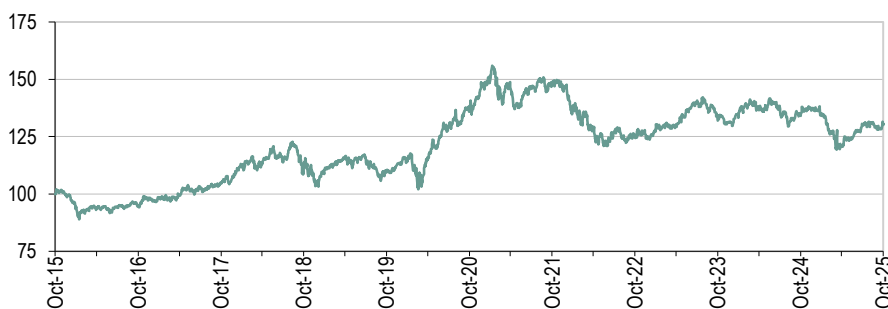


# Canadian General Investments

Sometimes the best activity is no activity

Canadian General Investments (CGI) is North America's second-oldest closed-end fund and has an enviable long-term track record. This has been achieved by careful stock selection and prudent asset management, and continues under Greg Eckel, who has been managing the portfolio since 2009. Volatile markets have caused performance headwinds this year, but the manager is sticking with his long-term focus, acknowledging that there are times when the best outcome for a portfolio is to leave well alone and wait for the dust to settle. Despite this approach, Eckel is continuing to make minor changes to the portfolio when opportunities arise, such as adding to CGI's non-consensus allocation to uranium stocks, which have made a meaningful contribution to the company's performance since they were added to the portfolio in 2024.

**Exhibit 1: NAV outperformance versus benchmark, last 10 years**



Source: Morningstar, Edison Investment Research

## Why consider CGI?

CGI's diversification has proved beneficial in 2025 as volatility has been a major feature in global markets due to US President Trump's tariff policy. Eckel has an unconstrained approach, which results in a portfolio that combines long-term sector positioning with diligent stock selection. CGI's major sector active weights are overweight technology for its growth potential and underweight financial companies, as the manager generally finds better opportunities elsewhere. In terms of stocks, some of CGI's high-quality positions have been in the portfolio for decades, while there are some interesting themes that are much more recent additions, such as the aforementioned uranium stocks, engineering and construction companies, and the manager has been selectively adding to CGI's gold exposure as he believes that in an uncertain environment there is sustainable increased demand for this alternative asset class.

Dividends are an important part of CGI's total returns. This year has seen a step-up in the company's annual dividend growth rate from a C\$0.04 per share increase over the last seven years to a C\$0.08 per share increase. It will mean 12 years of consecutive higher dividends, and brings CGI a step closer to the 20 years required to become an AIC dividend hero (companies with 10- to 19-year records, like CGI, are designated as next-generation dividend heroes).

CGI has a persistently wide discount due to its limited (47.5%) free float and inability to repurchase shares for tax reasons. However, there is ample scope for a narrower discount to add to total returns when the macroeconomic backdrop is clearer.

Investment companies  
Canadian equities

6 November 2025

**Price** **C\$45.40**  
**Market cap** **C\$947m**  
**Total assets** **C\$1,889m**

NAV C\$80.6

<sup>1</sup>NAV at 5 November 2025.

Discount to NAV 43.9%

Current yield 2.4%

Shares in issue 20.9m

Code/ISIN CGI/CA1358251074

Primary exchange TSX

AIC sector North America

Financial year end 31 December

52-week high/low C\$48.4 C\$31.0

NAV high/low C\$82.8 C\$55.4

Net gearing 10.8%

<sup>1</sup>Net gearing at 31 October 2025.

### Fund objective

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

### Bull points

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

### Bear points

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

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## CGI: Diversified Canadian equity specialist

North America's second-oldest closed-end fund may be described as a one-stop shop for investing in Canada. However, it is important to remember that up to 25% of the portfolio can be invested in US equities, in unique businesses that may not be available in Canada. Exhibit 2 illustrates CGI's enviable long-term performance record versus the Canadian market over the last 25 and 50 years to the end of 2024. It clearly shows the benefit of compounding returns and having a long-term approach.

**Exhibit 2: CGI's long-term outperformance versus the Canadian market**

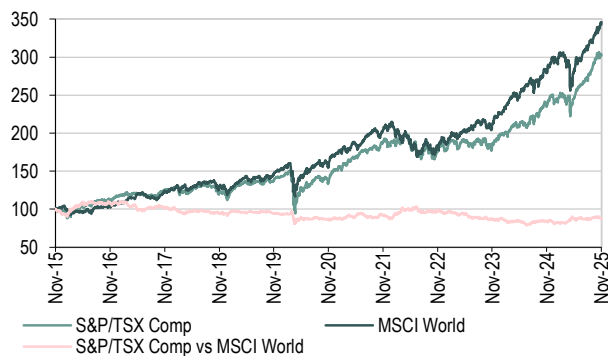
	Period (years)	Original investment (C\$)	Annual total return (%)	Final investment (C\$)
CGI	25	10,000	9.6	98,915
S&P/TSX Composite Index	25	10,000	7.2	56,868
CGI	50	10,000	12.1	3,021,904
S&P/TSX Composite Index	50	10,000	10.3	1,345,165

Source: CGI, Edison Investment Research. Note: To 31 December 2024. Dividends reinvested.

