Focussed on Canada

CGI CANADIAN GENERAL INVESTMENTS, LIMITED

2021 Interim Report

Canadian General Investments, Limited (CGI) is a closed-end equity fund focussed on medium- to long-term investments in primarily Canadian corporations. It strives, through prudent security selection, timely recognition of capitalgains/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).

RESPONSIBILITY STATEMENT

In accordance with the Disclosure and Transparency Rules (DTRs) 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 interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

iii. the interim Management Report of Fund Performance includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties transactions and changes therein).

The financial statements and Management Report of Fund Performance were approved by the Board of Directors on July 15, 2021.

Vanessa L. Morgan
Chair

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 Interim 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.

This interim management report of fund performance contains financial highlights and should be read in conjunction with the interim financial report of the Company that follows this report. You can get a copy of Company's annual financial statements at your request, and 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** or SEDAR at **www.sedar.com**.

This report may contain forward-looking statements about the Company and markets that reflect the Manager's current expectations of future events. Forward-looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions. Forward-looking statements are subject to risks, uncertainties and assumptions with respect to the Company and economic factors and actual results may differ materially for many reasons, including, but not limited to, market and general economic conditions, interest rates, foreign exchange rates, changes in government regulations and catastrophic events. As a result, the reader is cautioned not to place undue reliance on forward-looking statements. Further, any forward-looking information is current only as of the date of this report and there should be no expectation that such information will be updated as a result of new information, changing circumstances or future events, unless required by applicable law.

Management Discussion Of Fund Performance

Results of Operations

Performance

The first half of 2021 has been a relatively tame period for equity markets in contrast to the events of last year when COVID-19 began to grip the world. In early 2020, shock and uncertainty arising from quarantines and lockdowns caused investors to panic, volatility measures went to extremes and equity markets plummeted. Always darkest before the dawn, these actions preceded massive defensive measures and occurred before global monetary and fiscal support initiatives were put in place to respond and provide support for failing economies. By late March 2020, global equities started pricing in expectations of a rebound in economic activity and, in hindsight, ushered in one of the most pronounced rallies in history. Now more than a year in the making, this recovery continues, and a remarkably steady upwards trend has had many global equity markets consistently setting new all-time highs beginning late in 2020 and carrying on through 2021.

The S&P/TSX Composite Index (S&P/TSX) is having an excellent start to the year, up 17.3% year to date on a total return basis to June 30 and has also been hitting fresh record levels along with many in its global peer group. Market leadership from a Canadian perspective has been coming particularly from the Energy and Bank sub-sectors which exerts a powerful influence when their size (total overall index weighting more than one-third) combines with performance metrics. Although this situation drives the overall index return, it does establish a somewhat disproportional and outsized imbalance underlying the return available in the general market and creates a concentration factor that provides a headwind on the relative measure for a diversified fund like Canadian General Investments, Limited (CGI or the Company). Despite this relative handicap, the portfolio has also started the year strongly and posted a Net Asset Value (NAV) return, with dividends reinvested, of 14.3% in the first six months.

Solid contributors to the increase included NVIDIA Corporation (49.1%), TFI International Inc. (73.0%) and goeasy Ltd. (56.8%). Meanwhile, Xebec Adsorption Inc. (-54.1%), Ballard Power Systems Inc. (-24.5%) and Methanex Corp. (-29.8%) were a few of the limited number of sizable detractors to performance.

The Canadian equity market has drawn attention to itself due to being amongst the return leaders in the developed global equity index peer group. The market run-up has been a beneficiary of a very resilient domestic economy (despite extended and prohibitive COVID-related shutdowns) along with favourable trade positioning with Canada's largest partner, the United States, which accounts for more than three-quarters of Canada's exports. The U.S. has reopened quickly and the robust demand for all types of goods and services has many Canadian companies uniquely placed to receive great benefit from the scramble to resurrect supply chains and replenish inventories. In the process, inevitable upwards earnings revisions have the potential to establish a foundation for additional market gains and for the S&P/TSX to maintain an enviable leadership position among its peers.

Canadian equity markets are often overlooked by investors even though the S&P/TSX has posted a good long-term performance record relative to other major global indices. An historically large weighting (currently about 25%) in the resource area (Energy and Materials) has, for some, created the perception that Canadian equity exposure should only be acquired when commodity exposure is deemed desirable, and this approach has caused many investors to overlook several other investing opportunities in the market. This strategy is flawed and, as a proxy for Canada, is contradicted by CGI's very successful, long-term track record of performance. Although a steady presence is the most appropriate long-term investment approach, the S&P/TSX's structural composition does bring along with it a built-in, inherent excess return potential relative to most of its global index peers when the commodity cycle turns positive. Many analysts have determined that this phase is currently underway and the S&P/TSX has already been a beneficiary of this movement. Several commodity indices are approaching or have surpassed record levels and numerous strategists are forecasting pricing to rise even further and to persist longer. This viewpoint is attracting widespread attention and both Canadian and non-Canadian investors are beginning to reconsider the upside opportunity imbedded in many of the resource stocks in Canada's markets.

There have been some other notable sentiment shifts underlying the general market movements. The so-called market rotational trade was evident for much of the half year and caused some repositioning in the growth, value, defensive and cyclical segments. Interest rate swings and on again/off again inflation concerns have also produced erratic fluctuations in the markets at times. In response to this shifting environment, CGI has made some targeted adjustments in the period with an intent to discern between short-term, transient movements and sustainable, longer-dated opportunities.

The table below illustrates the weightings of the five largest sectors in CGI's portfolio at June 30, 2021, compared with year end 2020, 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 June 30, 2021 the portfolio was overweight Consumer Discretionary, Industrials, Information Technology and Materials, and underweight Financials, as compared to the sector weightings in the S&P/TSX.

