bank of Canada	Financials	3.6	2.8	
Gildan Activewear Inc.	Consumer Discretionary	3.6	2.8	
West Fraser Timber Co. Ltd.	Materials	3.5	2.7	
AutoZone, Inc.	Consumer Discretionary	3.4	2.7	
Cash	Cash & Cash Equivalents	3.4	2.6	
Brookfield Canada Office Properties	Financials	3.2	2.4	
Magna International Inc.	Consumer Discretionary	3.0	2.3	
IMAX Corporation	Consumer Discretionary	2.9	2.2	
Alimentation Couche-Tard Inc.	Consumer Staples	2.9	2.2	
Air Canada	Industrials	2.8	2.2	
Mastercard Incorporated	Financials	2.8	2.2	
Toronto-Dominion Bank	Financials	2.8	2.1	
Raging River Exploration Inc.	Energy	2.8	2.1	
Stantec Inc.	Industrials	2.4	1.9	
Rogers Communications Inc.	Telecommunication Services	2.3	1.8	
Apple Inc.	Information Technology	2.2	1.7	
The Descartes Systems Group Inc.	Information Technology	2.2	1.7	
		85.1*	65.8	
Total Net Asset Value* (\$000's)			\$508,528	
Total Investment Portfolio* (\$000's)			\$657,857	

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage in the form of preference shares (\$149 million), other assets and other liabilities.

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

MANAGEMENT REPORT

THE ACCOMPANYING FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT AND APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY. MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION AND REPRESENTATIONS CONTAINED IN THESE FINANCIAL STATEMENTS.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements. The significant accounting policies, which Management believes are appropriate for the Company, are described in note 3 to the financial statements.

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

PricewaterhouseCoopers LLP, the Company's external Auditor, who is appointed by the shareholders, audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on page 12.

Vanessa L. Morgan
Chairman

February 10, 2016

Jonathan A. Morgan
President & CEO

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of
Canadian General Investments, Limited
(the Company)

We have audited the accompanying financial statements of the Company, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of comprehensive income, changes in net assets and cash flows for years ended December 31, 2015 and December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants,
Licensed Public Accountants
Toronto, Ontario

February 10, 2016

Statements of Financial Position

As at December 31, 2015 and December 31, 2014
(in thousands of Canadian dollars, except per share amounts)

	Note	December 31, 2015	December 31, 2014
Assets			
Current assets			
Investments	5	640,619	701,815
Cash		17,238	11,133
Interest and dividends receivable		922	834
HST receivable		156	139
Total assets		658,935	713,921
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		688	760
Accrued dividends on preference shares		252	252
Income taxes payable		936	160
Preference shares – current portion	7	75,000	-
Total current liabilities		76,876	1,172
Preference shares	7	73,531	148,367
Total liabilities		150,407	149,539
Net assets		508,528	564,382
Equity			
Share capital	6	128,568	128,568
Retained earnings		379,960	435,814
Total equity		508,528	564,382
Net assets per common share		24.38	27.05

The notes on pages 19-29 are an integral part of the financial statements.

Approved by the Board of Directors



Director



Director

Statements of Comprehensive Income

For the years ended December 31
(in thousands of Canadian dollars, except per share amounts)

	Note	2015	2014
Income			
Net gains (losses) on investments			
Dividend income		12,055	12,913
Interest for distribution purposes		319	609
Net realized gain on sale of investments		31,451	25,102
Net change in unrealized gain on investments		(68,100)	21,980
Net gains (losses) on investments		(24,275)	60,604
Securities lending revenue	12	379	88
Total net income (loss)		(23,896)	60,692
Expenses			
Management fees	11	7,822	8,062
Dividends on preference shares		5,738	5,738
Transaction costs on purchases and sales		424	397
Listing and regulatory costs		242	230
Directors' fees and expenses	11	220	230
Investor relations		194	151
Interest and financing charges	7	165	183
Withholding taxes	9	120	134
Custodial fees		81	83
Audit fees		61	50
Security holder reporting costs	11	45	57
Independent review committee fees and expenses	11	38	26
Legal fees		31	23
Other		56	63
Total operating expenses		15,237	15,427
Investment income (loss) before income taxes		(39,133)	45,265
Refundable income tax expense	8	865	83
Increase (decrease) in net assets from operations		(39,998)	45,182
Increase (decrease) in net assets from operations, per common share		(1.92)	2.17

The notes on pages 19-29 are an integral part of the financial statements.

