Economic Investment Trust Limited

2007 Annual Report

Economic Investment Trust Limited

THE YEAR AT A GLANCE
81st Annual Report

	2007 [1]	2006 [1]
Net equity value per Common Share [2]	**$ 113.22**	$ 123.03
Net investment income per Common Share [2]	**$ 1.41**	$ 1.29
Increase (decrease) in net assets from operations per Common Share	**$ (8.48)**	$ 24.03
Dividends per Common Share	**$ 0.60**	$ 0.60
Net assets	**$ 636,214**	$ 691,296
Investment income	**$ 13,374**	$ 12,433
Net investment income	**$ 7,958**	$ 7,275
Number of Common Shares outstanding at year end	**5,615,535**	5,615,535

[1] In thousands of Canadian Dollars, except number of Common Shares outstanding and per share amounts.
[2] See Management's Discussion and Analysis for use of Non-GAAP Measures.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 11:45 a.m. on Thursday, April 3, 2008, in the Meeting Room of The Dominion of Canada General Insurance Company, 4th Floor, 165 University Avenue, Toronto. All shareholders are invited to attend.

BOARD OF DIRECTORS

IRVING R. GERSTEIN	President Glenoak Capital
DUNCAN N. R. JACKMAN	Chairman, President and Chief Executive Officer E-L Financial Corporation Limited
R.B. MATTHEWS	President Manitou Capital Corporation
J. MICHAEL ROLLAND	President and Chief Executive Officer Borealis Infrastructure Management Inc.
MARK M. TAYLOR	Executive Vice-President and Chief Financial Officer E-L Financial Corporation Limited

HONORARY DIRECTORS

WILLIAM J. CORCORAN	Vice-Chairman Jarislowsky Fraser Limited
THE HONOURABLE HENRY N. R. JACKMAN	Honorary Chairman The Empire Life Insurance Company

OFFICERS

DUNCAN N. R. JACKMAN	Chairman and President
MARK M. TAYLOR	Vice-President
RICHARD B. CARTY	Corporate Secretary
TRAVIS R. EPP	Treasurer

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations for the years ended December 31, 2007 and 2006. This MD&A should be read in conjunction with the December 31, 2007 year-end consolidated financial statements of Economic Investment Trust Limited ("Economic" or the "Company") which form part of this Annual Report. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian Dollars.

MD&A contains certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

Investment Strategy

Economic is a closed-end investment corporation, the shares of which trade on the Toronto Stock Exchange (EVT, EVT.PR.A). Economic has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest bearing short-term securities pending the selection of suitable equity investments.

The objective of the Company is to earn an above average rate of return primarily through long-term capital appreciation and dividend income. The equity investments in the portfolio currently reflect investment opportunities all over the world.

The investment portfolio of the Company is comprised of a mix of high and low yielding foreign and Canadian investments. Net investment income, net realized gain (loss) on investments, net change in unrealized appreciation of investments and net equity value per Common Share will vary significantly from period to period depending on the selection of the global equities which move with the constantly changing economic environment and market conditions.

The majority of the investment portfolio is managed by Sanford C. Bernstein & Co. LLC ("Bernstein"), a wholly owned subsidiary of Alliance Bernstein L.P. Bernstein is a global investment manager that commenced operations in 1967. At the end of fiscal 2007, excluding the Emerging Markets Investors Fund, Bernstein managed all of the foreign equities in the portfolio. Bernstein is allowed to hedge the foreign currency exposure of any non-Canadian investment that it manages.

As at December 31, 2007, the Company managed all of the Canadian equities in the portfolio. These investments comprise 46.9% (2006 - 46.3%) of the investment portfolio. The performance of this portion of the portfolio is primarily derived from investments in E-L Financial Corporation Limited and, to a lesser extent, Algoma Central Corporation and The Bank of Nova Scotia. E-L Financial Corporation Limited, Algoma Central Corporation and the Company can be significantly influenced by the same party. In management's view, these long-term investments are consistent with the Company's investment strategy and contribute to achieving the investment objective. Further related party information is provided in Note 8 to the consolidated financial statements and in the consolidated statement of investments.

As the Company's investment philosophy is focused on long-term capital appreciation and dividend income, short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Use of Non-GAAP Measures

MD&A contains reference to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

Net equity value per Common Share is calculated as follows (in thousands of Canadian Dollars, except number of Common Shares and per Common Share amounts):

	December 31 2007	January 1 2007 [1]	December 31 2006
Net assets	$ 636,214	$ 686,780	$ 691,296
Deduct:			
Cost of redemption of Preferred Shares Series A	404	404	404
Net equity value	$ 635,810	$ 686,376	$ 690,892
Common Shares outstanding	5,615,535	5,615,535	5,615,535
Net equity value per Common Share	$ 113.22	$ 122.23	$ 123.03

[1] Refer to Note 2 of the consolidated financial statements.

Net investment income per Common Share is calculated as follows:

	Three months ended December 31		Year ended December 31	
	2007	2006	2007	2006
Increase (decrease) in net assets from operations per Common Share	$ (7.02)	$ 12.17	$ (8.48)	$ 24.03
Less: Net gain (loss) on investments per Common Share	(7.30)	11.95	(9.89)	22.74
Net investment income per Common Share	$ 0.28	$ 0.22	$ 1.41	$ 1.29

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Market Review

In Canadian Dollar terms, in 2007, the S&P/TSX Composite Index increased 9.8%, the MSCI World Index decreased 7.5% and the S&P 500 Index decreased 10.6%. Comparatively, in 2006, the S&P/TSX Composite Index increased 17.3%, the MSCI World Index increased 20.0% and the S&P 500 Index increased 15.7%. The return on global investments was adversely impacted by the strengthening of the Canadian Dollar in 2007. The global equity portfolio managed by Bernstein declined by 8.6% in 2007 compared to an increase of 28.9% in 2006.

The Company's net equity value per Common Share decreased to $113.22 at December 31, 2007 from $122.23 at January 1, 2007 (restated for the change in accounting policy as noted below). Based on the reinvestment of dividends at month-end net equity values, the Company's net equity value per Common Share decreased 6.9% in 2007, compared to an increase of 24.3% in 2006.