SECTOR	CGI June 30, 2021	CGI December 31, 2020	S&P/TSX June 30, 2021	S&P/TSX December 31, 2020
Information Technology	27.4%	28.1%	11.2%	10.3%
Industrials	21.2%	22.7%	11.4%	12.5%
Materials	17.0%	16.4%	11.6%	13.7%
Consumer Discretionary	11.3%	11.4%	3.9%	3.9%
Financials	10.3%	9.4%	31.3%	30.2%

The Energy sector is off to a very strong start to the year and is leading all S&P/TSX sectors with a 37.0% total price return. Global oil consumption has been running ahead of supply and the main North American benchmark for pricing, West Texas Intermediate (WTI), has risen more than 50%. Although the supply dynamic is clouded somewhat by output curtailment agreements of OPEC+, there is a growing expectation that the overall supply/demand dynamic will support elevated pricing. CGI has usually benefitted from an underweight positioning in Energy, a group that has been a perennial laggard for many years, but this is one of the few times that return potential has been missed for the portfolio. In order to increase the exposure, additional investments have been made in the sector. Tourmaline Oil Corp. has been a long-term holding in the portfolio and, although its name may be misleading, is Canada's largest natural gas producer with a growing liquids profile and a dominant position in three prolific basin plays; the Alberta Deep Basin, Peace River High and the Montney. It has scale, infrastructure, premium gas plays and multi-year production growth potential and is the lowest cost operator in its basins, an important consideration for choosing a commodity play. Tourmaline ranks highly for investors wanting Canadian gas exposure and has good leverage to increasing pricing levels. The position has been increased. A new investment in Enerplus Corporation has been initiated. Enerplus is an oil and natural gas producer with a bias to liquids production (62%). It has a concentrated position in the North Dakota Bakken basin, which is known for its light oil, but has other interests in the United States and Canada. Enerplus has recently increased its dividend and closed a couple of attractive acquisitions in its core area. Low debt levels afford flexibility in operations and the company is focussed on balancing growth with shareholder returns. Almost 90% of production comes from the U.S. operations which sets it apart from some of the issues of its Canadian peers who must deal with takeaway capacity issues and pricing discounts. Its dual listing in Toronto and New York also provides for an expanded investor base. CGI's portfolio weighting in Energy at June 30, 2021 was 5.5%, as compared to 13.0% for the S&P/TSX.

The uptick in the commodity cycle has been underway for a while already but fundamental trends are suggesting that prospects are positive and further strengthening is likely. CGI is overweight Materials and has a bias in the group to non-precious metals rather than precious metals where it is about half weighting to the sub-index. This has worked to CGI's benefit so far this year as precious metals have suffered declines of more than 8% for the gold sub-group. It also contrasts with the portfolio's lone holding in the group, Franco-Nevada Corp., which provided a positive return of more than 13%. The Company has placed a greater emphasis within the group on copper and forestry products and additions were made in both of these areas. A new position was initiated in Copper Mountain Mining Corporation whose primary asset is the Copper Mountain mine in British Columbia, Canada currently in production with a 30+ year mine life. Growth projects have been underway at the operating mine and copper production has already started to increase. It also has the Eva Copper project in Australia for which development plans should be finalized near term. The company has a stated organic growth objective of tripling production within 5 years and so the investment should offer good leverage to a rising copper price environment. An investment was made in Interfor Corporation to give added exposure to lumber. Global lumber pricing has been strong and, in North America, should be supported by healthy new residential construction and repair and remodel consumption. Interfor is the fourth largest lumber producer in North America and, as a pure play, has significant leverage to pricing. The company has a very compelling geographic positioning with more than 85% of its sales in the U.S. and more than 55% of its capacity in the U.S. South. The company offers very good exposure to the robust housing construction market that is underway and is financially sound with a net cash position. In recognition of the excess capital that has been building rapidly due to substantial free cash flows, the company has recently paid a $2 special dividend to return capital to its shareholders.

CGI's performance has often been enhanced by the addition of attractive investment opportunities captured by the Manager using a selective individual approach. CGI recently participated in a well received Initial Public Offering for Neighbourly Pharmacy Inc. Neighbourly is Canada's largest and fastest growing network of community pharmacies. It appears to have a sound M&A strategy based on a proven, scalable platform with a robust pipeline for growth but also provides organic growth opportunities through increasing scale, new product introductions and service enhancements. This investment has potential to be a very long-term success story for the Company.

Dividend and interest income was $7,395,000 for the six months, down 4.6% from 2020. Management fees, interest and financing charges, and dividends on preference shares are the largest expenses of the Company. Management fees increased by 44.3% to $7,298,000, as a result of higher average monthly portfolio values compared to 2020. Interest and financing charges decreased 48.1%, as a result of the borrowing facility carrying a lower interest rate compared to the previous year. The dividends on preference shares were consistent year-over-year.

Leverage

On May 12, 2021 the Company entered into a prime brokerage services agreement with a Canadian chartered bank. Margin borrowing of $100.0 million under this new agreement was used to extinguish the $100.0 million borrowed under a one-year secured non-revolving term credit facility that was scheduled to mature on May 12, 2021. Amounts borrowed under this agreement bear interest at the one-month Canadian Dollar Offered Rate (CDOR) plus 0.60% per annum. The agreement requires the Company to pledge securities as collateral for margin borrowings and may be terminated immediately by the prime broker upon the occurrence and continuation of an event of default, as defined in the agreement, or by either party with 30 days' notice.

In addition to the $100.0 million borrowed under the facility (December 31, 2020 – $100.0 million), CGI also has outstanding $75 million 3.75% cumulative, redeemable Class A preference shares, Series 4, which become redeemable, at par, to the Series 4 shareholders on or after June 15, 2023 (December 31, 2020 – $75 million).