Statements of Changes in Net Assets

For the years ended December 31
(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total
At December 31, 2013			
Increase in net assets from operations	-	45,182	45,182
Dividends paid to common shareholders from net investment income	-	(5,007)	(5,007)
Dividends paid to common shareholders from net realized gain on investments	-	(10,848)	(10,848)
At December 31, 2014	128,568	435,814	564,382
Decrease in net assets from operations	-	(39,998)	(39,998)
Dividends paid to common shareholders from net investment income	-	(5,842)	(5,842)
Dividends paid to common shareholders from net realized gain on investments		(10,014)	(10,014)
At December 31, 2015	128,568	379,960	508,528

The notes on pages 19-29 are an integral part of the financial statements.

Statements of Cash Flows

For the years ended December 31
(in thousands of Canadian dollars)

	Note	2015	2014
Cash flows from operating activities			
Increase (decrease) in net assets from operations		(39,998)	45,182
Adjustments for:			
Amortization of financing charge	7	164	157
Net realized gain on sale of investments		(31,451)	(25,102)
Net change in unrealized gain on investments		68,100	(21,980)
Purchases of investments		(115,631)	(94,195)
Proceeds of disposition of investments		140,178	114,990
Dividends paid to preference shareholders		5,738	5,738
Interest and dividends receivable		(88)	384
HST receivable		(17)	6
Income taxes payable (recoverable)	8	776	(1,328)
Accounts payable and accrued liabilities		(72)	16
Net cash flows from operating activities		27,699	23,868
Cash flows from financing activities			
Dividends paid to common shareholders		(15,856)	(15,855)
Dividends paid to preference shareholders		(5,738)	(5,738)
Net cash flows (used in) financing activities		(21,594)	(21,593)
Net increase in cash		6,105	2,275
Cash at the beginning of the year		11,133	8,858
Cash at the end of the year		17,238	11,133
Items classified as operating activities			
Interest received		351	609
Dividends received, net of withholding taxes		11,887	13,159
Preference share dividends and interest paid	7	5,739	5,763
Income taxes paid – net	8	90	1,410

The notes on pages 19-29 are an integral part of the financial statements.

Schedule of Investment Portfolio

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Consumer Discretionary (19.6%)			
270,000	Auto Components Magna International Inc.	9,765	15,152
200,000	Leisure Products BRP Inc.	1,508	2,668
300,000	Media IMAX Corporation	3,397	14,756
253,344	Postmedia Network Canada Corp., C	1,766	61
445,000	Multiline Retail Dollarama Inc.	4,584	35,573
9,000	Retailing Amazon.com, Inc.	8,079	8,422
60,000	Home Depot, Inc.	10,085	10,982
17,000	Specialty Retail AutoZone, Inc.	10,335	17,456
50,000	Tractor Supply Company	6,176	5,917
460,000	Textiles, Apparel & Luxury Goods Gildan Activewear Inc.	9,417	18,096
	Total Consumer Discretionary	65,112	129,083
Consumer Staples (2.2%)			
240,000	Food & Staples Retailing Alimentation Couche-Tard Inc., B SV	5,051	14,618
	Total Consumer Staples	5,051	14,618
Energy (12.4%)			
400,000	Oil, Gas & Consumable Fuels Enbridge Inc.	4,116	18,400
140,000	Marathon Petroleum Corporation	6,217	10,045
310,500	Peyto Exploration & Development Corp.	9,259	7,722
1,675,000	Raging River Exploration Inc.	7,902	14,020
1,410,000	Storm Resources Ltd.	7,768	5,034
140,000	Suncor Energy Inc.	5,382	5,001
125,000	Tourmaline Oil Corp.	4,005	2,794
226,000	TransCanada Corporation	6,260	10,213
938,661	Whitecap Resources Inc.	9,449	8,514
	Total Energy	60,358	81,743

The notes on pages 19-29 are an integral part of the financial statements.