## Market performance and valuation

As shown in Exhibit 3, the Canadian market has lagged the performance of global stocks over the last decade. This is largely due to the strong performance of the US, which dominates global indices; as an example, the US makes up more than 70% of the MSCI World Index. However, for investors willing to venture outside the mainstream global markets, as evidenced by CGI's performance, there are interesting opportunities available in Canada. Considering valuations, Canada looks more attractive in terms of its forward earnings multiple versus both the US and world markets while offering a higher dividend yield.

**Exhibit 3: Performance of indices (C\$ total return) last 10 years**



Source: LSEG Data & Analytics, Edison Investment Research

**Exhibit 4: Valuation metrics of Datastream indices**

	Last	High	Low	10Y average	Last as % of avg
<b>Forward P/E (x)</b>					
Canada	17.2	17.8	10.7	14.9	115
US	23.1	23.4	14.1	19.1	121
World	18.4	19.9	12.5	16.0	115
<b>Dividend yield (%)</b>					
Canada	2.3	4.7	2.2	2.9	77
US	1.1	2.7	1.1	1.7	66
World	1.9	3.4	1.8	2.3	80

Source: LSEG Data & Analytics, Edison Investment Research. Note: At 3 November 2025.

**Exhibit 5: S&P/TSX Composite Index performance (% unless stated)**

	10M25 TR (%)	2024 TR (%)	2023 TR (%)	2022 TR (%)	2021 TR (%)	2020 TR (%)	2019 TR (%)	Number of cos	Weight (%)
Materials	70.5	21.4	(1.3)	1.8	4.1	21.2	23.9	51	15.9
Information technology	36.2	38.0	69.2	(52.0)	18.5	80.7	64.9	9	11.2
Financials	24.5	30.1	13.9	(9.4)	36.6	1.7	21.4	24	32.1
Utilities	22.4	13.8	0.2	(10.6)	11.7	15.3	37.5	14	3.7
Consumer discretionary	19.9	11.9	11.0	(6.0)	18.5	17.1	15.3	9	3.1
Energy	16.1	23.8	6.7	30.9	49.0	(26.6)	21.7	38	15.5
Communication services	13.2	(21.1)	(3.9)	(2.6)	24.7	(3.7)	13.0	5	2.1
Real estate	6.6	5.6	7.1	(21.5)	37.5	(8.7)	22.7	19	1.6
Consumer staples	4.4	19.1	12.2	10.1	22.4	4.3	14.4	11	3.3
Industrials	3.9	9.7	11.9	1.5	16.5	17.0	25.5	29	11.2
Healthcare	3.3	8.2	18.3	(61.6)	(19.6)	(23.0)	(10.9)	4	0.3
S&P TSX Composite	25.1	21.7	11.8	(5.8)	25.2	5.6	22.9	213	100.0

Source: Bloomberg. Note: Total return in Canadian dollars at 31 October 2025.

In prior CGI reports we have discussed year-to-year sector volatility in the Canadian market, but what a difference a few months made in 2025. In our last [review](#), we showed that the S&P/TSX Composite Index generated a 1.4% total return in the first four months of this year. Fast-forward to the end of October and the index had delivered a 25.1% total return.

The standout sector in the first 10 months of 2025 was materials (led by gold stocks), which generated an additional c 48pp total return in the six months to the end of October 2025. However, over this period the IT and financials sectors also generated c 43pp and c 24pp of additional total returns respectively. With such volatility, the benefits of having a diversified portfolio with a long-term strategy are clear.

While Canada is associated with financial, material and energy stocks, these sectors made up around 64% of the S&P/TSX Composite index market but a lower 53% of the constituents at the end of October 2025. Hence, there are plenty of other opportunities in Canada, which may not be fully appreciated.

## The manager's view on the Canadian investment backdrop

Regarding US tariffs, Eckel says there is a high level of uncertainty. He is speaking soon after US President Trump ceased trade negotiations and announced an extra 10% tariff on goods imported from Canada. This was after an anti-tariff advertisement featuring Ronald Reagan was aired in the United States during the heightened viewership of the World Series baseball championship. Canada is already subject to a 35% tariff and while most products are exempt under the United States-Mexico-Canada Agreement (USMCA) free trade agreement, there are sector-specific levies including 50% on aluminium and steel and 25% on cars. The manager explained that the Reagan advertisement, which said that tariffs are bad from a US perspective, went viral, and likely exposed and expanded tariff awareness among those on 'main street', who probably are not fully cognisant of the issue and its repercussions.