Both the margin borrowings and the preference shares act as leverage to common shareholders. As at June 30, 2021, the combined leverage represented 14.8% of CGI's net assets (December 31, 2020 – 16.8%). This leverage served to increase the effect of overall portfolio returns, positively impacting CGI's NAV return in the six months ended June 30, 2021 and year ended December 31, 2020.

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 six months ended June 30, 2021, there was a refundable income tax expense of $3,306,000, compared to $577,000 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 June 30, 2020, the Company had federal refundable capital gains taxes on hand of approximately $6,169,000 (December 31, 2020 – $2,995,000), which are refundable on payment of capital gains dividends of approximately $44.0 million (December 31, 2020 – $21.3 million) and Ontario refundable capital gains taxes on hand of approximately $3,283,000 (December 31, 2020 – $1,947,000), which are refundable on payment of capital gains dividends of approximately $57.1 million (December 31, 2020 - $33.9 million).

Recent Developments

Outlook

Investors continue to assess the potential for a return to normalcy amid an ongoing uncertainty about the trajectory of COVID-19 and its newer variants but remain hopeful that vaccination programs will mitigate their spread. Stimulus programs and central bank supports remain in place and are powerful catalysts for economic growth. Many regions around the world are still in the early stages of their economic reopenings and encouraging signs of improvement have GDP estimates moving higher. Although these are all positive signs for investors, some concerns regarding interest rates and inflation are beginning to creep in as negative considerations and markets are likely to adjust in reaction to their movements. Overall, the outlook is promising, and a favourable market backdrop warrants cautious optimism in the short to medium term. The Manager's steady, orderly approach has CGI well positioned to capitalize on future opportunities in the pursuit of further extending a successful track record of value creation for its shareholders.

Related Party Transactions

The Company is managed by Morgan Meighen & Associates Limited (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, 2020 – 37%) ownership interest in the Company. As a result of its ownership position in the Company, during the six months ended June 30, 2021, Third Canadian received dividends from net investment income of $3,357,000 (2020 – $3,205,000).

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 six months ended June 30, 2021 and the prior five financial years.

Net Assets per Share [1]

	6 months ended June 30, 2021	2020	2019	2018	2017	2016
Net assets - beginning of period	$50.02	$36.98	$28.87	$33.14	$27.98	$24.38
Increase (decrease) from operations						
Total revenue	0.37	0.78	0.89	0.82	0.64	0.65
Total expenses (excluding common share dividends)	(0.48)	(0.83)	(0.80)	(0.74)	(0.70)	(0.67)
Realized gains for the period	1.83	1.81	1.61	1.36	1.73	0.90
Unrealized gains (losses) for the period	5.57	12.15	7.34	(4.91)	4.27	3.40
Refundable income tax refund (expense)	(0.16)	(0.03)	(0.13)	(0.04)	(0.02)	0.08
Total increase (decrease) from operations[2]	7.13	13.88	8.91	(3.51)	5.92	4.36
Dividends paid to common shareholders						
Taxable dividends	(0.44)	(0.63)	(0.40)	(0.57)	(0.36)	(0.48)
Capital gains dividends	-	(0.21)	(0.40)	(0.19)	(0.40)	(0.28)
Total dividends[3]	(0.44)	(0.84)	(0.80)	(0.76)	(0.76)	(0.76)
Net assets - end of period[4]	$56.71	$50.02	$36.98	$28.87	$33.14	$27.98

(1) This information is derived from the Company's audited annual financial statements and unaudited interim financial statements.

(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 and may not match the financial statements due to rounding.

(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

	Six months ended June 30, 2021	2020	2019	2018	2017	2016
Total net asset value (000's) (1)	$1,182,935	$1,043,463	$771,549	$602,163	$691,440	$583,644
Number of shares outstanding (1)	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141	20,861,141
Management expense ratio (2) (3) (6)	1.78%	2.11%	2.27%	2.15%	2.31%	2.66%
Trading expense ratio (4) (6)	0.04%	0.04%	0.05%	0.03%	0.04%	0.12%
Portfolio turnover rate (5)	10.66%	10.14%	8.00%	2.31%	10.36%	21.45%
Net asset value per share (1)	$56.71	$50.02	$36.98	$28.87	$33.14	$27.98
Closing market price (1)	$38.65	$34.81	$26.21	$20.51	$23.73	$19.45

(1) This information is provided as at the end of the financial period 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: 2021 (to June 30, annualized) - 1.40%, 2020 - 1.48%, 2019 - 1.53%, 2018 - 1.48%, 2017 - 1.54%, 2016 - 1.65%.

(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.

(6) Ratios for the six months ended June 30, 2021 have been annualized.

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.

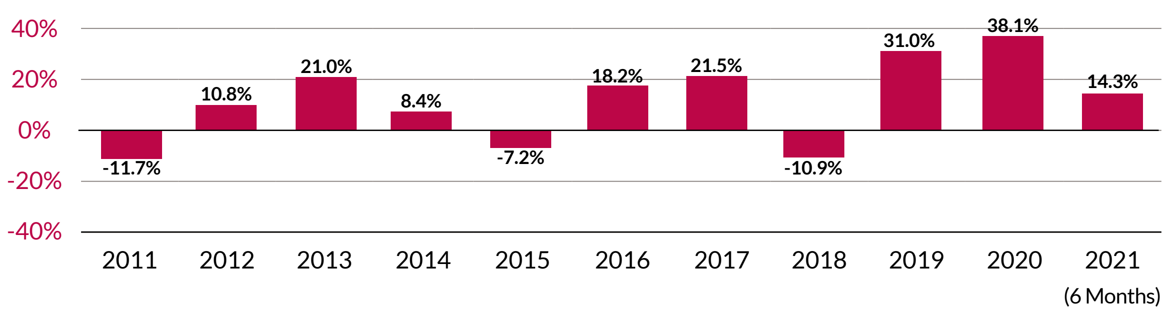
Past Performance

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.