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Financials (22.5%)			
76,900	Capital Markets Economic Investment Trust Limited	3,851	7,614
275,000	Banks Bank of Montreal	10,640	21,472
245,000	Royal Bank of Canada	10,191	18,167
260,000	Toronto-Dominion Bank	5,599	14,102
105,000	Consumer Finance Mastercard Incorporated, A	7,360	14,148
1,172,000	Diversified Financial Services Element Financial Corporation	5,438	19,572
800,000	Tricon Capital Group Inc.	9,373	7,248
7,200	Insurance E-L Financial Corporation Limited	2,640	5,256
375,000	Manulife Financial Corporation	6,510	7,778
616,900	Real Estate Investment Trusts Brookfield Canada Office Properties	3,230	16,076
254,500	Thrifts & Mortgage Finance Genworth MI Canada Inc.	5,141	6,770
350,000	Home Capital Group Inc.	8,687	9,422
	Total Financials	78,660	147,625
Health Care (2.3%)			
45,000	Health Care Providers & Services AmerisourceBergen Corporation	6,444	6,459
850,000	Nobilis Health Corp.	7,107	3,324
225,000	Nobilis Health Corp., wts 05/13/2017	572	41
40,000	Pharmaceuticals Valeant Pharmaceuticals International, Inc.	6,409	5,622
	Total Health Care	20,532	15,446

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Industrials (14.2%)			
Airlines			
1,400,000	Air Canada	7,211	14,294
110,000	Spirit Airlines, Inc.	9,891	6,067
Construction & Engineering			
235,000	WSP Global Inc.	10,389	9,990
Electrical Equipment			
300,000	Lumenpulse Inc.	5,633	5,589
Marine			
372,000	Algoma Central Corporation	2,863	5,208
Professional Services			
360,000	Stantec Inc.	7,984	12,355
Road & Rail			
130,000	Canadian Pacific Railway Limited	7,181	22,975
450,000	TransForce Inc.	6,466	10,624
Trading Companies & Distributors			
375,000	Russel Metals Inc.	3,243	6,026
<i>Total Industrials</i>		60,861	93,128
Information Technology (6.7%)			
IT Services			
100,000	DH Corporation	4,094	3,162
Software			
280,000	Open Text Corporation	8,343	18,575
Software & Services			
400,000	The Descartes Systems Group Inc.	10,317	11,136
Technology Hardware, Storage & Peripherals			
78,000	Apple Inc.	2,956	11,363
<i>Total Information Technology</i>		25,710	44,236
Materials (13.4%)			
Chemicals			
225,000	Methanex Corporation	4,869	10,282
Containers and Packaging			
105,000	CCL Industries Inc., B NV	14,500	23,559
Metals & Mining			
110,000	East Asia Minerals Corporation, wts 12/15/2016, unlisted	15	-
315,000	Franco-Nevada Corporation	14,401	19,939

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value
Materials (13.4%) continued			
Paper & Forest Products			
300,000	Canfor Corporation	7,271	6,057
390,000	Norbord Inc.	9,618	10,510
335,000	West Fraser Timber Co. Ltd.	16,744	17,598
<i>Total Materials</i>		67,418	87,945
Telecommunication Services (3.1%)			
Diversified Telecommunication Services			
220,000	TELUS Corporation	6,057	8,417
Wireless Telecommunication Services			
250,000	Rogers Communications Inc., B NV	3,505	11,930
<i>Total Telecommunication Services</i>		9,562	20,347
Utilities (1.0%)			
Electric Utilities			
17,000	Hydro One Limited	349	379
Multi-Utilities			
190,000	Canadian Utilities Limited, A NV	2,140	6,069
<i>Total Utilities</i>		2,489	6,448
Transaction costs		(594)	-
Total investments (97.4%)		395,159	640,619
Cash (2.6%)			17,238
Investment Portfolio (100.0%)			657,857

NV: non-voting

SV: subordinate voting

The notes on pages 19-29 are an integral part of the financial statements.