Eckel notes that tariff negotiations have been ongoing for months, and that Trump backs down when dealing with powerful countries such as China. The manager considers that, for Canada, the greatest threat is renegotiation of the USMCA, which is scheduled for 2026. Meanwhile, the Canadian economy is slowing (consensus GDP forecast is just 1.1% for 2025) and unemployment is rising, which likely means lower interest rates. Eckel believes that the effects of the imposition of tariffs are yet to show up, but they are here to stay as they are being used to help fund the US deficit, and their uncertainty remains heightened due to Trump's habit of 'turning on a dime'. The manager suggests that an inventory work down may have absorbed some of the initial tariff effects, but it is still early days to assess the real economic impact.

While things remain 'up in the air', early indications are that some businesses have bowed to tariff considerations and have announced plans to shift some operations to the US. Meanwhile, the Mexico/US initial trade negotiating period has been pushed out for another 90 days. Regarding CGI, Eckel reports that the portfolio has escaped largely unscathed, helped by a lack of exposure to aluminium and steel stocks. Nevertheless, with the uncertain environment, it is inevitable that companies are pulling back on their capex plans as many projects are multi-year undertakings, so it is difficult to assess their potential returns.

Despite the difficult investment backdrop, stock markets have delivered strong returns this year, having recovered from the April 2025 tariff-led volatility. The manager suggests that a high level of negativity was already built into stock prices, company fundamentals remain robust, and the US economy has held up remarkably well, despite a large percentage of the population being under financial pressure. Hence, Eckel remains positive about CGI's prospects; he continues to take a measured approach in terms of both stock selection and asset allocation, and the portfolio is fully invested.

## Current portfolio positioning

### Exhibit 6: Top 10 holdings at 31 October

Company	Country	Industry	31-Oct-25	31-Oct-24
Celestica	Canada	Electronic components	8.8	N/A
NVIDIA Corporation	US	Semiconductors	5.6	7.6
Shopify	Canada	Internet Services	4.0	N/A
Franco-Nevada Corp	Canada	Gold mining	4.0	3.4
Cameco	Canada	Uranium	3.4	N/A
WSP Global	Canada	Business services	3.3	3.7
Canadian Pacific Kansas City	Canada	Railroads	3.0	3.9
Dollarama	Canada	Multiline retail	3.0	2.8
Mastercard	US	Financial transaction processing	2.9	3.1
First Quantum Minerals	Canada	Metals & mining	2.7	N/A
<b>Top 10 total</b>			<b>40.7</b>	<b>39.3</b>

Source: CGI, Edison Investment Research. Note: N/A where not in end October 2024 top 10.

At the end of October 2025, CGI's top 10 holdings made up 40.7% of the portfolio, which was a 1.4pp higher than 39.3% a year before. Six positions were common to both periods. It is interesting to note that the largest holding is Celestica, as this is a relatively new position. The shares were purchased in mid 2024 and performed strongly into the end of the year.

This upward move has continued as, year-to-date, the stock has more than doubled.

#### Exhibit 7: Portfolio sector exposure versus the benchmark (% unless stated)

Sector	Portfolio at 31 October 2025	Portfolio at 31 October 2024	Change (pp)	Benchmark at 31 October 2025	Active weight (pp)
Information technology	27.1	24.0	3.1	11.2	15.9
Industrials	18.8	22.7	(3.9)	11.2	7.6
Materials	13.8	12.4	1.4	15.9	(2.1)
Financials	13.6	13.3	0.3	32.1	(18.5)
Energy	13.1	12.3	0.8	15.5	(2.4)
Consumer discretionary	8.5	9.6	(1.1)	3.1	5.4
Real estate	3.6	4.2	(0.6)	1.6	2.0
Communication services	0.7	1.0	(0.3)	2.1	(1.4)
Healthcare	0.0	0.0	0.0	0.3	(0.3)
Consumer staples	0.0	0.0	0.0	3.3	(3.3)
Utilities	0.0	0.0	0.0	3.7	(3.7)
Cash & cash equivalents	0.8	0.5	0.3	0.0	0.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>	

Source: CGI, Edison Investment Research

There were modest changes in CGI's sector exposures in the year to the end of 31 October 2025, the largest being a 3.1pp higher weighting in technology, which partly offsets a 3.9pp lower allocation to industrial stocks. Notable active weights are the longstanding below-index weighting in financial stocks (-18.5pp) and a 15.9pp overweight allocation to the technology sector.

## Recent portfolio activity

Eckel explains that the gold price had moved up off the charts, but has pulled back recently as some of the 'fast money' has exited the gold trade. The manager considers it healthy that some of the froth has come out of the gold market, but he sees fundamental support for gold given the large volume of central bank purchases of bullion. Global investors have also been actively increasing their allocations to gold as a defensive asset class in an uncertain macroeconomic environment. The gold price is also supported by the lack of major resource discoveries in recent years. Also, any new project is a long-term undertaking, as the time between a gold discovery through to gold production could be a decade. Eckel has been adding to CGI's gold exposure, which has reduced its underweight position to around 4pp (CGI c 8% versus index c 12%). Streaming companies Franco-Nevada Corporation and Wheaton Precious Metals were already in the portfolio, but there are two new holdings Alamos Gold and G Mining Ventures.