Accounting Policy Change

Effective January 1, 2007, the Company adopted Section 3855 of the CICA Handbook, "Financial Instruments - Recognition and Measurement". As a result, certain changes were made to the accounting policy regarding the carrying value of investments. Financial assets are measured at fair value and transaction costs are recognized immediately in net gain (loss) on investments. The fair value of securities traded in an active market is the closing bid price. Previously, the closing market quotation was used in determining the market value of investments. The fair values of investments not listed on stock exchanges have been determined by management based on the underlying market values of the net assets represented by such securities. These fair values, determined on the basis of closing bid prices of such securities, do not necessarily represent the realizable value of the total holdings. The actual realizable value could be more or less than the value indicated by those market quotations. There have not been any changes to the timing and recognition of financial assets. The change in accounting policy is treated prospectively and comparative balances have not been restated.

Effective January 1, 2007, the accounting policy change to closing bid price from closing market quotation resulted in a decrease in the fair value of investments of $5,437,000, a decrease in future income taxes of $921,000 and a decrease in unrealized appreciation of investments of $4,516,000.

Operating Results - 2007

Net Investment Income

The Net investment income of the Company increased to $7,958,000 in 2007 from $7,275,000 in 2006, an increase of 9.4%. This result is primarily attributable to an increase in both foreign and Canadian dividends in 2007 as compared to 2006.

The operating expenses of the Company increased to $2,367,000 in 2007 from $2,260,000 in 2006. The majority of the expenses, including investment management and administrative costs and custody fees, are market based and will increase in a fiscal year in which the equity markets rise. Despite the increase in operating expenses of the Company, the management expense ratio declined to 0.35% in 2007 from 0.36% in 2006. The reduction is due to an increase in the average value of the internally managed investments compared to the prior year. There are no investment management or administrative fees charged on the internally managed investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net Gain (Loss) on Investments

The investment portfolio declined in value in 2007. In general, the positive returns in local currency were offset by the significant appreciation of the Canadian Dollar versus virtually all other currency exposures included in the investment portfolio. To illustrate, the Canadian Dollar appreciated against other currencies as follows: United States Dollar - 18%, Pound Sterling - 16%, Yen - 11% and the Euro - 7%.

The realized gain on investments sold, including the gain on the maturity of forward currency contracts, increased to $33,335,000 in 2007 from $30,372,000 in 2006. The increase in the realized gain reflects the positive performance of global equity markets in recent years. As a result of the general strengthening of the Canadian Dollar, a realized gain of approximately $12,927,000 resulted from the maturity of forward currency contracts. The largest equity contributors to the realized gain on investments during the year were Petroleo Brasileiro S.A. ADR, Continental AG, Posco and China Petroleum and Chemical Corp. The most significant losses in the year resulted from the sale of Countrywide Financial Corporation and Smurfit-Stone Container Corporation.

The Company's unrealized appreciation of investments decreased in 2007 by $88,537,000 to $266,384,000 at December 31, 2007 from $354,921,000 at January 1, 2007. In addition to the realized gains discussed above, the decrease in unrealized appreciation reflects the decline in the market of the Company's largest investment, E-L Financial Corporation Limited, and the significant appreciation of the Canadian Dollar. The fair value of E-L Financial Corporation Limited decreased approximately $29.1 million during the year.

In fiscal 2007, the Federal government substantively enacted reductions in income tax rates commencing in 2008. As a result of the tax changes, there was a reduction in the future income tax liability and an increase in unrealized appreciation of investments. The benefit of the tax rate changes is approximately $6,000,000.

Operating Results - Fourth Quarter, 2007

Global stock markets posted generally negative results in the quarter ended December 31, 2007. In Canadian Dollar terms, in the fourth quarter of 2007, the S&P/TSX Composite Index decreased 1.3%, the MSCI World Index decreased 3.2% and the S&P 500 Index decreased 4.1%.

The Company's net equity value per Common Share decreased to $113.22 at December 31, 2007 from $120.37 at September 30, 2007. Including the reinvestment of dividends at month-end net equity values, the Company's net equity value per share decreased 5.8% in the fourth quarter of 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Three Year Results

A summary of various financial data for each of the last three years is as follows:

	2007	2006	2005
	(In thousands of dollars, except per share amounts)		
Net realized and unrealized gain (loss) on investments	**$ (55,538)**	$ 127,714	$ 98,102
Net realized and unrealized gain (loss) on investments per Common Share	**(9.89)**	22.74	17.47
Total assets	**681,284**	766,508	616,634
Investment income	**13,374**	12,433	9,801
Net investment income	**7,958**	7,275	5,744
Net investment income per Common Share	**1.41**	1.29	1.01
Cash dividends per Common Share	**0.60**	0.60	0.60
Cash dividends per Preferred Share Series A	**2.50**	2.50	2.50

The performance of Economic's global investment portfolio is impacted by stock selection, equity markets and currency movements. In fiscal 2007, the performance of Economic was negatively impacted by a decline in the value of the Company's largest equity investment, E-L Financial Corporation Limited, as well as the significant strengthening of the Canadian Dollar. These two factors outweighed the positive performance in local currency returns in most equity markets. In 2006 and 2005, each of the S&P/TSX Composite Index, the MSCI World Index and S&P 500 Index posted positive returns in Canadian Dollars.

The fluctuations in investment income and net investment income are due to changes in dividend income that is earned by the Company. The dividend income is determined by the dividend policies of the corporations that are held as investments in our global investment portfolio. In recent years, a number of investments in our portfolio have paid special dividends or increased their dividends. For example, a special dividend was received from Whitbread PLC in 2006. The type of the dividend will also affect the taxation of the dividend which will have an impact on net investment income.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Quarterly Review - Fiscal 2007 and 2006

The following tables summarize various financial results on a quarterly basis for the current and prior fiscal years:

	2007 Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Investment income	$ 2,900	$ 4,916	$ 2,979	$ 2,579
Net investment income	1,596	2,863	1,789	1,710
Per Common Share [1]				
Net investment income	$ 0.29	$ 0.52	$ 0.32	$ 0.28
Net gain (loss) on investments	1.84	1.36	(5.79)	(7.30)
Increase (decrease) in net assets from operations	$ 2.13	$ 1.88	$ (5.47)	$ (7.02)

	2006 Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Investment income	$ 2,430	$ 5,021	$ 2,767	$ 2,215
Net investment income	1,341	3,049	1,643	1,242
Per Common Share [1]				
Net investment income	$ 0.24	$ 0.54	$ 0.29	$ 0.22
Net gain on investments	7.57	2.12	1.10	11.95
Increase in net assets from operations	$ 7.81	$ 2.66	$ 1.39	$ 12.17

[1] The net investment income per Common Share is net of dividends paid on the Preferred Shares Series A during the period.

