

Economic Investment Trust Limited



**SECOND QUARTER REPORT
JUNE 30, 2012**

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2012 ⁽¹⁾	As at Dec. 31 2011 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 80.01	\$ 74.81
Net assets.....	\$ 449,313	\$ 420,121
Number of Common Shares outstanding at period end	5,615,535	5,615,535

	Six months ended June 30	
	2012 ⁽¹⁾	2011 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.69	\$ 0.63
Dividends per Common Share		
Quarterly.....	\$ 0.30	\$ 0.30
Additional ⁽³⁾	\$ 0.55	\$ —
Increase (decrease) in net assets from operations per Common Share	\$ 6.02	\$ (3.52)
Investment income	\$ 5,595	\$ 5,307
Net investment income	\$ 3,865	\$ 3,544

⁽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.

⁽³⁾ This additional dividend represents the distribution of the prior year's net investment income, after payment of quarterly dividends.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's external auditors, PricewaterhouseCoopers LLP, have not performed a review of these interim financial statements of Economic Investment Trust Limited.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited financial performance and financial condition of Economic Investment Trust Limited ("Economic" or the "Company") for the second quarter of 2012 should be read in conjunction with: the 2011 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; the unaudited interim financial statements and notes contained in this report; and the Company's MD&A and unaudited interim financial statements for the previous quarter of 2012. These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain 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.

The Company

Economic is a closed-end investment corporation, the shares of which trade on the Toronto Stock Exchange under the symbol "EVT". Economic is 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 Company has been a closed-end investment corporation since 1928 and has never redeemed or bought back Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high a 45% discount to as low as a 20% discount. Shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company trade at a discount to their net asset value.

Economic has always been a closed-end investment corporation and has no plans to become an open-ended investment fund or to buy back its Common Shares. Due to the relative illiquidity of the Common Shares, a repurchase program would effectively result in the share price being set by the Company rather than the market.

Closed-end funds have the following benefits: they allow investors the opportunity to purchase assets at a discounted price; they have management expense ratios which are generally much lower than those for open-ended funds; and the management of a closed-end fund's portfolio is not impacted by shareholder subscription or redemption activities.

The Company owns, directly and indirectly, long-term investments in the common shares of some publicly-traded Canadian companies, and a managed diversified portfolio of common shares of publicly traded global companies.

The long-term investments consist primarily of common shares of E-L Financial Corporation Limited ("E-L Financial"), and to a lesser extent, Algoma Central Corporation ("Algoma") and The Bank of Nova Scotia. At June 30, 2012, the three largest long-term investments, as a percentage of total investments, are common shares of E-L Financial at 41.2% (December 31, 2011 – 36.1%), Algoma at 7.2% (December 31, 2011 – 7.2%) and The Bank of Nova Scotia at 8.7% (December 31, 2011 – 9.2%). E-L Financial, Algoma and the Company can be significantly influenced by the same party. In management's view, these 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 financial statements in the 2011 Annual Report and in the statement of investments in this interim report beginning on page 12.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The balance of the investment portfolio was managed during the first six months of 2012 by Sanford C. Bernstein & Co. LLC ("Bernstein"), a global investment manager based in New York. At the quarter end, approximately 99.0% (December 31, 2011 – 97.6%) of the global portfolio was made up of non-Canadian companies. As part of its mandate, Bernstein was permitted to hedge the foreign currency exposure of any non-Canadian investment that it manages.

During the quarter, the Company purchased in the market 5,200 E-L Financial common shares for approximately \$2,236,000. The purchase was financed by liquidating a portion of the Bernstein managed portfolio. Economic may make purchases in long-term investments from time to time if, in its judgment, the shares represent a good investment in view of their price.

At June 30, 2012, approximately 58.6% (December 31, 2011 – 54.0%) of the investment portfolio was held in long-term investments and 41.4% (December 31, 2011 – 46.0%) was managed by Bernstein. Over time these percentages will vary based on the market value of the two portfolios and as a result of any purchases or sales of long-term investments.

Change in Investment Manager

On August 7, 2012, the Company appointed Burgundy Asset Management Ltd. ("Burgundy"), a global equity manager based in Toronto, to provide portfolio management services for approximately \$188,000,000 or 41% of the total assets of the Company.

Burgundy has replaced Bernstein whose services were terminated in August 2012. As part of the transition from Bernstein to Burgundy, a substantial portion of the assets managed by Bernstein will be sold and replaced with Burgundy equity purchases.