1 GENERAL INFORMATION

Canadian General Investments, Limited (CGI or the Company) is domiciled in Canada and incorporated under the laws of Ontario, Canada. The address of its registered office is 10 Toronto Street, Toronto, Ontario, Canada, M5C 2B7.

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

The Company's investment and administration activities are managed by Morgan Meighen & Associates Limited (the Manager).

The Company's common and preference shares are publicly listed and trade on the Toronto Stock Exchange (symbols CGI, CGI.PR.C, CGI.PR.D). The common shares also trade on the London Stock Exchange (symbol CGI).

These financial statements were authorized for issue by the Board of Directors on February 10, 2016.

2 BASIS OF PRESENTATION

The Company's financial statements for the year ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE PRINCIPAL ACCOUNTING POLICIES APPLIED IN THE PREPARATION OF THESE FINANCIAL STATEMENTS ARE SET OUT BELOW. THESE POLICIES HAVE BEEN CONSISTENTLY APPLIED TO ALL THE PERIODS PRESENTED.

3.1 Financial assets and financial liabilities

Classification

The Company recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Investment transactions are recorded on the trade date. The Company's investments are designated as fair value through profit or loss (FVTPL). All other financial assets and liabilities are classified as loans and receivables or financial liabilities as applicable and are measured at amortized cost and reflect the amount to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Publicly listed securities are valued at the last traded market price on the reporting date, where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Company's policy is to recognize transfers into and out of the fair value hierarchy as of the date of the event or change in circumstances giving rise to the transfer.

Unlisted securities that trade on an over-the-counter market and other securities, in special circumstances where a market quotation is not readily available or is considered inappropriate (such as a stale price), are valued using available sources of information and commonly used valuation techniques, using primarily observable inputs. The Company considers observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

3.2 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at period-end exchange rates. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions. The Canadian dollar is the Company's functional and presentation currency.

3.3 Investment income

Dividend income is recorded on the ex-dividend date. Interest for distribution purposes is recognized on an accrual basis and represents interest income earned from a real estate income trust (REIT) held by the Company. Securities lending revenue is recognized as earned.

3.4 Securities lending

Securities lent are not derecognized in the Company's statement of financial position as the Company retains substantially all the risks and rewards of ownership.

3.5 Cash

Cash is comprised of demand deposits with reputable financial institutions.

3.6 Preference shares

The Company classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Company has two series of its Class A preference shares in issue: Series 3 and Series 4. Both have priority over the common shares with respect to the payment of dividends and the return of capital and the distribution of assets in the event of liquidation. The preference shares provide investors with the right to require redemption for cash at values and dates set out in the table in note 7 and also in the event of the Company's liquidation.

The preference shares are classified as financial liabilities and are stated at amortized cost using the effective interest method.

3.7 Increase (decrease) in net assets, per common share

The increase (decrease) in net assets from operations, per common share is calculated by dividing increase (decrease) in net assets from operations by the weighted average number of common shares outstanding during the period.

3.8 Taxation

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

Income taxes are paid by the Company on net capital gains realized at the rate of approximately 20%. These income taxes are recoverable by the Company as long as it continues to qualify as an investment corporation and pays out sufficient dividends related to these realized gains. Refundable income taxes paid or recovered are recorded as an expense or recovery in the period in which such tax becomes payable or receivable.

In addition, temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to deferred income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the Company's investment portfolio and its adjusted cost base (ACB) for income tax purposes. To the extent that the fair value of the Company's portfolio exceeds its ACB, a deferred tax liability arises which is fully offset by the future refundable taxes available to the Company as an investment corporation. Conversely, when the ACB exceeds the fair values of the portfolio, a deferred tax asset is generated. A deferred tax asset is also generated to the extent that the Company has available and unutilized capital and non-capital tax losses. However, these net deferred tax assets have not been recorded in the statements of financial position since, with the exception of refundable income taxes described above, the Company does not record income taxes.