**Alamos Gold** is CGI's first gold producer. It is an intermediate-sized operator with a well-regarded management team. The company has three long-life mines, so is less risky than a gold producer with a single asset, with two in Canada and one in Mexico, plus another development project in Canada. Alamos has a solid production growth profile, which is primarily organic, and its elevated cost structure is expected to improve as production ramps up.

**G Mining Ventures** is a smaller operation and was a mine builder for other companies, with a reputation of delivering projects on time and on budget. The company purchased a project in Brazil, which it built out, using the cash generated in this project to acquire a second asset in Guyana, which is due to start producing in 2028.

**AtkinsRéalis** is another addition to the portfolio. It is an engineering and construction company formerly called SNC Lavalin, which ran into difficulties due to problematic contracts and a high debt load. Atkins now has a fee-for-service business model, similar to CGI's other engineering and construction holdings Stantec and WSP Global and has got back on track by disposing of non-core assets and cleaning up its balance sheet.

The purchase of Atkins was funded by the sale of ATS, an underperforming automation business, whose CEO left. Eckel has also been selling CGI's holding in West Fraser Timber due to a weak US housing market and US timber tariffs.

We have previously discussed CGI's energy exposure, which is underweight as Eckel is not optimistic about the overall sector fundamentals. Within energy, 40% is allocated to uranium stocks as this industry has favourable supply/demand dynamics. CGI has positions in two uranium companies, which are not widely held in generalist funds, Cameco and NexGen Energy, which was recently increased using the proceeds from the sale of Baytex Energy (oil and gas exploration and production). CGI's uranium exposure has added to performance this year, particularly Cameco, whose shares have doubled in 2025, helped by being part of a consortium that won a \$80bn reactor contract from the US government; the company's shares rose nearly 25% on the announcement.

## Performance: An enviable long-term record

Following Middlefield Canadian Income's conversion to an active exchange traded fund, CGI is the only Canadian fund in the AIC North America sector. Looking at the five companies in Exhibit 8, CGI has above average NAV total returns over all periods shown ranking second over one year, third over three years, second over five years and second out of four funds over the last decade. The company continues to have, by far, the widest discount and the highest ongoing charge. CGI has the highest level of gearing and a modestly above-average dividend yield. It unsurprisingly ranks behind the two funds with an income focus.

**Exhibit 8: AIC North America sector (excluding Pershing Square Holdings) at 4 November 2025 (£)\***

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Discount	Ongoing charge	Performance fee	Net gearing	Dividend yield
Canadian General Investments	512.6	21.1	49.6	95.1	323.6	(43.7)	1.4	No	108	2.4
Baillie Gifford US Growth	758.9	29.5	56.6	25.4		(9.7)	0.8	No	103	0.0
BlackRock American Income	124.7	11.7	21.8	74.4	179.5	(3.6)	1.0	No	100	5.3
JPMorgan American	1,967.3	15.7	65.6	127.6	355.3	(3.6)	0.3	No	104	0.7
North American Income Trust	412.1	11.8	27.3	88.6	194.1	(8.6)	0.8	No	108	3.3
<b>Average</b>	<b>755.1</b>	<b>17.9</b>	<b>44.2</b>	<b>82.2</b>	<b>263.1</b>	<b>(13.8)</b>	<b>0.9</b>		<b>105</b>	<b>2.3</b>
<b>Rank (out of 5 funds)</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>1</b>		<b>1</b>	<b>3</b>

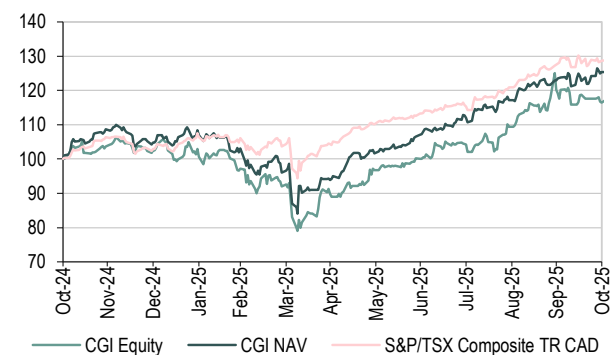
Source: Morningstar, Edison Investment Research. Note: \*Performance to 3 November. TR = total return.

**Exhibit 9: Five year discrete performance**

12 months ending	Share price (%)	NAV (%)	S&P/TSX Composite (%)	MSCI Canada (%)	MSCI World (%)
31/10/21	46.0	51.9	38.8	39.5	31.1
31/10/22	(18.2)	(19.8)	(4.9)	(4.5)	(9.9)
31/10/23	6.7	6.3	0.4	1.4	13.0
31/10/24	25.3	33.3	32.1	32.8	34.8
31/10/25	16.4	25.4	28.7	29.4	23.2

Source: LSEG Data & Analytics, Edison Investment Research. Note: All % on a total return basis in Canadian dollars.