Investment Strategy

The objective of the Company is to earn an above-average rate of return, primarily through 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.

The investment portfolio of the Company comprises a mix of Canadian and foreign investments. Net equity value and net investment income may vary significantly from period to period depending on the economic environment and market conditions.

Use of Non-GAAP Measures

This MD&A contains references to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meaning in Canadian 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 used by investors and management as a comparison to the market price of its Common Shares to determine the particular discount or premium at which the Company's Common Shares are trading relative to the net equity value per Common Share.

Net investment income per Common Share is used by both investors and management to assess the approximate amount of dividends on Common Shares.

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

	June 30 2012	Dec. 31 2011
Net assets	\$ 449,313	\$ 420,121
Common Shares outstanding	5,615,535	5,615,535
Net equity value per Common Share	\$ 80.01	\$ 74.81

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net investment income per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	Three months ended June 30		Six months ended June 30	
	2012	2011	2012	2011
Increase (decrease) in net assets from operations.....	\$ (9,864)	\$ (26,444)	\$ 33,819	\$ (19,775)
Add: Net loss (gain) on investments.....	12,138	28,585	(29,954)	23,319
Net investment income.....	\$ 2,274	\$ 2,141	\$ 3,865	\$ 3,544
Common Shares outstanding.....	5,615,535	5,615,535	5,615,535	5,615,535
Net investment income per Common Share.....	\$ 0.41	\$ 0.38	\$ 0.69	\$ 0.63

Net Equity Value per Common Share

For the quarter ended June 30, 2012, the Company's net equity value per Common Share decreased to \$80.01 at June 30, 2012 from \$82.45 at March 31, 2012. With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was negative 2.1%, compared to a return of negative 5.1% for the same period in 2011. On a pre-tax basis, E-L Financial, the Company's largest long-term investment, had a return of 7.4% during the second quarter of 2012 compared to a return of negative 9.6% for the same period in 2011. For the same respective periods, the global equity portfolio managed by Bernstein had a return, gross of fees, of negative 8.2% in 2012 versus a return of negative 3.4% in 2011.

On a year-to-date basis, the Company's net equity value per Common Share increased to \$80.01 at June 30, 2012 from \$74.81 at December 31, 2011. The Company's net equity value return for the six-month period was 8.1%, compared to a return of negative 3.8% for the same period in 2011. On a pre-tax basis, E-L Financial had a return of 22.3% year to date compared to a return of negative 10.2% for the same period in 2011, and for the same respective periods, the global equity portfolio managed by Bernstein had a return, gross of fees, of 0.8% in 2012 versus a return of negative 0.8% in 2011.

Both the second quarter and year-to-date net equity value returns were negatively impacted by 0.3% as a result of increases in current and future income tax rates that were substantively enacted in the June 2012 Ontario budget.

As the Company is a taxable Canadian corporation, its returns are net of a provision for income taxes on investment income and realized gains (losses) on investments, and net of a future income tax provision on the unrealized appreciation of investments.

In Canadian dollar terms, benchmark returns on a total return (capital gains plus dividends) basis, compared to the net equity value of the Company, were as follows:

	Three months ended June 30, 2012	Six months ended June 30, 2012
	(%)	
Economic net equity value.....	(2.1)	8.1
S&P/TSX Composite Index.....	(5.7)	(1.5)
MSCI All Country World Index.....	(3.7)	5.8
S&P 500 Index.....	(0.8)	9.7

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the second quarter of 2012 was \$2,274,000 compared to 2011 net investment income of \$2,141,000. On a year-to-date basis, net investment income increased to \$3,865,000 in 2012 from \$3,544,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter increased by 7.9% to \$0.41 in 2012 compared to \$0.38 in 2011 and on a year-to-date basis increased by 9.5% to \$0.69 in 2012 from \$0.63 in 2011.

Foreign dividend income in the second quarter increased to \$2,329,000 in 2012 from \$2,312,000 in 2011 and on a year-to-date basis increased to \$3,862,000 from \$3,621,000 in 2011. The year-over-year increase for the six months ended June 30 occurred primarily as a result of higher-yielding securities held in the current year compared to the same period in the prior year.

Canadian dividend income in the second quarter increased to \$854,000 in 2012 from \$805,000 in 2011 and on a year-to-date basis increased to \$1,658,000 from \$1,579,000 in 2011. The increase in both periods year over year resulted from an increase in the average dividend received from long-term investments.