The investment income is primarily derived from dividend income that is earned by the Company. While North American investments generally pay regular quarterly dividends, investments outside of North America pay less frequently. Generally, dividends earned on investments outside of North America peak in the second quarter of the fiscal year. Further, there are occasions when investments pay special dividends. For example, Whitbread PLC paid a special dividend in the second quarter of 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of the Company's disclosure controls and procedures as of December 31, 2007, as defined under Multilateral Instrument 52-109. Based on that evaluation, management concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2007.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Management assessed the design effectiveness of the Company's internal control over financial reporting as at December 31, 2007, and based on that assessment determined that the Company's internal control over financial reporting design was effective. No changes were made in the Company's internal control over financial reporting during the year ended December 31, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risks

The Company faces a broad range of risks and uncertainties in managing a global equity portfolio. The Board reviews the investment portfolio on a quarterly basis.

Market Risk

The Company is subject to market risk as all investments are subject to volatility and present a risk of capital loss. The Company has contracted an experienced global investment manager, Bernstein, to manage a majority of the global investment portfolio. Bernstein manages a diversified investment portfolio and reports to the Company on a monthly basis.

Foreign Currency Risk

A global investment portfolio creates foreign currency risk. Bernstein has the authority to utilize forward currency contracts to manage foreign currency risk. Bernstein monitors its currency exposures on a regular basis and reports to the Company on a monthly basis.

Concentration Risk

Concentration risk exists when a significant portion of the investment portfolio is invested in a small number of companies. Concentration reduces the diversification of the investment portfolio and may result in greater volatility. As at December 31, 2007, the Company's fair value of its investment in E-L Financial Corporation Limited of $187,993,000 (2006 - $217,047,000) represents 28.0% (2006 - 28.6%) of Economic's equity investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Credit Risk

The Company is exposed to credit risk associated with its securities lending program with its custodian, RBC Dexia Investor Services Trust ("RBC Dexia"), as its lending agent. RBC Dexia is a joint venture equally owned by Royal Bank of Canada and Dexia. If the borrower of securities is unable to return the securities to the Company or if the value of the collateral provided by the borrower is less than the value of the securities, the Company would suffer a loss. The Company is indemnified for this loss by RBC Dexia. The Company receives reports on securities lending from RBC Dexia on a monthly basis.

The Company is also exposed to counterparty risk associated with forward currency contracts. All counterparties have an approved credit rating of at least A - 1+. The Company receives reports on forward currency contracts from Bernstein on a monthly basis.

The Company's exposure to other risks is also addressed in the Company's Annual Information Form.

Share Data

There are 5,615,535 Common Shares issued and outstanding and each share is entitled to one vote. There are 7,700 Preferred Shares Series A issued and outstanding. During 2006, the Company purchased 21,315 Preferred Shares Series A for cancellation.

Liquidity and Capital Resources

Quarterly dividends were paid on the Common Shares and Preferred Shares Series A. The quarterly per share dividend was $0.15 on the Common Shares and $0.625 on the Preferred Shares Series A. The payment of the Company's quarterly dividends is funded by net investment income. For the year ended December 31, 2007, net investment income was $7,958,000 as compared to dividend payments of $3,389,000.

Additional Information

Additional information relating to Economic, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Duncan N.R. Jackman
Chairman and President

February 7, 2008

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended December 31, 2007:

DATA PER COMMON SHARE	**2007**	2006	2005	2004	2003
NET EQUITY VALUE, beginning of year [1]	**$ 122.23**	$ 99.49	$ 81.52	$ 72.37	$ 61.12
INCOME (LOSS) FROM INVESTMENT OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	**1.42**	1.30	1.02	1.55	0.84
Net realized and unrealized gain (loss) on investments	**(9.89)**	22.74	17.47	8.71	10.95
	(8.47)	24.04	18.49	10.26	11.79
DIVIDENDS TO SHAREHOLDERS					
Cash dividends on Common Shares	**(0.60)**	(0.60)	(0.60)	(0.60)	(0.60)
Cash dividends on Preferred Shares Series A	**(0.01)**	(0.01)	(0.01)	(0.01)	(0.01)
	(0.61)	(0.61)	(0.61)	(0.61)	(0.61)
TAXATION CHANGES					
Net decrease (increase) in refundable dividend tax on hand	**0.07**	0.11	0.09	(0.50)	0.07
NET EQUITY VALUE, end of year	**$ 113.22**	$ 123.03	$ 99.49	$ 81.52	$ 72.37

[1] The net equity value at the beginning of fiscal 2007 reflects the change in accounting policy adopted January 1, 2007.

MANAGEMENT'S REPORT

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

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgement. The significant accounting policies which management believes are appropriate for the Company are described in Note 2 to the financial statements. Financial information disclosed elsewhere in the Annual Report is consistent with the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Board of Directors carries out its responsibilities principally through the Audit Committee. The Audit Committee reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditors prior to recommending the audited financial statements and related disclosure for approval by the Board.

The shareholders of the Company appointed the external auditors, PricewaterhouseCoopers LLP. The external auditors audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on this page.

Duncan N.R. Jackman
Chairman and President
February 7, 2008

Travis R. Epp
Treasurer

AUDITORS' REPORT

To the Shareholders of
Economic Investment Trust Limited:

We have audited the accompanying consolidated statement of net assets of Economic Investment Trust Limited as at December 31, 2007 and 2006, the consolidated statement of investments as at December 31, 2007 and the consolidated statements of operations, retained earnings and changes in net assets for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

February 7, 2008
Toronto, Canada

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants

CONSOLIDATED STATEMENT OF NET ASSETS

	December 31	
	2007	2006
	(000's)	
ASSETS		
Investments, at fair value (cost - $364,062; 2006 - $326,695) (Notes 2 and 8)	**$ 674,449**	$ 756,592
Cash	**5,519**	8,786
Short-term investments	**—**	300
Receivable in respect of investments sold	**575**	67
Accrued income on investments	**618**	562
Other assets	**123**	201
	681,284	766,508
LIABILITIES		
Accounts payable and accrued liabilities	**337**	321
Payable in respect of investments purchased	**505**	367
Income taxes payable	**11**	9,454
Future income taxes (Note 4)	**44,217**	65,070
	45,070	75,212
Net assets, at fair value	**$ 636,214**	$ 691,296
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	**$ 205,076**	$ 205,076
Contributed surplus (Note 6)	**1,492**	1,492
Unrealized appreciation of investments (Note 4)	**266,384**	359,437
Retained earnings	**163,262**	125,291
Total shareholders' equity	**$ 636,214**	$ 691,296