**Exhibit 10: Price, NAV and benchmark total return, one year rebased**

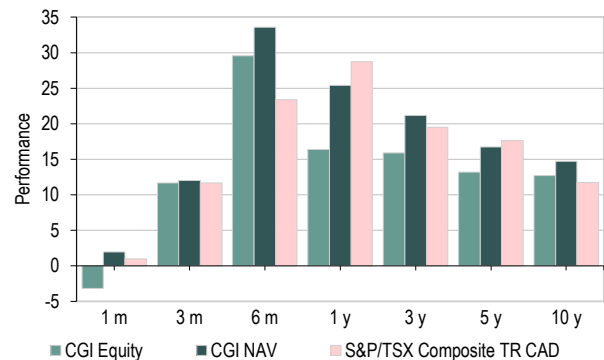


Source: LSEG Data & Analytics, Edison Investment Research

In H125, CGI's NAV and share price total returns of +2.3% and -2.3% respectively lagged the benchmark's +10.2% total return. This was a volatile period in global markets, largely in response to US president Trump's announcement of widespread tariffs. Unsurprisingly, gold rallied strongly, which detracted from CGI's relative performance as although its overall materials exposure is broadly in line with the index, it has a below-index allocation to gold stocks. The portfolio is also underweight financial and utility stocks, which performed relatively well, although an overweight exposure to consumer discretionary stocks was beneficial to CGI's performance.

There was mixed performance at the stock level, with some significant share price moves both up and down. Positive contributors included Celestica, which was an opportune addition to the portfolio in mid-2024, and is benefiting from the significant growth in AI. Discount retailer Dollarama was purchased at its 2009 IPO and the company has continued to deliver robust results, while Cameco, a uranium producer, and a relative recent new holding also rallied strongly. Holdings that detracted from CGI's relative returns included: Baytex Energy (a heavy debt load is weighing on cash flow); TFI International (results are being negatively affected by a trucking recession); and West Fraser Timber (which is exposed to a weak US housing market).

**Exhibit 11: Price, NAV and benchmark total return (%)**



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year figures annualised.

**Exhibit 12: Share price and NAV total return performance, relative to indices (%)**

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to S&P/TSX Composite	(4.1)	(0.0)	5.0	(9.6)	(8.9)	(17.6)	9.6
NAV relative to S&P/TSX Composite	1.0	0.3	8.3	(2.6)	4.1	(4.0)	30.5
Price relative to MSCI Canada	(4.2)	0.2	5.6	(10.0)	(10.6)	(19.9)	8.6
NAV relative to MSCI Canada	0.9	0.5	8.9	(3.0)	2.1	(6.7)	29.4
Price relative to MSCI World	(5.7)	1.9	5.4	(5.5)	(17.1)	(16.3)	(3.5)
NAV relative to MSCI World	(0.7)	2.2	8.7	1.8	(5.3)	(2.5)	15.0

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data to end October 2025. Geometric calculation.

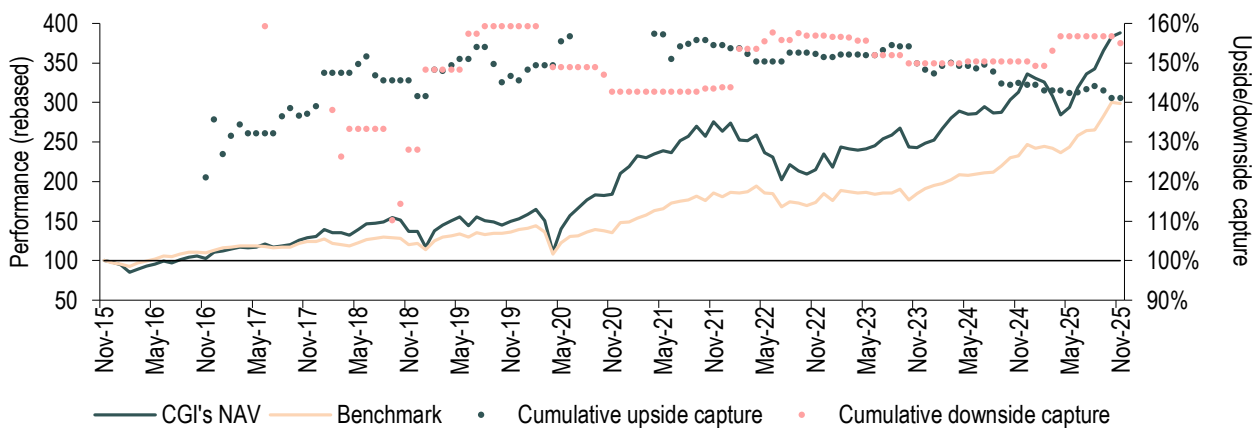
While CGI's year-to-date performance to the end of October has lagged the benchmark (total return: NAV +19.8%, share price +13.6% and benchmark +25.1%), there are reasons for optimism. While below-index weightings in banks and gold stocks have detracted from the company's performance, in terms of stock selection, positive contributors outweigh detractors by a wide margin. Stocks that performed well in the first nine months of 2025 include Celestica, whose share price took another step-up in October following the release of its Q325 earnings report. The company beat both sales and earnings consensus estimates, raised its FY25 guidance and set some promising targets for 2026.