Expenses in the quarter amounted to \$382,000 (2011 – \$409,000) and \$793,000 (2011 - \$859,000) on a year-to-date basis. The decrease in both periods was due primarily to a decline in investment management and administrative costs resulting from a decrease in the average monthly market value of the Bernstein-managed portfolio.

The provision for income taxes in the current quarter and year to date includes \$60,000 (2011 – \$95,000) and \$103,000 (2011 - \$95,000) respectively of additional income tax related to certain foreign withholding taxes that could not be credited against Canadian income taxes payable.

Net gain (loss) on investments

The Company's net change in unrealized appreciation of investments on an after-tax basis decreased \$10,480,000 during the quarter compared to a decrease of \$30,319,000 during the same period last year. On a year-to-date basis, the net change in unrealized appreciation of investments increased by \$33,069,000 or 21.2% compared to a decline of \$29,402,000 or (11.9)% for the same period in the prior year. Long-term investments increased \$4,993,000 during the quarter and \$30,759,000 year to date respectively, primarily a result of an increase in the market value of E-L Financial during both the quarter and year to date. The Bernstein portfolio decreased \$15,473,000 during the quarter and increased \$2,310,000 year to date. The largest contributors to the decrease in the Bernstein portfolio during the quarter were Citigroup Inc., Banco do Brasil S.A. and Petroleo Brasileiro S.A. ADR.

In the second quarter of 2012, the Company realized a net loss on the sale of equity investments and the maturity of forward foreign currency contracts of \$1,594,000 compared to a net gain of \$1,815,000 in the same quarter of the prior year. On a year-to-date basis, the respective amounts were a net loss of \$2,959,000 versus a net gain of \$6,309,000 for the same period in the prior year.

In the second quarter of 2012, realized losses on the maturity of forward foreign currency contracts were \$1,712,000 offset by gains of \$118,000 on the sale of equity investments. On a year-to-date basis, the Company realized losses on the maturity of forward foreign currency contracts of \$1,935,000 and net losses of \$1,024,000 on the sale of equity investments. The largest contributors to the net realized loss on the sale of equities year to date were JFE Holdings Inc. and E.ON AG.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Results

The following table summarizes various financial results on a quarterly basis for the most recent quarters (in thousands of dollars, except per share amounts):

	June 30 2012	March 31 2012	Dec. 31 2011	Sept. 30 2011	June 30 2011	March 31 2011	Dec. 31 2010	Sept. 30 2010
Investment income	\$ 3,254	\$ 2,341	\$ 2,202	\$ 2,054	\$ 3,206	\$ 2,101	\$ 1,806	\$ 1,523
Increase (decrease) in net assets from operations	\$ (9,864)	\$ 43,683	\$ (5,639)	\$ (66,004)	\$ (26,444)	\$ 6,669	\$ 46,776	\$ 9,456
Increase (decrease) in net assets from operations per Common Share	\$ (1.76)	\$ 7.78	\$ (1.00)	\$ (11.76)	\$ (4.71)	\$ 1.19	\$ 8.33	\$ 1.69
Net equity value per Common Share	\$ 80.01	\$ 82.45	\$ 74.81	\$ 75.96	\$ 87.85	\$ 92.70	\$ 91.65	\$ 83.46
Quarterly NAV return %	(2.1)	10.4	(1.3)	(13.4)	(5.1)	1.3	10.0	2.1

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the second quarter of the year. Given the volatility in global stock markets and the value of the Canadian dollar relative to other currencies, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels.

Overall returns are determined by the performance of the Company's long-term investments and the performance of the externally-managed portfolio and may fluctuate significantly as illustrated by the past eight quarters. The returns generated within each portfolio may also not correlate with benchmark returns.

Share Data

At June 30, 2012, there are 5,615,535 Common Shares issued and outstanding and each share is entitled to one vote.

Liquidity and Capital Resources

During the quarter and year to date, quarterly dividends of \$0.15 and \$0.30, respectively, were paid on the Common Shares. The payment of the Company's quarterly dividends is funded by net investment income. For the quarter ended June 30, 2012, net investment income was \$0.41 per Common Share and on a year-to-date basis, net investment income was \$0.69 per Common Share.

On May 9, 2012, the Board of Directors declared an additional cash dividend of \$0.55 per Common Share, payable June 29, 2012 to shareholders of record on June 15, 2012. This dividend represents a distribution of the balance of net investment income for the year ended December 31, 2011.