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN Director

R.B. MATTHEWS Director

(See accompanying notes)

CONSOLIDATED STATEMENT OF OPERATIONS

	Year ended December 31	
	2007	2006
	(000's)	
INVESTMENT INCOME		
Dividends:		
Foreign	**$ 10,418**	$ 9,891
Canadian (Note 8)	**2,569**	2,096
	12,987	11,987
Interest, including securities lending income (Note 9)	**387**	446
	13,374	12,433
Expenses:		
Investment management and administrative costs (Note 8)	**1,760**	1,596
Directors' and officers' remuneration	**95**	96
Office and miscellaneous	**167**	192
Transfer, registrar and custody fees	**301**	323
Professional fees	**44**	53
	2,367	2,260
Investment income before income taxes	**11,007**	10,173
Income taxes (Note 3)	**3,049**	2,898
NET INVESTMENT INCOME	**7,958**	7,275
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain on investments (Note 5)	**33,335**	30,372
Net change in unrealized appreciation of investments (Note 4)	**(88,537)**	97,342
Transaction costs on purchase and sale of investments	**(336)**	—
NET GAIN (LOSS) ON INVESTMENTS	**(55,538)**	127,714
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**$ (47,580)**	$ 134,989
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	**$ (8.48)**	$ 24.03

(See accompanying notes)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Year ended December 31	
	2007	2006
	(000's)	
RETAINED EARNINGS, BEGINNING OF YEAR	**$ 125,291**	$ 90,511
Add:		
Net investment income	**7,958**	7,275
Net realized gain on investments	**33,335**	30,372
Refundable dividend taxes recovered	**1,130**	1,134
	167,714	129,292
Deduct:		
Dividends (Note 6)	**3,389**	3,402
Provision for refundable dividend taxes	**727**	599
Transaction costs on purchase and sale of investments	**336**	—
	4,452	4,001
RETAINED EARNINGS, END OF YEAR	**$ 163,262**	$ 125,291

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	2007	2006
	(000's)	
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**$ (47,580)**	$ 134,989
DIVIDENDS TO SHAREHOLDERS		
Cash dividends on Preferred Shares Series A	**(20)**	(33)
Cash dividends on Common Shares	**(3,369)**	(3,369)
	(3,389)	(3,402)
CAPITAL SHARE TRANSACTIONS		
Purchase of Preferred Shares Series A for cancellation	**—**	(1,067)
TAXATION CHANGES		
Net decrease in refundable dividend taxes on hand	**403**	535
INCREASE (DECREASE) IN NET ASSETS	**(50,566)**	131,055
NET ASSETS, BEGINNING OF YEAR, AS RESTATED (Note 2)	**686,780**	560,241
NET ASSETS, END OF YEAR	**$ 636,214**	$ 691,296

(See accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007

1. Description of business

Economic Investment Trust Limited ("Economic" or "the Company") is a closed-end investment corporation, incorporated under The Companies Act (Canada) by letters patent dated January 28, 1927 and continued under the Canada Business Corporations Act by Certificate of Continuance dated June 20, 1980.

Economic trades on the Toronto Stock Exchange (EVT, EVT.PR.A). Economic has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

2. Summary of significant accounting policies

Principles of consolidation

The comparative financial statements include the accounts of the Company and its wholly-owned subsidiaries, Econos Foreign Investment Company Limited, Econos Canadian Investment Company Limited and Econos N.V.G. Investment Company Limited. Each of the subsidiaries were wound up on December 31, 2006.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reported period. Actual results could differ from those estimates.

Carrying value of investments

The fair values of securities listed on stock exchanges are based on closing bid prices.

The fair values of securities not listed on stock exchanges have been determined by the directors based on the underlying fair values of the net assets represented by such securities. These fair values, determined on the basis of closing bid prices of such securities, do not necessarily represent the realizable value of the total holdings. The actual realizable value could be more or less than the value indicated by those bid prices.

Forward currency contracts

The Company periodically utilizes forward currency contracts to reduce foreign currency exposure on foreign equity investments. Contracts are carried at fair value and upon maturity the realized gain or loss is included in realized gain (loss) on investments.

Investment transactions

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are calculated on an average cost basis. Transaction costs are recognized immediately in net gain (loss) on investments.

Short-term investments

Short-term investments consist of treasury bills, commercial paper, guaranteed investment certificates and bankers' acceptances held for investment purposes. These investments are carried at cost, which, together with accrued interest, approximates fair value.

Dividend and interest income

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

- continued -

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

2. Summary of significant accounting policies (continued)

Translation of foreign currency

- Assets, including fair value of investments and liabilities denominated in foreign currencies, are converted into Canadian Dollars at the rates of exchange established on each valuation date;
- Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian Dollars at the rates of exchange prevailing on the respective dates of such transactions;
- Realized exchange gains (losses) on investments are included in “net realized gain (loss) on investments” in the Statement of Operations; and
- Unrealized exchange gains (losses) on investments are included in “net change in unrealized appreciation of investments” in the Statement of Operations.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the capital gains are expected to be realized.

Financial instruments

Investments are carried at estimated fair value. The fair value of all other assets and liabilities approximate their carrying value due to their short-term maturity.