While performance this year has had a negative impact on CGI's more recent relative record, there has been no change in strategy and given the manager's unconstrained investment approach, there will be periods where the portfolio does not keep up with the market. What is important to focus on is CGI's record of strong outperformance over the last 10, 25 and 50 years, which in our experience is unmatched.

## CGI's upside/downside capture

In Exhibit 13 we show CGI's upside/downside capture analysis over the last 10 years. Its upside capture rate of 141% and downside capture rate of 155% suggest the company is likely to outperform by around 40% in a rising market and underperform by a larger 55% in a falling market. It is unsurprising that CGI does not move in line with its benchmark given the manager's unconstrained investment approach and the fund's relatively high level of gearing.

**Exhibit 13: CGI's upside/downside capture**



Source: LSEG Data & Analytics, Edison Investment Research

Cumulative upside/downside capture calculated as the geometric average NAV TR of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A 100% upside/downside indicates that the fund's TR was in line with the reference index's during months with positive/negative returns. Data points for the initial 12 months have been omitted in the exhibit due to the limited number of observations used to calculate the cumulative upside/downside capture ratios.

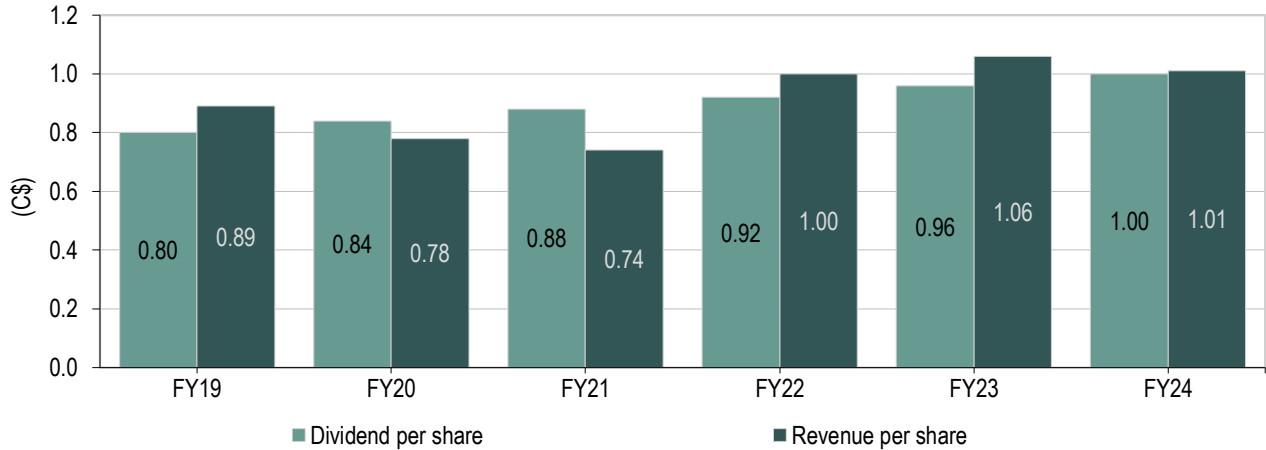
## Dividends: Stepping up to the next level

CGI pays regular quarterly dividends, which are distributed in March, June, September and December. They may be paid out of income (taxes of 33% paid on income are recoverable) or realised capital gains (taxes paid or payable of around 20% on realised capital gains are also recoverable). Starting in FY18, the company grew its quarterly dividends by C\$0.01 per share year-on-year, for a C\$0.04 annual increase. In FY24, four regular dividends of C\$0.25 per share were paid. They were fully covered by income and there were no capital gains dividends paid.

FY25 has seen a step-up in dividend growth, which has been well received by shareholders and is part of the board's desire to steadily increase its dividend payments. So far, three quarterly dividends of C\$0.27 per share have been paid; two regular and one capital gains, and a fourth dividend of C\$0.27 has been declared. This means an annual payment of C\$1.08 for FY25, which is 8.0% higher than the C\$1.00 paid out in FY24 when the dividend grew by 4.2%.

Eckel reports that CGI has a significant level of unrealised capital gains (C\$1.2bn). The company is on a course for a 12-year record of consecutive higher dividends, securing its place as one of the AIC's next-generation dividend heroes (funds with 10 years but less than 20 years of consecutive higher annual dividends).