The Company's current dividend policy is to distribute annual net investment income in the form of dividends. The distributions are composed of \$0.15 quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year. Commencing next year, this additional dividend will be paid in the first quarter following the fiscal year end. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Transition to International Financial Reporting Standards ("IFRS") for Investment Companies

The Company will apply IFRS to its disclosures commencing January 1, 2014. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending March 31, 2014, which will provide corresponding comparative financial information for 2013, including an opening statement of financial position as at January 1, 2013.

On transition to IFRS, management does not expect that the conversion will affect the calculation of the Company's net assets or net equity value per Common Share. The primary impact of IFRS on the Company's financial statements will be in financial statement presentation and note disclosure. In addition, management believes that the conversion to IFRS will not materially affect the Company's business arrangements, systems, internal controls over financial reporting, or disclosure controls and procedures.

Additional information relating to the transition to IFRS is available in the Company's 2011 Annual Report.

Additional Information

Additional information relating to Economic, including the Company's Annual Information Form, is available at www.sedar.com. Economic's website, www.evt.ca, also provides further information on the Company, including historical information on the net equity value per Common Share which is updated weekly.

Duncan N.R. Jackman
Chairman and President

August 7, 2012

Economic Investment Trust Limited

STATEMENT OF NET ASSETS (Unaudited)

	<u>June 30</u> <u>2012</u>	<u>December 31</u> <u>2011</u>
	(000's)	
Assets		
Investments, at fair value (cost - \$254,216; December 2011 - \$259,525) (Note 2)	\$ 463,697	\$ 430,324
Cash	5,005	2,383
Short-term investments	485	1,179
Receivable in respect of investments sold	414	—
Accrued income on investments	552	294
Income taxes receivable	1,341	1,234
Other assets	62	88
	<u>471,556</u>	<u>435,502</u>
Liabilities		
Accounts payable and accrued liabilities	137	152
Payable in respect of investments purchased	1,346	150
Future income taxes	20,760	15,079
	<u>22,243</u>	<u>15,381</u>
Net assets	<u>\$ 449,313</u>	<u>\$ 420,121</u>
Shareholders' Equity		
Capital stock	\$ 204,691	\$ 204,691
Contributed surplus	1,474	1,474
Retained earnings	243,148	213,956
Total shareholders' equity	<u>\$ 449,313</u>	<u>\$ 420,121</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2011	2012	2011
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 2,329	\$ 2,312	\$ 3,862	\$ 3,621
Canadian	854	805	1,658	1,579
	<u>3,183</u>	<u>3,117</u>	<u>5,520</u>	<u>5,200</u>
Interest, including securities lending income	71	89	75	107
	<u>3,254</u>	<u>3,206</u>	<u>5,595</u>	<u>5,307</u>
Expenses:				
Investment management and administrative costs	227	267	473	541
Directors' remuneration	64	39	100	62
Office and miscellaneous	31	27	109	107
Transfer, registrar and custody fees	40	62	74	124
Professional fees	20	14	37	25
	<u>382</u>	<u>409</u>	<u>793</u>	<u>859</u>
Investment income before income taxes	2,872	2,797	4,802	4,448
Provision for income taxes	598	656	937	904
NET INVESTMENT INCOME	<u>2,274</u>	<u>2,141</u>	<u>3,865</u>	<u>3,544</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	(1,594)	1,815	(2,959)	6,309
Net change in unrealized appreciation of investments	(10,480)	(30,319)	33,069	(29,402)
Transaction costs on purchase and sale of investments	(64)	(81)	(156)	(226)
NET GAIN (LOSS) ON INVESTMENTS.	<u>(12,138)</u>	<u>(28,585)</u>	<u>29,954</u>	<u>(23,319)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	<u>\$ (9,864)</u>	<u>\$ (26,444)</u>	<u>\$ 33,819</u>	<u>\$ (19,775)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	<u>\$ (1.76)</u>	<u>\$ (4.71)</u>	<u>\$ 6.02</u>	<u>\$ (3.52)</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended June 30	
	2012	2011
	(000's)	
BEGINNING OF PERIOD.....	\$ 213,956	\$ 308,506
Add:		
Increase in net assets from operations.....	33,819	—
Refundable dividend taxes recovered	600	562
	34,419	562
Deduct:		
Decrease in net assets from operations	—	19,775
Dividends.....	4,773	1,685
Provision for refundable dividend taxes.....	454	437
	5,227	21,897
END OF PERIOD	\$ 243,148	\$ 287,171