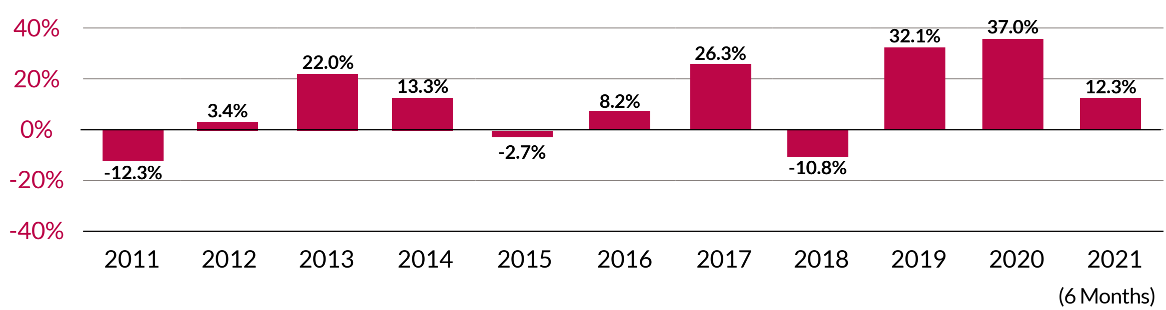
Year-by-Year Returns

The following bar charts show the Company's performance for each of the years shown, as well as the interim performance for the six months ended June 30, 2021, 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 financial period.

The bar chart below illustrates CGI's net asset value per share return, with dividends reinvested at net asset value per share.



The bar chart below illustrates CGI's share price return, with dividends reinvested at the market price.



Summary Of Investment Portfolio

As at June 30, 2021

Top 25 Holdings

Issuer	Sector	% of Net Asset Value*	% of Investment Portfolio
Shopify Inc.	Information Technology	6.9	6.0
NVIDIA Corporation	Information Technology	5.3	4.6
Canadian Pacific Railway Limited	Industrials	4.6	4.0
Franco-Nevada Corporation	Materials	4.4	3.8
First Quantum Minerals Ltd.	Materials	4.3	3.8
Lightspeed POS Inc.	Information Technology	4.1	3.6
West Fraser Timber Co. Ltd.	Materials	3.8	3.3
Amazon.com, Inc.	Consumer Discretionary	3.6	3.1
TFI International Inc.	Industrials	3.3	2.9
Square, Inc.	Information Technology	3.1	2.7
Apple Inc.	Information Technology	3.0	2.6
Mastercard Incorporated	Information Technology	3.0	2.6
Bank of Montreal	Financials	3.0	2.6
The Descartes Systems Group Inc.	Information Technology	2.9	2.5
WSP Global Inc.	Industrials	2.9	2.5
FirstService Corporation	Real Estate	2.6	2.3
Royal Bank of Canada	Financials	2.6	2.3
goeasy Ltd.	Financials	2.5	2.2
Air Canada	Industrials	2.0	1.7
Toronto-Dominion Bank	Financials	1.9	1.7
BRP Inc.	Consumer Discretionary	1.9	1.6
SiteOne Landscape Supply, Inc.	Industrials	1.8	1.5
Open Text Corporation	Information Technology	1.8	1.5
Home Depot, Inc.	Consumer Discretionary	1.7	1.5
Pool Corporation	Consumer Discretionary	1.7	1.5
		78.7*	68.4
Total Net Asset Value* ($000's)			$1,182,935
Total Investment Portfolio* ($000's)			$1,360,981

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($174.6 million) in the form of preference shares and a borrowing facility, other assets and other liabilities.

Sector Allocation	% of Net Asset Value*	% of Investment Portfolio
Information Technology	31.6	27.4
Industrials	24.4	21.2
Materials	19.6	17.0
Consumer Discretionary	13.0	11.3
Financials	11.8	10.3
Energy	6.3	5.5
Real Estate	4.2	3.7
Communication Services	2.4	2.1
Health Care	1.0	0.9
Cash & Cash Equivalents	0.7	0.6

Asset Allocation	% of Net Asset Value*	% of Investment Portfolio
Canadian Equities	88.9	77.3
Foreign Equities	25.4	22.1
Cash & Cash Equivalents	0.7	0.6

* Total Net Asset Value represents Total Investment Portfolio adjusted for leverage ($174.6 million) in the form of preference shares and a borrowing facility, 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.

Interim Financial Report

June 30, 2021

The auditor of the Company has not reviewed this interim financial report.

Shareholders of the Company appoint an independent auditor to audit the Company's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Company's interim financial report, this must be disclosed in an accompanying notice.

As at June 30, 2021 (Unaudited) and December 31, 2020
(in thousands of Canadian dollars, except per share amounts)

	Note	June 30, 2021	December 31, 2020
Assets			
Current assets			
Investments	5	1,352,319	1,210,828
Cash		8,662	6,932
Interest and dividends receivable		1,215	1,903
Other assets		166	134
Total assets		1,362,362	1,219,797
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	1,435	1,725
Accrued dividends on preference shares		116	123
Income taxes payable		3,304	773
Borrowing facility	6	100,000	99,239
Total current liabilities		104,855	101,860
Preference shares	7	74,572	74,474
Total liabilities		179,427	176,334
Net assets		1,182,935	1,043,463
Equity			
Share capital	8	128,568	128,568
Retained earnings		1,054,367	914,895
Total equity		1,182,935	1,043,463
Net assets per common share		56.71	50.02

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars, except per share amounts)