**Exhibit 14: Dividend and revenue history since FY19**



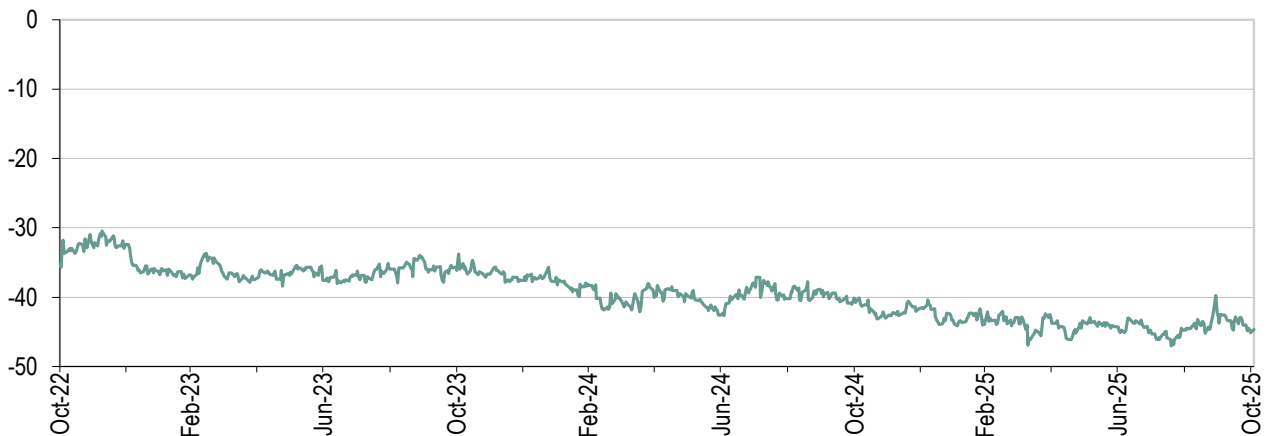
Source: Bloomberg, Edison Investment Research

## Valuation: Discount wider than historical averages

There have been brief periods when CGI traded at a premium to NAV, but this has not occurred since 1998, although its shares moved close to NAV in 2006 during a commodity super cycle. The company typically trades at a wide discount as it is unable to repurchase shares to help manage its discount as this would invalidate CGI's favourable Canadian investment corporation tax status.

In keeping with other investment companies, CGI's discount is wider than average during a period of elevated macroeconomic uncertainty. The current 43.9% discount is towards the wider end of the 28.0% to 47.1% three-year range. It is also wider than the 43.5%, 39.4%, 36.2% and 33.0% average discounts over the last one, three, five and 10 years, respectively.

**Exhibit 15: Share price discount to NAV over three years (%)**



Source: LSEG Data & Analytics, Edison Investment Research

## Fund profile: North American equity specialist

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CGI was established in 1930 and is North America's second-oldest closed-end fund. It has been listed on the Toronto Stock Exchange since 1962 and on the London Stock Exchange since 1995. MMA took over management of CGI in 1956; the firm has c C\$3.2bn of assets under management for both private and institutional clients. Eckel has managed CGI's portfolio since 2009, aiming to generate a better-than-average total return from a diversified portfolio of North American equities via prudent stock selection and timely recognition of capital gains and losses. While most of the fund is invested in Canadian companies, up to 25% may be held in US-listed businesses. The manager has an unconstrained approach, within the remit that a maximum 35% of the portfolio may be held in a single sector, and he invests without reference to the sector weightings of its benchmark, meaning CGI's performance may differ meaningfully from that of the S&P/TSX Composite Index. Eckel has a medium- to long-term view, so some of the fund's holdings have been in the portfolio for many years. The company is designated as an investment corporation under the Income Tax Act (Canada). This eliminates a layer of taxation, as realised capital gains paid as dividends to shareholders are only taxed at the shareholder level. However, to maintain this favourable tax status, CGI is unable to repurchase its shares to help manage the share price discount to NAV. A maximum 25% of its gross revenue may come from interest income and at least 85% of gross revenue must be from Canadian sources.

In 2024, Victor Cheung joined MMA as a vice president and portfolio manager. One of his responsibilities is as CGI's assistant portfolio manager, working alongside Eckel. Cheung has more than 15 years of investment experience across a broad range of sectors in North American and global equity markets.

## Investment process: Bottom-up stock selection

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Eckel's stock selection process is primarily bottom up, although he does take the macroeconomic environment into account. The manager aims to generate an above-average total return for investors, seeking reasonably valued companies with favourable fundamentals and strong management teams; he also takes firms' economic, social and governance credentials into account. While most of CGI's portfolio is invested in Canadian companies, up to 25% of the fund may be held in US equities, which are primarily in niche operations or business areas that are under-represented in the Canadian market. The broad equity exposures at the end of October 2025 were 80% Canada and 20% US.

There are currently around 60 holdings in the portfolio with a bias to large- and mid-sized stocks. Some of these are higher yielding, such as the Canadian banks, helping to support CGI's own dividend payments. Eckel has a long-term focus – in FY24, portfolio turnover was 13.7%, which was a five-year high and compared to the 7.9% average over the period. However, this still implies a very long holding period of around 12.5 years. Positions are reassessed regularly to ensure they are sized correctly, and investment cases are still valid. The manager has a history of successively backing good management teams that may move companies due to mergers and acquisitions.

## Gearing: Margin borrowing facility

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CGI has employed a leveraged strategy since its first issue of preference shares in 1998. Since then, to the end of October 2025, its total return averaged 7.3% per year above its cost of debt. For economic reasons, since the C\$75m 3.75% cumulative Series 4 preference shares redemption in June 2023, CGI's leverage is via its margin facility rather than preference shares.

The company has a prime brokerage services agreement with a Canadian chartered bank at a rate of the Canadian Overnight Repo Rate Average plus 0.42% per annum. CGI is required to pledge securities as collateral for margin borrowings, which are currently C\$200m.