Significant accounting change – Financial instruments - Recognition and Measurement

Effective January 1, 2007, the Company adopted the provisions of CICA Handbook Section 3855, “Financial instruments – Recognition and Measurement”. As a result, certain changes were made to the accounting policy regarding the carrying value of investments. Financial assets are measured at fair value and transaction costs are recognized immediately in net gain (loss) on investments. The fair value of securities traded in an active market is the closing bid price. Previously, the closing market quotation was used in determining the market value of investments. The fair values of investments not listed on stock exchanges have been determined by management based on the underlying market values of the net assets represented by such securities. These fair values, determined on the basis of closing bid prices of such securities, do not necessarily represent the realizable value of the total holdings. There have not been any changes to the timing and recognition of financial assets. The change in accounting policy is treated prospectively and comparative balances have not been restated. The effect of the accounting policy change is as follows:

	As reported Dec. 31, 2006	Decrease (000’s)	As adjusted Jan. 1, 2007
Investments at fair value	$ 756,592	$ 5,437	$ 751,155
Future income taxes	$ 65,070	$ 921	$ 64,149
Unrealized appreciation of investments	$ 359,437	$ 4,516	$ 354,921
Net assets at fair value	$ 691,296	$ 4,516	$ 686,780

- continued -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007 (continued)

3. Taxation

The Company is a public corporation under the Income Tax Act and is subject to tax at normal corporate rates on its realized net taxable capital gains (Note 5) and on investment income other than taxable dividends received from corporations resident in Canada. The Company is also subject to a special tax of up to 33 1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of $1.00 of each $3.00 of such dividends paid. The amount eligible for refund at December 31, 2007, all of which is included in the statement of retained earnings, amounted to approximately $1,310,000 (2006 - $1,708,000).

	2007	2006
Basic combined federal and provincial rate	36.12%	36.12%
Effect of other adjustments	0.01	(0.24)
Effective tax rate	36.13%	35.88%

	2007	2006
	(000's)	
Applied to:		
Net investment income for the year	$ 7,958	$ 7,275
Add: Income taxes	3,049	2,898
	11,007	10,173
Less: Dividends from taxable Canadian companies	2,569	2,096
	$ 8,438	$ 8,077
Provision for income taxes	$ 3,049	$ 2,898

The Company's income tax expense includes provisions for current and future taxes as follows:

	2007	2006
	(000's)	
Current	$ 3,043	$ 2,839
Future	6	59
Provision for income taxes	$ 3,049	$ 2,898

- continued -

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007 (continued)

4. Unrealized appreciation of investments

The details of unrealized appreciation of investments and the change for the year then ended are as follows:

	Dec. 31 2007	Jan. 1 2007 [1]	Change in 2007	Change in 2006
		(000's)		
Investments at fair value	$ 674,449	$ 751,155	$ (76,706)	$ 151,720
Investments at cost	364,062	326,695	37,367	39,852
Unrealized appreciation of investments before provision for taxes	310,387	424,460	(114,073)	111,868
Provision for income taxes	44,003	69,539	(25,536)	14,526
Unrealized appreciation of investments	$ 266,384	$ 354,921	$ (88,537)	$ 97,342

[1] See Note 2. Reflects change in accounting policy on January 1, 2007.

5. Net realized gain on investments

The following are the details of the net realized gain on investments during the years indicated:

	2007	2006
	(000's)	
Proceeds on sales of investments	$ 146,699	$ 114,581
Cost of investments, beginning of year	326,695	286,843
Cost of investments purchased during the year	143,462	117,365
	470,157	404,208
Cost of investments, end of year	364,062	326,695
Cost of investments sold during the year	106,095	77,513
Realized gain on investments sold before income taxes	40,604	37,068
Provision for taxes on realized net taxable capital gains	7,269	6,696
Net realized gain on investments	$ 33,335	$ 30,372

6. Capital stock, contributed surplus and dividends

The Company's Articles of Continuance provide for an authorized capital of 200,000 Preferred Shares, issuable in series, and an unlimited number of Common Shares. Of the 200,000 Preferred Shares so authorized, 100,000 were designated as 5% Cumulative Preferred Shares Series A ("Preferred Shares Series A").

As a result of purchases for cancellation, of the 100,000 Preferred Shares originally designated as Preferred Shares Series A, 7,700 remained and were outstanding at December 31, 2007. At December 31, 2007, there were 5,615,535 Common Shares outstanding.

The Preferred Shares Series A have a cumulative dividend of $2.50 per share per annum and are redeemable at any time at the option of the Company at a price of $52.50 per share together with any unpaid dividends. The Articles of Continuance provide that the Company, in the reasonable exercise of its discretion, shall annually purchase for cancellation 2,500 Preferred Shares Series A at a price not to exceed $50.00 per share.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007 (continued)

6. Capital stock, contributed surplus and dividends (continued)

The changes in the Preferred Shares Series A during the year were as follows:

	2007		2006	
	Number of shares	Amount (000's)	Number of shares	Amount (000's)
Balance, beginning of year	7,700	$ 385	29,015	$ 1,451
Shares purchased for cancellation.........................	—	—	(21,315)	(1,066)
Balance, end of year	7,700	$ 385	7,700	$ 385

The difference between the stated capital and the cost of the Preferred Shares Series A purchased for cancellation is credited to contributed surplus. Contributed surplus at the end of the year was $1,492,000 (2006 - $1,492,000).

The following cash dividends were paid during the years ended December 31:

	2007 (000's)	2006 (000's)
On Preferred Shares Series A, $2.50 per share	$ 20	$ 33
On 5,615,535 Common Shares, $0.60 per share	3,369	3,369
	$ 3,389	$ 3,402

The capital stock account of the Company is as follows:

	December 31 2007 (000's)	December 31 2006 (000's)
Preferred Shares Series A		
Issued and outstanding - 7,700 shares.....................	$ 385	$ 385
Common Shares		
Issued and outstanding - 5,615,535 shares.............	204,691	204,691
	$ 205,076	$ 205,076

7. Financial instruments

Market Risk

The Company is subject to market risk as all investments are subject to volatility and present a risk of capital loss. The Company has contracted an experienced global investment manager, Sanford C. Bernstein & Co. LLC ("Bernstein"), to manage a majority of the global investment portfolio. Bernstein manages a diversified investment portfolio and reports to the Company on a monthly basis.

Foreign Currency Risk

A global investment portfolio creates foreign currency risk. Bernstein has the authority to utilize forward currency contracts to manage foreign currency risk. Bernstein monitors its currency exposures on a regular basis and reports to the Company on a monthly basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007 (continued)

7. Financial instruments (continued)

Concentration Risk

Concentration risk exists when a significant portion of the investment portfolio is invested in a small number of companies. Concentration reduces the diversification of the investment portfolio and may result in greater volatility. As at December 31, 2007, the Company's fair value of its investment in E-L Financial Corporation Limited of $187,993,000 (2006 - $217,047,000) represents 28.0% (2006 - 28.6%) of Economic's equity investments.