	Note	2021	2020
Income			
Net gains on investments			
Dividend income		7,394	7,730
Interest		-	22
Net realized gain on sale of investments		38,312	19,576
Net change in unrealized gain on investments		116,179	6,775
Net gains on investments		161,885	34,103
Securities lending revenue	**13**	348	933
Total net income		162,233	35,036
Expenses			
Management fees	**12**	7,298	5,059
Dividends on preference shares	**7**	1,399	1,399
Interest and financing charges	**6,7**	750	1,448
Transaction costs on purchases and sales		210	114
Listing and regulatory costs		168	155
Directors' fees and expenses	**12**	115	129
Withholding taxes	**10**	78	87
Custodial fees		75	54
Legal fees		67	30
Audit fees		32	35
Security holder reporting costs		24	17
Investor relations		22	46
Independent review committee fees and expenses	**12**	18	18
Other		20	23
Total operating expenses		10,276	8,614
Investment income before income taxes		151,957	26,422
Refundable income tax expense	**9**	3,306	577
Increase in net assets from operations		148,651	25,845
Increase in net assets from operations, per common share		7.13	1.24

The accompanying notes are an integral part of these financial statements.

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total
At December 31, 2019	128,568	642,981	771,549
Increase in net assets from operations	-	25,845	25,845
Dividends paid to common shareholders from net investment income	-	(8,762)	(8,762)
At June 30, 2020	128,568	660,064	788,632
At December 31, 2020	128,568	914,895	1,043,463
Increase in net assets from operations	-	148,651	148,651
Dividends paid to common shareholders from net investment income	-	(9,179)	(9,179)
At June 30, 2021	128,568	1,054,367	1,182,935

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

For the six months ended June 30 (Unaudited)
(in thousands of Canadian dollars)

	Note	2021	2020
Cash flows from (used in) operating activities			
Increase in net assets from operations		148,651	25,845
Adjustments for:			
Amortization of financing charge	**6, 7**	139	162
Net realized gain on sale of investments		(38,312)	(19,576)
Net change in unrealized gain on investments		(116,179)	(6,775)
Purchases of investments		(54,479)	(29,670)
Proceeds of disposition of investments		67,479	41,269
Interest on margin facility		139	-
Interest on loan facility		472	1,479
Dividends paid to preference shareholders		1,399	1,399
Interest and dividends receivable		688	239
Other assets		(32)	-
Income taxes payable	**9**	2,531	(1,972)
Accounts payable and accrued liabilities		96	(220)
Net cash flows from operating activities		12,592	12,180
Cash flows from (used in) financing activities			
Proceeds from margin facility		100,000	-
Repayment of loan facility (net of financing cost)		(99,280)	961
Interest on margin facility		(56)	-
Interest on loan facility		(941)	(1,392)
Dividends paid to common shareholders		(9,179)	(8,762)
Dividends paid to preference shareholders		(1,406)	(1,406)
Net cash flows used in financing activities		(10,862)	(10,599)
Net increase in cash		1,730	1,581
Cash at the beginning of the period		6,932	21,041
Cash at the end of the period		8,662	22,622
Items classified as operating activities			
Interest received		-	22
Dividends received, net of withholding taxes		8,029	7,741
Income taxes paid - net	**9**	775	2,550

The accompanying notes are an integral part of these financial statements.

As at June 30, 2021

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Communication Services (2.1%)		
	Diversified Telecommunication Services		
440,000	TELUS Corporation	6,057	12,232
	Wireless Telecommunication Services		
250,000	Rogers Communications Inc., B NV	3,505	16,474
	Total Communication Services	9,562	28,706
	Consumer Discretionary (11.3%)		
	Auto Components		
145,000	Magna International Inc.	5,244	16,642
	Distributors		
35,000	Pool Corporation	9,651	19,906
	Internet & Direct Marketing Retail		
9,900	Amazon.com, Inc.	8,268	42,234
	Leisure Products		
230,000	BRP Inc.	14,551	22,310
	Multiline Retail		
310,000	Dollarama Inc.	1,065	17,589
	Specialty Retail		
8,000	AutoZone, Inc.	4,864	14,804
52,000	Home Depot, Inc.	8,740	20,563
	Total Consumer Discretionary	52,383	154,048
	Energy (5.5%)		
	Oil, Gas & Consumable Fuels		
275,000	Enbridge Inc.	2,830	13,648
1,050,000	Enerplus Corporation	9,459	9,356
950,000	Parex Resources Inc.	11,085	19,665
226,000	TC Energy Corporation	6,260	13,862
295,000	Tourmaline Oil Corp.	9,930	10,452
1,263,661	Whitecap Resources Inc.	11,827	7,784
	Total Energy	51,391	74,767

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Financials (10.3%)		
	Banks		
275,000	Bank of Montreal	10,640	34,941
245,000	Royal Bank of Canada	10,190	30,770
260,000	Toronto-Dominion Bank	5,599	22,586
	Capital Markets		
210,000	Brookfield Asset Management Inc., A LV	10,149	13,280
1,448	Brookfield Asset Management Reinsurance Partners Ltd., A Exch. LV	103	95
76,900	Economic Investment Trust Ltd.	3,851	9,046
	Consumer Finance		
185,000	goeasy Ltd.	17,140	29,347
	Total Financials	57,672	140,065
	Health Care (0.9%)		
	Health Care Providers & Services		
417,000	Neighbourly Pharmacy Inc.	9,154	11,676
	Total Health Care	9,154	11,676
	Industrials (21.2%)		
	Air Freight & Logistics		
70,000	Cargojet, Inc.	13,027	12,882
	Airlines		
920,000	Air Canada	4,739	23,460
	Commercial Services & Supplies		
65,000	Boyd Group Services Inc.	13,064	14,663
100,000	Waste Connections, Inc.	11,183	14,810
	Construction & Engineering		
235,000	WSP Global Inc.	10,389	34,005
	Electrical Equipment		
725,000	Ballard Power Systems Inc.	15,253	16,297
	Industrial Conglomerates		
21,000	Roper Technologies, Inc.	10,060	12,245
	Machinery		
2,200,000	Westport Fuel Systems Inc.	13,135	14,476
3,220,000	Xebec Adsorption Inc.	14,313	13,009
	Marine		
332,000	Algoma Central Corporation	2,555	5,445