3.9 Future accounting changes

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined if it will adopt the new standard early.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the

period in which the estimates are revised and in any future periods affected.

Designation of investments at FVTPL is the most significant judgement used by management in the preparation of these financial statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

In the normal course of operations, the Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). In general, the Manager seeks to minimize the potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio managers, by ongoing monitoring of the Company's positions and market events, and by diversifying the investment portfolio within the policies and guidelines set by the Board of Directors of the Company, in a manner consistent with the investment objective. Pursuant to the Manager's bottom-up selection mandate, security selection is the primary criteria for managing risk. In order to mitigate risk, depending on conditions, the Manager considers other criteria such as asset class, industry, country and currency.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main exposure to credit risk may consist of investments in debt instruments, including short-term securities, bonds, preferred shares, amounts due from brokers as well as securities on loan as part of the Company's securities lending program. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of other assets represents the maximum credit risk exposure as at December 31, 2015 and December 31, 2014, as these have a short term to settlement. As at December 31, 2015 and December 31, 2014, the Company had no investments in debt instruments.

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

Credit risk with respect to the Company's securities lending program is considered minimal given the nature of the collateral, as well as the indemnification provided by the agent administering the program (note 12).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

As the Company is a publicly traded, closed-end investment fund with a fixed number of common shares outstanding, unlike an open-ended mutual fund, it is not exposed to the liquidity risk associated with daily cash redemptions of securities. However, as part of a leverage strategy, the Company currently has two series

of Class A preference shares outstanding: Series 3 for \$75 million with a redemption date of June 15, 2016 and Series 4 for \$75 million with a redemption date of June 15, 2023. Included in the Series 3 and Series 4 preference share provisions is a restriction which precludes payment of a common share dividend unless, after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times. At December 31, 2015, the ratio was 4.39 times (2014 - 4.76 times).

Liquidity risk is managed by investing the majority of the Company's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions to maintain liquidity. Restricted and unlisted securities, if any, are identified in the schedule of investment portfolio. There are no restricted securities as at December 31, 2015 or December 31, 2014. Leverage decisions, whether in the form of bank borrowings or bond or preference share issues from treasury, are at the discretion of the Company's Board of Directors.

All financial liabilities of the Company, except for the Class A preference shares, Series 4, as at December 31, 2015 and Series 3 and Series 4 as at December 31, 2014, fall due within twelve months.

Market risk

The Company's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets would have been affected by a possible change in the relevant risk at each reporting date. In practice, the actual results may differ and the differences could be material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Although the Company may invest in interest-bearing financial instruments, the substantial majority of the Company's financial assets and financial liabilities, except for the Class A preference shares, are non-interest-bearing or have short maturities. As a result, the Company is not subject to significant amounts of risk on its investments due to fluctuations in the prevailing levels of market interest rates.

As at December 31, 2015 and December 31, 2014, the Company had no investments in debt instruments.

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

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. Securities trading in foreign markets are exposed to currency risk, as the price in local terms in the foreign market is converted to Canadian dollars to determine fair value. The Company's policy is not to enter into any hedging arrangements.

As at December 31, 2015, the Company's investment portfolio had a 16.1% (December 31, 2014 - 11.3%) weighting in foreign currencies. As at December 31, 2015, had the Canadian dollar strengthened or weakened by 5% in relation to all currencies represented in the portfolio, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$5,281,000 or approximately 1.0% (December 31, 2014 - \$4,018,000 or approximately 0.7%).

Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to an individual investment or its issuer, or by factors affecting all similar instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager moderates this risk through careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well diversified portfolio. The maximum risk resulting from financial instruments is equivalent to their fair value. The Company's equity and debt (if any) instruments are susceptible to other price risk arising from uncertainty about future prices of the instruments.