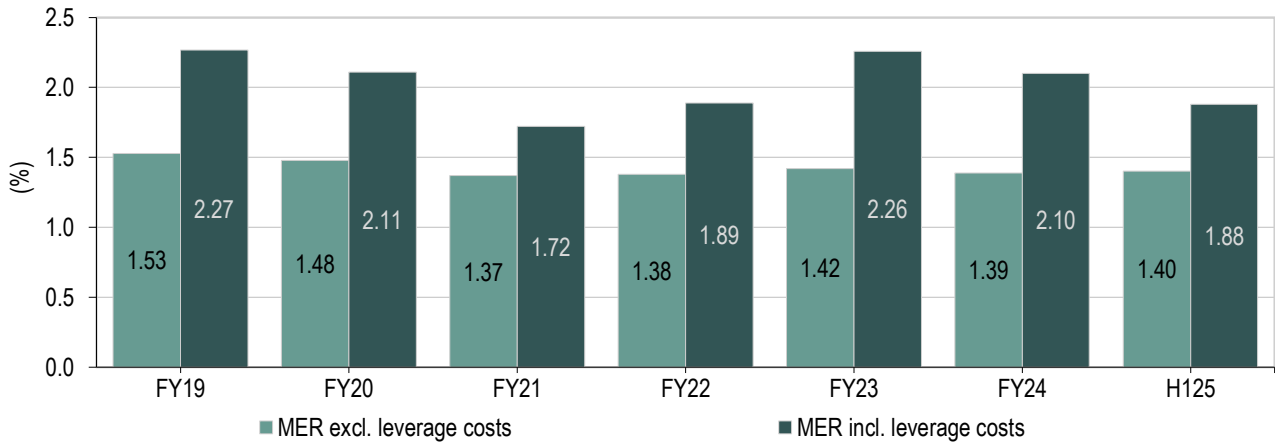
## Fees and charges

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MMA is paid a management fee that is calculated and paid monthly at 1.0% per year of the market value of CGI's investments, adjusted for cash, portfolio accounts receivable and portfolio accounts payable; no performance fee is payable. In H125, the annualised management expense ratio (MER) including leverage costs was 1.88%, which was 22bp lower than 2.10% in FY24. Excluding leverage costs, which makes the MER more comparable with the ongoing

charge figure used in the UK, in H125 it was 1.40%, which was 1bp higher than in FY24.

**Exhibit 16: Management expense ratio since FY19**

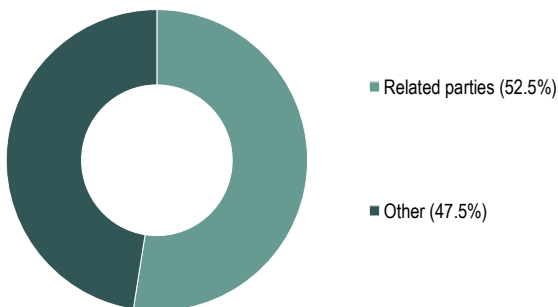


Source: CGI, Edison Investment Research. Note: Leverage costs include preference dividends, interest and financing charges.

## Capital structure

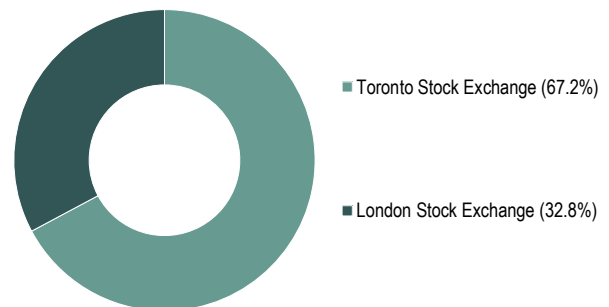
CGI has 20.9m ordinary shares in issue, 52.5% of which are directly or indirectly owned by two of the company's directors, Jonathan Morgan and Vanessa Morgan. Hence, CGI has a free float of 9.9m shares (47.5% of the total) with these holders split broadly 35:65 between Canada and international. Over the last 12 months, the company had an average daily trading volume of c 9.3k shares on the Toronto Stock Exchange and c 4.5k shares on the London Stock Exchange. Volumes have increased following a greater focus on marketing the fund via articles in the financial press and podcasts.

**Exhibit 17: Major shareholders**



Source: CGI. Note: At 31 October 2025.

**Exhibit 18: Average daily volume**



Source: Bloomberg. Note: 12 months to 4 November 2025.

## The board

CGI's board has seven directors; three non-independent and four independent directors, who collectively have an average tenure of around 10 years.

Vanessa Morgan is chair of CGI and president and CEO of MMA. She joined CGI's board in 1997. Jonathan Morgan, president and CEO of CGI and executive vice-president and COO of MMA, joined the board in 2001. Clive Robinson is head of MMA's private wealth management business. He joined the board in 2024.

The four independent directors and their years of appointment are Michelle Lally (2015), Marcia Lewis Brown (2020), Sanjay Nakra (2023) and Michael Walke (2023).

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