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Porftolio

As at June 30, 2021

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Industrials (21.2%) Continued		
	Road & Rail		
90,000	Canadian National Railway Company	10,947	11,771
575,000	Canadian Pacific Railway Limited	6,352	54,809
350,000	TFI International Inc.	5,029	39,610
	Trading Companies & Distributors		
100,000	SiteOne Landscape Supply, Inc.	8,233	20,990
	Total Industrials	138,279	288,472
	Information Technology (27.4%)		
	IT Services		
78,000	Mastercard Incorporated, A	5,467	35,314
45,000	Shopify Inc.	2,380	81,579
120,000	Square, Inc.	10,613	36,280
	Semiconductors & Semiconductor Equipment		
63,000	NVIDIA Corporation	4,440	62,508
	Software		
9,000	Constellation Software Inc.	11,598	16,897
400,000	The Descartes Systems Group Inc.	10,317	34,292
470,000	Lightspeed POS Inc.	9,858	48,763
330,000	Open Text Corporation	4,916	20,774
16,738	Topicus.com Inc.	0	1,507
	Technology Hardware, Storage & Peripherals		
208,000	Apple Inc.	1,971	35,327
	Total Information Technology	61,560	373,241

Number of Shares	Investment	Cost (in thousands of dollars)	Fair Value (in thousands of dollars)
	Materials (17.0%)		
	Chemicals		
105,000	Methanex Corporation	2,715	4,314
	Containers and Packaging		
240,000	CCL Industries Inc., B NV	6,628	16,385
	Metals & Mining		
3,000,000	Copper Mountain Mining Corporation	13,173	10,920
1,800,000	First Quantum Minerals Ltd.	11,566	51,426
290,000	Franco-Nevada Corporation	13,258	52,168
2,000,000	Hudbay Minerals Inc.	11,199	16,500
1,200,000	Lundin Mining Corporation	8,182	13,416
410,000	Teck Resources Limited, B SV	12,327	11,706
	Paper & Forest Products		
300,000	Interfor Corporation	10,757	9,312
507,125	West Fraser Timber Co. Ltd.	26,691	45,129
	Total Materials	116,496	231,276
	Real Estate (3.7%)		
	Real Estate Management & Development		
145,000	FirstService Corporation	20,352	30,828
4,000,000	StorageVault Canada Inc.	10,600	19,240
	Total Real Estate	30,952	50,068
	Transaction costs	(932)	-
	Total investments (99.4%)	526,517	1,352,319
	Cash (0.6%)		8,662
	Investment portfolio (100.0%)		1,360,981

LV: limited voting
NV: non-voting
SV: subordinate voting

The accompanying notes are an integral part of these 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 primarily 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.D). The common shares also trade on the London Stock Exchange (symbol CGI). The closing price of the common shares on June 30, 2021 was $38.65.

These financial statements were authorized for issue by the Board of Directors on July 15, 2021.

2 Basis of Presentation

The Company's interim financial statements for the six months ended June 30, 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS), including the application of International Accounting Standard 34 Interim Financial Reporting, and follow the same accounting policies and methods of computation as the most recent annual financial statements.

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 measures securities at fair value through profit or loss (FVTPL). The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company and the Manager are primarily focussed on fair value information and use that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at FVTPL.

All other financial assets and liabilities are classified as amortized cost 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 is recognized on an accrual basis. 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 one series of its Class A preference shares in issue: Series 4. The preference shares 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, or the right for the Company to redeem, 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 from operations, 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. Taxes paid on taxable dividends paid from corporations resident in Canada are refundable on the payment of taxable dividends to shareholders related to these dividends.

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 since it is, in substance, not taxable.

3.9 Investment in associates and subsidiaries

The Company has determined that it meets the definition of "investment entity". An investment entity is an entity that (i) obtains funds from one or more investors for the purpose of providing them with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgement that the Company has made in determining that it meets this definition is that fair value is used as the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

Subsidiaries are entities over which the Company has control through its exposure or rights to variable returns and has the ability to affect those returns through its power over the entities. As the Company meets the definition of an investment entity, all subsidiaries, if any, are measured at FVTPL. The Company's investments may also include associates over which the Company has significant influence and these are measured at FVTPL. As at June 30, 2021 and December 31, 2020, the Company has no subsidiaries.

4 Critical Accounting Estimates & 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.

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). Market prices and the fair value of investments in the Company's portfolio fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market and company news, political conditions, natural disasters, and public health emergencies, including an epidemic or pandemic. 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, interest and dividends receivable, amounts due from brokers, securities on loan as part of the Company's securities lending program, as well as securities held in a separate control account with the Company's custodian, as part of its margin facility. The fair value of debt instruments includes consideration of the creditworthiness of the debt issuer. The carrying amount of cash, interest and dividends receivable and other assets represents the maximum credit risk exposure as at June 30, 2021 and December 31, 2020. As at June 30, 2021 and December 31, 2020, the Company had no investments in debt instruments.

Credit risk related to cash is considered low as it is held at AA-rated Canadian banks (consistent with prior year). 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 13).

Credit risk related to the Company's margin facility is considered low given the nature of the tri-party agreement between the Company, its custodian, and the bank (Note 6).

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 one series of Class A preference shares outstanding: Series 4 for $75 million with a redemption date of June

15, 2023 and $100 million borrowed through a margin facility (which replaced a $100 million loan facility in May 2021). Included in the 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 prospectus) exceeds 2.5 times. At June 30, 2021 the ratio was 7.8 times (December 31, 2020 – 7.0 times). As at June 30, 2021, the combined leverage represented 14.8% of CGI's net assets (December 31, 2020 – 16.8%), while the borrowing facility represented 8.5% of CGI's net assets (December 31, 2020 – 9.6%).