As at December 31, 2015, a 5% increase or decrease in market prices in the investment portfolio, excluding short-term securities, with all other variables held constant, would have resulted in the Company's net assets increasing or decreasing, respectively, by approximately \$32,031,000 or approximately 6.3% (December 31, 2014 - \$35,091,000 or approximately 6.2%).

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Company's concentration risk:

	December 31, 2015	December 31, 2014
Financials	22.5%	23.5%
Consumer Discretionary	19.6%	16.7%
Industrials	14.2%	16.4%
Materials	13.4%	11.1%
Energy	12.4%	16.7%
Information Technology	6.7%	7.0%
Telecommunication Services	3.1%	3.3%
Health Care	2.3%	1.0%
Consumer Staples	2.2%	1.6%
Utilities	1.0%	1.1%
Cash	2.6%	1.6%
	100.0%	100.0%

Sensitivity analyses are provided for information purposes only. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

5 FINANCIAL RISK MANAGEMENT (Continued)

5.2 Capital risk management

The Company considers capital to be composed of its equity, as well as its outstanding preference shares. The Company's primary objective when managing its capital is to ensure that activities are carried out in accordance with the investment objective of the Company, as described in note 1. In addition, the Company monitors its adherence to the provisions of its outstanding Class A preference shares. In particular, included in the provisions is a dividend payment restriction, which provides that the Company shall not pay a dividend on its common shares unless after giving effect thereto, the ratio of assets to obligations (both as defined in the preference share provisions) exceeds 2.5 times. All common share dividend payments made in 2015 and 2014 were in compliance with this provision.

5.3 Fair value measurements

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

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

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

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

Level 2 investments include positions that are not traded in active markets and/or subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information and commonly used valuation techniques.

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

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
As at December 31, 2015				
Financial assets at FVTPL:				
Investments	640,619	-	-	640,619
As at December 31, 2014				
Financial assets at FVTPL:				
Investments	701,815	-	-	701,815

During the year ended December 31, 2015, an investment with a fair value of \$1,676,000 was transferred from Level 2 to Level 1 following the expiration of restrictions on trading for those securities. During the year ended December 31, 2014, there were no investments transferred between the levels.

The Manager is responsible for performing fair value measurements included in the financial statements of the Company, including Level 3 measurements, if any. The Manager obtains pricing from a third party pricing vendor.

6 SHARE CAPITAL

Common shares

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2015, there are 20,861,141 (December 31, 2014 - 20,861,141) common shares issued and outstanding with no par value.

Subsequent to December 31, 2015, the Company declared a quarterly dividend of \$0.16 per share payable on March 15, 2016 to common shareholders of record at the close of business on February 29, 2016.

7 PREFERENCE SHARES

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

Class A preference shares	December 31, 2015 Number of shares	December 31, 2014 Number of shares	Stated amount per share \$	Cumulative annual dividend rate %	Date of issue	December 31, 2015 Amount \$ (In thousands)	December 31, 2014 Amount \$ (In thousands)
Series 3	3,000,000	3,000,000	25.00	3.90	March 3, 2006	75,000	75,000
Series 4	3,000,000	3,000,000	25.00	3.75	May 30, 2013	75,000	75,000
						150,000	150,000
Deferred issuance costs (net of amortization of \$409,000 (December 31, 2014 - \$245,000))						1,469	1,633
						148,531	148,367

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

	\$26.00	\$25.75	\$25.50	\$25.25	\$25.00
Series 3	-	-	-	-	June 15, 2015 and thereafter ⁽¹⁾
Series 4	June 15, 2018 to June 14, 2019	June 15, 2019 to June 14, 2020	June 15, 2020 to June 14, 2021	June 15, 2021 to June 14, 2022	June 15, 2022 and thereafter ⁽²⁾

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

(2) The holders may require the Company to redeem the Series 4 shares on or after June 15, 2023 for a cash price of \$25.00 per share.

Subsequent to December 31, 2015, the Company declared a quarterly dividend of \$0.24375 per share payable on March 15, 2016 to Series 3 shareholders of record at the close of business on February 29, 2016 and a quarterly dividend of \$0.23438 per share payable on March 15, 2016 to Series 4 shareholders of record at the close of business on February 29, 2016.