Credit Risk

The Company is exposed to credit risk associated with its securities lending program with its custodian, RBC Dexia Investor Services Trust ("RBC Dexia"), as its lending agent. RBC Dexia is a joint venture equally owned by Royal Bank of Canada and Dexia. If the borrower of securities is unable to return the securities to the Company or if the value of the collateral provided by the borrower is less than the value of the securities, the Company would suffer a loss. The Company is indemnified for this loss by RBC Dexia. The Company receives reports on securities lending from RBC Dexia on a monthly basis.

The Company is also exposed to counterparty risk associated with forward currency contracts. All counterparties have an approved credit rating of at least A - 1+. The Company receives reports on forward currency contracts from Bernstein on a monthly basis.

8. Related party information

The Company has investments in companies which can be significantly influenced by a party that can significantly influence the Company (see Consolidated Statement of Investments). The Company also has a direct significant influence in TGV Holdings Limited. These significantly influenced companies have a fair value of $316,292,000 (2006 - $350,473,000) representing 46.9% (2006 - 46.3%) of the investment portfolio. Dividends from these companies for the year ended December 31, 2007 amounted to $2,569,000 (2006 - $2,084,000).

Included in investment management and administrative costs are fees for administrative services paid to E-L Financial Corporation Limited, a company that can be significantly influenced by a party that can significantly influence the Company. The total fees for the year ended December 31, 2007 amounted to $422,000 (2006 - $379,000). These transactions are in the normal course of business.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007 (continued)

9. Securities lending

The Company has entered into a securities lending program with its custodian, RBC Dexia. The Company will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally be comprised of obligations guaranteed by the Government of Canada or a province thereof, or other governments with appropriate credit ratings. In the event that any of the loaned securities are not returned to RBC Dexia, RBC Dexia at its option, may either restore to the Company securities identical to the loaned securities or it will pay to the Company the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned to RBC Dexia ("Valuation date"). If the collateral is not sufficient to allow RBC Dexia to pay such market value to the Company, RBC Dexia shall indemnify the Company for the difference between the market value of the securities and the value of such collateral on the Valuation date.

As at December 31, 2007, the Company has loaned approximately $51,447,000 (2006 - $39,700,000) in securities, received approximately $55,306,000 (2006 - $42,339,000) in collateral, and recognized $161,000 (2006 - $171,000) in securities lending income. Securities lent in the program earn income at current securities lending rates. The securities lending agreements are revolving and can be terminated by the borrower, the agent or the Company at any time.

10. Accounting changes

On January 1, 2007, the Company adopted Section 1506 of the CICA Handbook, Accounting Changes, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.

Section 1535: Capital Disclosures

The new Section 1535, Capital Disclosures, requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company.

Section 3862: Financial Instruments Disclosure; and

Section 3863: Financial Instruments Presentation.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new Sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008, for the Company.

These standards will impact the Company's disclosures provided but will not affect the Company's results or financial statements.

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2007

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	North America			
	Canada			
212,638	Algoma Central Corporation [2]	$ 2,974	$ 28,919	
341,806	E-L Financial Corporation Limited [2]	6,790	187,993	
33,101	Ecando Investments Limited Classes A, B and common [2, 3]	4,139	45,135	
176,414	The Fulcrum Investment Company Limited [2, 3]	464	11,617	
216,900	NVG Holdings Limited Classes B, C, D, E and common [1, 2, 3]	2,115	33,277	
4,837	TGV Holdings Limited Class B [1, 2, 3, 4]	318	9,351	
		16,800	316,292	46.9
	United States			
141,200	Altria Group, Inc.	9,457	10,537	
76,600	Bank of America Corporation	3,749	3,115	
19,000	Black & Decker Corporation	1,741	1,307	
223,000	CBS Corporation	6,901	5,993	
97,300	Chevron Corporation	6,816	8,956	
97,500	Citigroup Inc.	5,852	2,828	
46,710	Clorox Company (The)	3,182	3,001	
69,700	ConocoPhillips	2,674	6,078	
179,000	Dow Chemical Company	8,502	6,953	
64,700	Fannie Mae	4,876	2,551	
93,600	Freddie Mac	6,957	3,148	
49,000	General Electric Company	2,040	1,790	
53,200	Hartford Financial Services Group, Inc.	4,300	4,575	
35,200	International Business Machines Corporation	4,010	3,753	
195,700	JPMorgan Chase & Co.	9,538	8,423	
96,300	Kroger Co.	2,205	2,540	
146,600	Macy's Inc.	6,626	3,739	
170,000	Marathon Oil Corporation	10,442	10,206	
24,000	MBIA Inc.	2,010	438	
62,700	McKesson Corp.	3,954	4,059	
67,200	Merrill Lynch & Co.	5,378	3,562	
45,000	Metlife, Inc.	1,672	2,735	
99,200	Microsoft Corporation	3,172	3,488	
26,900	Northrop Grumman Corp.	2,223	2,091	
396,800	Pfizer Inc.	10,311	8,900	
89,700	Safeway Inc.	2,410	3,028	
214,100	Sprint Nextel Corporation	6,048	2,780	
220,300	Time Warner Inc.	4,919	3,585	
30,800	XL Capital Ltd. Class A	3,367	1,527	
		145,332	125,686	18.6
	Total North America	162,132	441,978	65.5