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 June 30, 2021 or December 31, 2020.

Leverage decisions, whether in the form of a borrowing facility or bond or preference share issues from treasury, are at the discretion of the Company's Board of Directors.

As at June 30, 2021 and December 31, 2020, all financial liabilities of the Company, except for the Class A preference shares, Series 4, 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 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 June 30, 2021 and December 31, 2020, the Company had no investments in debt instruments.

The Company's most significant financial liabilities are its Class A preference shares and a borrowing facility.

The Company's Class A preference shares outstanding have a fixed coupon rate. 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 the preference shares, will be subject to the prevailing interest rate environment at that time.

With respect to the Company's borrowing facility, interest rates on these borrowings are short-term. For the six months ended June 30, 2021, a 1% increase or decrease in the interest rate, with all other variables held constant, would have resulted in the interest and financing charges increasing or decreasing, respectively, by approximately $500,000.

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 also 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 June 30, 2021, the Company`s investment portfolio had a 22.1% (December 31, 2020 – 21.8%) weighting in U.S. dollars. As at June 30, 2021, 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 $15,009,000 or approximately 1.3% (December 31, 2020 – $13,256,000 or approximately 1.3%).

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 June 30, 2021, a 5% increase or decrease in market prices in the investment portfolio, excluding cash and short-term securities, with all other variables held constant, would have resulted in the Company's net assets increasing or decreasing, respectively, by approximately $67,616,000 or approximately 5.7% (December 31, 2020 – $60,541,000 or approximately 5.8%).

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 by sector in the investment portfolio:

Industry sector	June 30, 2021	December 31, 2020
Information Technology	27.4%	28.1%
Industrials	21.2%	22.7%
Materials	17.0%	16.4%
Consumer Discretionary	11.3%	11.4%
Financials	10.3%	9.4%
Energy	5.5%	4.3%
Real Estate	3.7%	3.4%
Communication Services	2.1%	2.1%
Health Care	0.9%	1.1%
Cash	0.6%	0.6%
Utilities	0.0%	0.5%
	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.

5.2 Capital risk management

The Company considers capital to be composed of its equity, as well as its outstanding preference shares and borrowing facility. 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 and borrowing facility. In particular, included in the preference shares 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 prospectus) exceeds 2.5 times. All common share dividend payments made in 2021 and 2020 were in compliance with this provision. With respect to the margin facility, the Company is required to maintain sufficient collateral in the form of securities in a separate control account with the Company's custodian, based on margin requirements established by the prime broker. The Company has exceeded its margin requirements, and there has been no event of default, since the prime brokerage services agreement was entered into effective May 12, 2021.

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, and 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, borrowing facility and preference shares are carried at amortized cost.

(in thousands of dollars)	Level 1	Level 2	Level 3	Total
As at June 30, 2021				
Financial assets at FVTPL:				
Investments	1,352,319	-	-	1,352,319
As at December 31, 2020				
Financial assets at FVTPL:				
Investments	1,210,828	-	-	1,210,828

During the six months ended June 30, 2021, there were no investments transferred between the levels.

During the year ended December 31, 2020 an investment with a fair value of $1,360,000, was transferred from Level 2 to Level 1 following the listing and commencement of trading for those securities.

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 Borrowing Facility

Subject to approval by the Board of Directors, the Company may use various forms of leverage, including by way of a margin facility with a prime broker or a loan facility with a bank.

Margin facility

On May 12, 2021 the Company entered into a prime brokerage services agreement with a Canadian chartered bank. Margin borrowing of $100 million under this new agreement was used to extinguish the $100 million borrowed under a one-year secured non-revolving term credit facility that was scheduled to mature on May 12, 2021.

Amounts borrowed under this agreement bear interest at the one-month Canadian Dollar Offered Rate (CDOR) plus 0.60% per annum. The agreement requires the Company to pledge securities as collateral for margin borrowings and may be terminated immediately by the prime broker upon the occurrence and continuation of an event of default, as defined in the agreement, or by either party with 30 days' notice.

As at June 30, 2021, the Company had pledged securities as collateral to the prime broker equal to $119,824,000 on the borrowings of $100,000,000 plus accrued interest of $83,000.

Loan facility

On May 12, 2020, the Company received notice from its lender, a Canadian chartered bank, that its $100 million one-year non-revolving term credit facility, was being converted into a fixed-term facility with a maturity date of May 12, 2021. This facility had included an evergreen feature, which allowed the Company to continue use of the facility indefinitely (beyond the initial one-year term), provided the bank had not given the Company one-year's notice of terminating the facility.

As at December 31, 2020, $93,000 of debt-issuance costs incurred on the facility had been capitalized and was being amortized. Amounts were borrowed under this facility through prime-rate loans, which bore interest at the greater of the bank's prime rate and the CDOR plus 1.00% per annum, or bankers' acceptances, which bore interest at CDOR plus 0.75% per annum. Accrued interest as of December 31, 2020 amounted to $469,000.

The facility was secured with a first-ranking charge on the Company's property and assets, including the investment portfolio and required the Company to comply with certain covenants including maintenance of asset coverage ratios. The Company was in compliance with all of the covenants as at December 31, 2020. On May 12, 2021, this facility was repaid.