8 INCOME TAXES

As at December 31, 2015, the Company has federal refundable capital gains taxes on hand of approximately \$853,000 (December 31, 2014 - \$197,000), which are refundable on payment of capital gains dividends of approximately \$6.1 million (December 31, 2014 - \$1.4 million) and Ontario refundable capital gains taxes on hand of approximately \$809,000 (December 31, 2014 - \$485,000), which are refundable on payment of capital gains dividends of approximately \$14.1 million (December 31, 2014 - \$8.4 million).

The Company is also subject to a special tax of 33-1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. The Company has refundable dividend tax on hand of approximately \$1,813,000 as at December 31, 2015 (December 31, 2014 - \$1,937,000).

The Company's refundable income tax expense during the period is determined as follows:

(in thousands of dollars)	2015	2014
Provision for income taxes on investment income (loss) before income taxes		
Provision for (recovery of) income taxes based on combined Canadian federal and provincial income tax rate of 39.5%	(15,458)	17,879
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(4,446)	(4,750)
Dividends on preference shares	2,266	2,266
Net change in unrealized gain	26,900	(8,682)
Non-taxable portion of net realized gains	(6,211)	(4,958)
Increase (decrease) in refundable dividend tax on hand	(124)	550
Differences arising from use of different cost bases for income tax and accounting purposes and other items	(84)	(76)
Income taxes recoverable on dividends from net realized gains on investments	(1,978)	(2,142)
Other	-	(4)
Refundable income tax expense	865	83

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

9 WITHHOLDING TAXES

The Company incurs withholding taxes imposed by certain countries on investment income. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are shown as a separate item in the statements of comprehensive income. During the year ended December 31, 2015, the average withholding tax rate paid by the Company was 15.0% (2014 - 15.0%).

10 FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Company's financial instruments by category. All the Company's financial liabilities were carried at amortized cost:

(in thousands of dollars)	Financial assets at FVTPL Designated at inception	Financial assets at amortized cost	Total
December 31, 2015			
Cash	-	17,238	17,238
Investments	640,619	-	640,619
Interest and dividends receivable	-	922	922
	640,619	18,160	658,779
December 31, 2014			
Cash	-	11,133	11,133
Investments	701,815	-	701,815
Interest and dividends receivable	-	834	834
	701,815	11,967	713,782

All gains and/or losses recorded on the statement of comprehensive income relate to investments designated at fair value through profit or loss.

11 RELATED PARTY INFORMATION

Third Canadian General Investment Trust Limited (Third Canadian) owns, directly and indirectly through three wholly-owned subsidiaries, 36.6% of the common shares of the Company, and is therefore considered a related party. Jonathan A. Morgan and Vanessa L. Morgan, both directors and executive officers of the Company, beneficially own directly or indirectly or exercise control or direction over an aggregate of 100% of the common shares of Third Canadian. Including the holding by Third Canadian, Mr. Morgan and Ms. Morgan together own directly or indirectly or exercise control or direction over an aggregate of 52.5% of the outstanding common shares of the Company, making them the ultimate controlling party.

Transactions with related entities

Management fees

The Company's activities are managed by the Manager pursuant to a management agreement dated January 1, 2006. Mr. Morgan and Ms. Morgan together own directly or indirectly 85%, and are both directors and executive officers, of the Manager. Management fees are paid monthly to the Manager for services received in connection with the management of the Company's financial accounts and investment portfolio, among other services. These fees are calculated monthly at 1% per annum of the fair value of the Company's investments adjusted for cash, portfolio accounts receivable and portfolio accounts payable. Values for fee calculation purposes are determined on the basis of the financial statements of the Company as at the last day of the applicable month.

During the year ended December 31, 2015 \$8,039,000 (2014 - \$8,170,000) was paid to the Manager and \$620,000 was accrued and included in accounts payables and accrued liabilities as at December 31, 2015 (December 31, 2014 - \$672,000).