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CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2007 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Latin America			
131,200	Companhia Vale Do Rio Doce	$ 3,631	$ 3,626	
45,200	Petroleo Brasileiro S.A. ADR	671	4,302	
		4,302	7,928	1.2
	Europe, excluding United Kingdom			
72,700	Air France-KLM	2,741	2,523	
37,450	Allianz SE	9,143	7,992	
79,110	Arcelor Mittal	3,131	6,070	
36,300	BASF AG	4,032	5,291	
33,600	BNP Paribas SA	3,295	3,596	
117,600	Credit Suisse Group	5,540	6,973	
38,300	Deutsche Bank AG	5,625	4,942	
165,000	Deutsche Lufthansa AG	3,244	4,328	
28,000	E.ON AG	3,347	5,878	
116,400	ENI S.P.A.	2,553	4,202	
32,500	Fondiaria - SAI S.P.A.	1,546	1,322	
10,900	Fondiaria - SAI SPA-RNC	398	303	
213,000	Fortis Group	6,923	5,535	
157,700	ING Groep N.V.	5,589	6,086	
23,550	Lukoil	1,988	2,017	
12,400	Michelin Cie CL B	1,317	1,404	
31,000	Muenchener Rueckversicherungs-Gesellschaft AG	4,856	5,934	
57,200	Renault SA	6,217	8,006	
14,300	Repsol YPF, S.A.	393	503	
45,330	Sanofi-Aventis	3,608	4,119	
225,500	Stora Enso OYJ	3,902	3,325	
122,650	Statoilhydro ASA	3,603	3,766	
105,500	Xstrata PLC	1,852	7,339	
		84,843	101,454	15.0
	United Kingdom			
41,400	Astrazeneca PLC	2,898	1,755	
413,946	Aviva PLC	4,667	5,456	
279,860	HBOS PLC	5,179	4,032	
623,039	Royal Bank of Scotland	6,657	5,419	
97,900	Royal Dutch Shell PLC	3,917	4,060	
1,715,950	Vodafone Group PLC	4,910	6,313	
		28,228	27,035	4.0
	Asia			
245,900	AU Optronics Corp. ADR	3,642	4,665	
840,000	Bank Hapoalim Ltd.	2,526	4,177	
1,804,500	China Netcom Grp Corp HK Ltd	3,566	5,339	
2,984,000	China Petroleum & Chemical Corp.	1,085	4,446	
721,720	Compal Electronics Inc.	4,816	3,637	
31,463	Emerging Markets Investors Fund [3]	1,910	2,273	
105,800	Hynix Semiconductor Inc.	4,081	2,899	
41,760	Hyundai Mobis	4,428	3,845	
101,200	JFE Holdings Inc.	3,484	5,048	
51,200	Kookmin Bank	2,077	3,736	
24,100	Leopalace21 Corp.	902	642	

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CONSOLIDATED STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2007 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Asia (continued)			
287,500	Mitsubishi Chemical Holdings Corporation	$ 2,671	$ 2,171	
383,000	Mitsui Chemicals Inc.	3,267	2,476	
323,000	Mitsui Osk Lines Ltd.	3,274	4,054	
896,200	Nissan Motor Co., Ltd.	10,036	9,749	
37,720	Orix Corporation	7,471	6,352	
6,600	Posco	851	4,014	
5,110	Samsung Electronics Co., Ltd.	3,166	3,011	
1,900	Samsung Electronics Co., Ltd. Pfd.	842	837	
324,000	Sharp Corporation	6,231	5,719	
828	Sumitomo Mitsui Financial Group	6,088	6,100	
78,800	Tokyo Electric Power Co. Inc.	1,865	2,007	
1,628,306	United Microelectronics Corp.	6,278	5,567	
		84,557	92,764	13.8
	Total equities	364,062	671,159	99.5
	Forward currency contracts, Schedule 1	—	3,290	0.5
	Total investments	$ 364,062	$ 674,449	100.0

[1] The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia.
[2] These companies and Economic can be significantly influenced by the same party.
[3] Not listed on a stock exchange.
[4] Subject to direct significant influence by the Company.

Schedule 1 - Forward currency contracts

Forward contracts to sell foreign currencies for Canadian Dollars:

Par value	Currency	Number of contracts	Contract rate	Settlement date	Unrealized gain
(in millions)					(000's)
119.6	USD	1	1.0138	Mar. 17, 2008	$ 3,290

The counterparty currently has an approved credit rating equivalent to A-1+.

Economic Investment Trust Limited

Economic Investment Trust Limited was the first closed-end investment trust formed in Canada in the 1920's. The trust was sponsored by the chartered accounting firm of George A. Touche & Company.

The initial capitalization consisted of 32,250 shares issued in 1927 at $50 for a total of $1,612,500. In addition, $1,000,000 of 30 year 5% Collateral Trust Gold Bonds were issued in 1927, making the total amount of initial capital subscribed $2,612,500.

FINANCIAL RECORD - 1928 - 2007

Year Ended March 31	Total Net Assets at Fair Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Investment Income Available For Common Shares	Net Equity Value per Common Share=
1928	$ 2,776,143	$ 1,000,000	$ —	$ 1,776,143	$ 59,836	$ 0.81
1929	2,990,242	1,000,000	—	1,990,242	108,757	0.77
1930	3,064,552	1,000,000	—	2,064,552	132,219	0.76
1931	2,344,127	1,000,000	—	1,344,127	109,133	0.50
1932	1,412,796	990,000	—	422,796	69,803	0.16
1933	1,161,715	962,500	—	199,215	36,538	0.07
1934	1,808,188	959,500	—	848,688	29,378	0.31
1935	1,838,293	949,500	—	888,793	27,665	0.33
1936	2,353,313	949,500	—	1,403,813	39,181	0.52
1937	3,084,608	949,500	—	2,135,108	83,259	0.79
1938	2,028,005	1,000,000	—	1,028,005	89,611	0.38
1939	2,322,361	1,000,000	—	1,322,361	73,262	0.49
1940	2,779,329	1,000,000	—	1,779,329	64,964	0.66
1941	2,350,199	1,000,000	—	1,350,199	89,373	0.50
1942	2,145,074	1,000,000	—	1,145,074	86,242	0.42
1943	2,604,866	1,000,000	—	1,604,866	79,552	0.59
1944	2,889,930	1,000,000	—	1,889,930	91,189	0.70
1945	3,238,955	1,000,000	—	2,238,955	93,286	0.82
1946	3,896,005	1,000,000	—	2,896,005	83,594	1.07
1947	3,663,744	1,000,000	—	2,663,744	88,005	0.98
1948	3,522,969	1,000,000	—	2,522,969	103,576	0.93
1949	3,555,427	1,000,000	—	2,555,427	146,777	0.94
1950	3,835,291	1,000,000	—	2,835,291	164,712	1.04
1951	5,083,980	1,250,000	—	3,833,980	187,339	1.13
1952	5,242,547	1,250,000	—	3,992,547	224,680	1.18
Year End Dec. 31						
1953	5,197,984	1,250,000	—	3,947,984	189,902	1.16
1954	6,579,007	1,250,000	—	5,329,007	203,946	1.57
1955	8,972,261	2,000,000	—	6,972,261	244,543	1.71
1956	9,927,524	3,000,000	—	6,927,524	268,643	1.70
1957	8,299,244	2,940,000	—	5,359,244	267,456	1.30
1958	10,802,381	2,940,000	—	7,862,381	244,745	1.91
1959	11,125,555	2,920,000	—	8,205,555	250,593	1.99
1960	11,462,158	2,902,500	—	8,559,658	279,614	2.06
1961	15,222,285	2,509,500	—	12,712,785	348,260	2.41
1962	15,959,655	2,000,000	2,100,000	11,859,655	373,627	2.11
1963	17,633,299	2,000,000	2,100,000	13,533,299	395,390	2.41
1964	20,955,088	—	5,250,000	15,705,088	426,318	2.80
1965	21,897,735	—	5,250,000	16,647,735	457,768	2.97
1966	19,613,106	—	5,250,000	14,363,106	487,222	2.56
1967	23,076,097	—	5,128,462	17,947,635	540,082	3.20
1968	27,392,675	—	5,061,263	22,331,412	490,882	3.98
1969	25,942,615	—	5,061,263	20,881,352	518,281	3.72