The loan facility consisted of the following:

(in thousands of dollars)	June 30, 2021	December 31, 2020
Bankers' acceptances, maturing March 4, 2021	-	99,281
Less: Unamortized debt-issuance costs	-	42
	-	99,239

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	June 30, 2021 Number of shares	December 31, 2020 Number of shares	Stated amount per share $	Cumulative annual dividend rate %	Date of issue	June 30, 2021 Amount $ (In thousands)	December 31, 2020 Amount $ (In thousands)
Series 4	3,000,000	3,000,000	25.00	3.75	May 30, 2013	75,000	75,000
						75,000	75,000
Deferred issuance costs (net of amortization of $1,450,000 (December 31, 2020 – $1,352,000))						428	526
						74,572	74,474

The Company may redeem for cash, the Series 4 shares, in whole or in part, at the following prices during the defined periods:

	$25.25	$25.00
Series 4	June 15, 2021 to June 14, 2022	June 15, 2022 and thereafter(1)

(1) 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 June 30, 2021, the Company declared a quarterly dividend of $0.23438 per share payable on September 15, 2021 to Series 4 shareholders of record at the close of business on August 31, 2021.

8 Share Capital

Common shares

The Company is authorized to issue an unlimited number of common shares. As at June 30, 2021, there are 20,861,141 (December 31, 2020 – 20,861,141) common shares issued and outstanding with no par value.

Subsequent to June 30, 2021, the Company declared a quarterly dividend of $0.22 per share payable on September 15, 2021 to common shareholders of record at the close of business on August 31, 2021.

9 Income Taxes

As at June 30, 2021, the Company had federal refundable capital gains taxes on hand of approximately $6,169,000 (December 31, 2020 – $2,995,000), which are refundable on payment of capital gains dividends of approximately $44.0 million (December 31, 2020 – $21.3 million) and Ontario refundable capital gains taxes on hand of approximately $3,283,000 (December 31, 2020 – $1,947,000), which are refundable on payment of capital gains dividends of approximately $57.1 million (December 31, 2020 – $33.9 million).

The Company is also subject to a special tax of 38-1/3% 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 $0.3833 for each $1 of such dividends paid. The Company has $141,000 of refundable dividend tax on hand as at June 30, 2021 (December 31, 2020 – $1,287,000).

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

(in thousands of dollars)	2021	2020
Provision for income taxes on investment income before income taxes		
Provision for income taxes based on combined Canadian federal and provincial income tax rate of 39.5%	60,023	10,437
Increase (decrease) in income taxes resulting from:		
Dividends from taxable Canadian companies	(2,714)	(2,824)
Dividends on preference shares	552	552
Net change in unrealized gain	(45,891)	(2,676)
Non-taxable portion of net realized gain on sale of investments	(7,567)	(3,866)
Decrease in refundable dividend tax on hand	(1,146)	(1,119)
Differences arising from use of different cost bases for income tax and accounting purposes and other items	49	73
Refundable income tax expense	3,306	577

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.

10 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 six months ended June 30, 2021, the average withholding tax rate paid by the Company was 15.0% (December 31, 2020 – 15.0%).

11 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	Financial assets at amortized cost	Total
June 30, 2021			
Cash	-	8,662	8,662
Investments	1,352,319	-	1,352,319
Interest and dividends receivable	-	1,215	1,215
	1,352,319	9,877	1,362,196
December 31, 2020			
Cash	-	6,932	6,932
Investments	1,210,828	-	1,210,828
Interest and dividends receivable	-	1,903	1,903
	1,210,828	8,835	1,219,663

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

12 Related Party Information

Third Canadian General Investment Trust Limited (Third Canadian) owns 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 July 18, 2018. 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 six months ended June 30, 2021, $7,164,000 (2020 – $5,044,000) was paid to the Manager with $1,283,000 accrued and included in accounts payable and accrued liabilities as at June 30, 2021 (December 31, 2020 – $1,148,000).

Dividends

As a result of its ownership position in the Company, during the six months ended June 30, 2021, Third Canadian received dividends from net investment income of $3,357,000 (2020 – $3,205,000).

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 Company.

During the six months ended June 30, 2021, the independent directors of the Company received directors' fees aggregating $108,000 (2020 – $120,000) from the Company. No other compensation was paid or is payable to the directors of the Company for the six months ended June 30, 2021, except for compensation paid by the Company in respect of such persons acting as members of the Independent Review Committee for the Company, aggregating $18,000 (2020 – $17,000).

13 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 June 30, 2021, the Company had loaned securities with a fair value of $75,674,000 (December 31, 2020 – $81,874,000) and the custodian held collateral of $80,130,000 (December 31, 2020 – $84,029,000). This collateral is not reflected in the statements of financial position and consisted of the following:

	June 30, 2021	December 31, 2020
Securities lending collateral		
Federal government debt securities	40.0%	51.5%
Provincial government debt securities	19.5%	29.5%
U.S. government debt securities	40.5%	17.5%
Foreign government debt securities	0.0%	1.5%
	100.0%	100.0%

A reconciliation of the gross earnings from securities lending to the net earnings from securities lending is as follows:

(in thousands of dollars)	June 30, 2021		June 30, 2020	
Gross securities lending earnings	602	100.0%	1,489	100.0%
Fees	(154)	(25.5%)	(549)	(36.9%)
Withholding taxes	(100)	(16.7%)	(7)	(0.4%)
Net securities lending earnings	348	57.8%	933	62.7%

U.K. SHAREHOLDER INFORMATION

Shore Capital Stockbrokers Limited is the Company's official stockbrokers in the United Kingdom. It can be contacted for market-making and share trading on the London Stock Exchange. It can be reached at:

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DIVIDENDS AND WITHHOLDING TAX

CGI pays two types of dividends to common shareholders: regular (taxable) dividends and capital gains dividends. At present, for dividend payments to U.K. shareholders, regular dividends are generally subject to withholding tax of 15%, whereas capital gains dividends are not subject to any withholding tax. Please contact your own U.K. tax advisor for guidance.

Managed by:

MORGAN MEIGHEN & ASSOCIATES Investment Management

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