Dividends

As a result of its ownership position in the Company, during the year ended December 31, 2015, Third Canadian received dividends from net investment income of \$2,136,000 (2014 - \$1,831,000) and dividends from net realized gain on investments of \$3,662,000 (2014 - \$3,968,000).

Key management personnel compensation

No compensation was paid or is payable by the Company to any executive of the Manager in his or her capacity as a Director or Officer of the Corporation.

During the year ended December 31, 2015, the independent directors of the Company received directors' fees aggregating \$205,000 (2014 - \$207,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the year ended December 31, 2015, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating \$36,000 (2014 - \$25,000).

12 SECURITIES LENDING

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

At December 31, 2015, the Company had loaned securities with a fair value of \$62,526,000 (December 31, 2014 - \$53,107,000) and the custodian held collateral of \$66,694,000 (December 31, 2014 - \$56,347,000). This collateral is not reflected in the statements of financial position and consisted of the following:

	December 31, 2015	December 31, 2014
Securities lending collateral		
Federal government debt securities	49.9%	32.9%
Provincial government debt securities	38.6%	52.0%
Equities	9.2%	15.1%
U.S. government debt securities	2.3%	0.0%
	100.0%	100.0%

The gross earnings from securities lending during the year ended December 31, 2015 was \$639,000 (2014 - \$155,000) and was offset by fees of \$268,000 (2014 - \$58,000).

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

A. Michelle Lally
Partner, Osler, Hoskin & Harcourt LLP

Jonathan A. Morgan
*Executive Vice-President,
Morgan Meighen & Associates Limited*

Vanessa L. Morgan
*President & CEO,
Morgan Meighen & Associates Limited*

R. Neil Raymond
President, Feejay Corporation Canada Ltd.

Michael A. Smedley
*Executive Vice-President & Chief Investment
Officer, Morgan Meighen & Associates Limited*

Richard O'C. Whittall
President, Watershed Capital Holdings Inc.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

A. Michelle Lally
Jonathan A. Morgan
R. Neil Raymond (Chairman)

INDEPENDENT DIRECTORS COMMITTEE

James F. Billett (Chairman)
A. Michelle Lally
R. Neil Raymond
Richard O'C. Whittall

OFFICERS

Vanessa L. Morgan, CFA
Chairman

Jonathan A. Morgan, CIM
President & CEO

Frank C. Fuernkranz, CPA, CA, CFA
Secretary-Treasurer & CFO

Christopher J. Esson, CPA, CA, CFA
Assistant-Treasurer

OFFICE OF THE COMPANY

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e-mail: cgifund@mmainvestments.com
website: www.canadiangeneralinvestments.ca

MANAGER

Morgan Meighen & Associates Limited
Toronto

AUDITOR

PricewaterhouseCoopers LLP
Toronto

BANKERS

Bank of Montreal
Toronto

SOLICITORS

Blake, Cassels & Graydon LLP
Toronto

CANADIAN REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue, 8th 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

website: www.computershare.com/investor

To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare at the above address. We are pleased to offer you the convenience of Direct Registration System (DRS), a system that allows you to hold securities in 'book entry' form without the need for a physical certificate. For additional information, please refer to the Questions and Answers section at:

www.computershare.com/investorcentrecanada

To participate, simply send your share certificate to Computershare along with a letter requesting the deposit of the shares into DRS.

U.K. TRANSFER AGENT

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STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange

Trading Symbols:

Common Shares	CGI
Preference Shares, Series 3	CGI.PR.C
Series 4	CGI.PR.D

The London Stock Exchange

Trading Symbol:

Common Shares	CGI
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PUBLICATION

Net asset value per share (NAV) and/or market price and market return are published daily/weekly in various media in Canada and the U.K.

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

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

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

ANNUAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Canadian General Investments, Limited will be held at 2:00pm (Toronto time), Wednesday, April 13, 2016 at Twenty Toronto Street Conferences and Events, Salon 3, 2nd Floor, 20 Toronto Street, Toronto, Ontario, Canada, M5C 2B8.

Telephone: (416) 869-1047

website: www.20toronto.ca

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

Managed by:



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