FINANCIAL RECORD - 1928 - 2007 (continued)

Year Ended Dec 31	Total Net Assets at Fair Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Investment Income Available For Common Shares	Net Equity Value per Common Share=
1970	$ 24,365,591	$ —	$ 5,061,263	$ 19,304,328	$ 557,159	$ 3.44
1971	27,254,532	—	5,056,013	22,198,519	540,382	3.95
1972	34,888,401	—	5,056,013	29,832,388	594,727	5.31
1973	32,612,656	—	5,056,013	27,556,643	621,910	4.91
1974	24,135,473	—	5,024,513	19,110,960	726,197	3.40
1975	26,585,662	—	4,870,950	21,714,712	863,375	3.87
1976	31,637,836	3,000,000	4,738,387	23,899,449	875,571	4.26
1977	36,995,088	3,000,000	4,685,677	29,309,411	901,695	5.22
1978	47,494,243	4,000,000	4,622,677	38,871,556	1,252,333	6.92
1979	57,999,880	4,000,000	4,526,340	49,473,540	1,324,406	8.81
1980	76,697,109	4,000,000	4,375,665	68,321,444	2,194,507	12.17
1981	64,064,872	4,000,000	4,239,165	55,825,707	1,639,037	9.94
1982	68,178,899	4,000,000	4,104,503	60,074,396	2,020,002	10.70
1983	89,218,448	4,000,000	3,973,253	81,245,195	1,999,146	14.47
1984	92,329,348	4,000,000	3,792,915	84,536,433	2,300,654	15.06
1985	110,213,106	4,000,000	3,588,690	102,624,416	2,255,834	18.28
1986	116,528,995	—	3,582,600	112,946,395	3,010,235	20.11
1987	107,137,081	—	3,388,350	103,748,731	3,262,872	18.48
1988	117,278,175	—	3,388,350	113,889,825	4,057,330	20.28
1989	138,902,425	—	3,209,850	135,692,575	11,033,069	24.16
1990	111,688,074	—	3,078,600	108,609,474	4,507,819	19.34
1991	121,167,500	—	2,947,350	118,220,150	3,686,237	21.05
1992	118,601,216	—	2,816,100	115,785,116	4,425,086	20.62
1993	160,510,602	—	2,684,850	157,825,752	4,132,163	28.11
1994	157,005,838	—	2,553,600	154,452,238	3,607,944	27.50
1995	173,784,673	—	2,411,850	171,372,823	3,707,690	30.52
1996	220,022,041	—	2,267,475	217,754,566	4,229,442	38.78
1997	315,642,038	—	2,151,975	313,490,063	4,496,004	55.82
1998	312,297,757	—	1,957,725	310,340,032	5,020,547	55.26
1999	335,118,175	—	1,847,475	333,270,700	4,053,649	59.35
2000	409,292,748	—	1,758,225	407,534,523	4,681,449	72.57
2001	374,087,462	—	1,600,725	372,486,737	5,039,506	66.33
2002	344,740,715	—	1,539,038	343,201,677	4,380,966	61.12
2003	407,910,297	—	1,528,538	406,381,759	4,658,868	72.37
2004	459,289,335	—	1,523,288	457,766,047	8,655,782	81.52
2005	560,240,525	—	1,523,288	558,717,237	5,671,936	99.49
2006	691,296,065	—	404,250	690,891,815	7,241,971	123.03
2007	636,213,949	—	404,250	635,809,699	7,938,813	113.22

* Total assets at fair value less current liabilities exclusive of funded debt and preferred shares. For the years 1972 to 2000, total net assets include refundable capital gains taxes on hand.

** Preferred Shares at redemption price of $52.50 per share.

= As of December 31, 2007 there were 5,615,535 common shares outstanding. The calculation of net equity value is restated to reflect the following:

Historical Stock Dividends

Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price
1951	5 for 2	Split	1988	1 for 63	$ 64.26	1997	1 for 13.3767	$ 160.52
1963	5 for 1	Split	1989	1 for 67	70.35	1998	1 for 29.0495	152.51
1982	1 for 8	$ 50.08	1990	1 for 56	82.32	1999	1 for 35.8532	144.13
1983	1 for 7	49.07	1991	1 for 30	64.80	2000	1 for 30.4794	148.13
1984	1 for 20	60.00	1994	1 for 27.7	91.41	2001	1 for 5.81549	172.72
1985	1 for 22	59.40	1995	1 for 28.78	86.34	2001	2 for 1	Split
1986	1 for 31	69.75	1996	1 for 38.4246	96.83	2001	1 for 24.1111	69.44
1987	1 for 17	71.40	1997	1 for 37.6442	117.45			

CORPORATE INFORMATION

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EXTERNAL INVESTMENT MANAGER	Sanford C. Bernstein & Co., LLC, New York
BANKER	Bank of Nova Scotia
AUDITOR	PricewaterhouseCoopers LLP, Toronto
CUSTODIAN	RBC Dexia Investor Services Trust
TRANSFER AGENT AND REGISTRAR	Computershare Investor Services Inc. 100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1 Tel: 416-981-9633 Toll Free: 1-800-564-6253

TORONTO STOCK EXCHANGE LISTINGS

Common	EVT
5% Cumulative Preferred Shares Series A	EVT.PR.A

NET EQUITY VALUE

The Company's net equity value per Common Share is published weekly on the Globe and Mail's website (www.globefund.com) and on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

Please refer to the "Contact Us" section of our website if you have complaints or concerns regarding accounting or auditing matters.

WEBSITE	www.evt.ca