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2011	2012	2011
	(000's)			
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (9,864)	\$ (26,444)	\$ 33,819	\$ (19,775)
DIVIDENDS TO SHAREHOLDERS				
Common Shares	(3,931)	(843)	(4,773)	(1,685)
TAXATION CHANGES				
Net decrease in refundable dividend taxes on hand	86	58	146	125
INCREASE (DECREASE) IN NET ASSETS	(13,709)	(27,229)	29,192	(21,335)
NET ASSETS, BEGINNING OF PERIOD	463,022	520,565	420,121	514,671
NET ASSETS, END OF PERIOD	\$ 449,313	\$ 493,336	\$ 449,313	\$ 493,336

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF NET REALIZED GAIN (LOSS) ON INVESTMENTS (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2012	2011	2012	2011
			(000's)	
Proceeds on sales of investments.....	\$ 27,009	\$ 28,598	\$ 52,837	\$ 82,810
Cost of investments, beginning of period.....	259,574	263,573	259,525	257,059
Cost of investments purchased during the period.....	23,245	30,006	50,487	86,238
	282,819	293,579	310,012	343,297
Cost of investments, end of period.....	254,216	266,796	254,216	266,796
Cost of investments sold during the period.....	28,603	26,783	55,796	76,501
Net realized gain (loss) on investments.....	\$ (1,594)	\$ 1,815	\$ (2,959)	\$ 6,309

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT June 30, 2012 (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	North America			
	Canada			
212,638	Algoma Central Corporation ²	\$ 2,974	\$ 23,582	
386,206	E-L Financial Corporation Limited ²	26,116	158,345	
33,101	Ecando Investments Limited			
	Classes A, B and common ^{2, 3}	4,139	36,938	
176,414	The Fulcrum Investment Company Limited ^{2, 3}	464	10,262	
116,446	Nexen Inc.	2,823	2,002	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common ^{1, 2, 3}	2,115	33,192	
4,837	TGV Holdings Limited Class B ^{1, 2, 3, 4}	318	9,484	
		<u>38,949</u>	<u>273,805</u>	59.1
	United States			
30,370	Apollo Group, Inc. Class A	1,026	1,120	
263,780	Applied Materials, Inc.	2,971	3,078	
57,650	CenturyLink Inc.	1,995	2,319	
114,710	Cisco Systems, Inc.	1,951	2,006	
83,140	Cit Group Inc.	3,200	3,024	
173,290	Citigroup Inc.	6,199	4,841	
185,280	Corning Inc.	3,158	2,443	
132,930	Delta Air Lines, Inc.	1,735	1,489	
4,878,800	GCL-Poly Energy Holdings Limited	1,677	1,077	
77,470	Gannett Co., Inc.	1,050	1,163	
47,550	General Dynamics	3,355	3,195	
56,306	Gilead Sciences, Inc.	2,103	2,942	
259,050	Hewlett-Packard Company	8,544	5,304	
58,660	Johnson & Johnson	3,656	4,040	
101,170	JPMorgan Chase & Co.	3,972	3,684	
169,200	Kroger Co. (The)	3,904	3,999	
54,440	Lam Research Corporation	2,096	2,093	
52,150	Lear Corporation	2,358	2,005	
30,730	Lorillard, Inc.	3,579	4,133	
34,710	Macy's Inc.	1,360	1,215	
49,630	Marathon Petroleum Corporation	1,785	2,271	
316,340	MGM Resorts International	4,521	3,594	
288,970	Micron Technology Inc.	1,729	1,852	
64,380	Newell Rubbermaid Inc.	984	1,189	
302,750	Pfizer Inc.	6,456	7,090	
57,703	Seadrill Ltd.	1,987	2,084	
53,390	State Street Corporation	2,384	2,428	
60,362	Time Warner Cable, Inc.	3,038	5,048	
71,091	Tyson Foods Inc.	1,287	1,363	
81,860	Viacom Inc. Class B	3,568	3,923	
55,040	WellPoint, Inc.	3,809	3,579	
		<u>91,437</u>	<u>89,591</u>	19.3
	Total North America	<u>130,386</u>	<u>363,396</u>	78.4

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT June 30, 2012 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
Latin America				
250,900	Banco do Brasil S.A.	\$ 4,055	\$ 2,475	
174,330	Petroleo Brasileiro S.A. ADR	4,375	3,225	
135,120	Vale S.A. SP Pref ADR	3,786	2,684	
		12,216	8,384	1.8
Europe, excluding United Kingdom				
32,040	Allianz SE	6,209	3,268	
137,757	Bouygues S.A.	5,960	3,770	
93,210	E.ON AG	3,517	2,035	
64,965	Gas Natural SDG, S.A.	1,206	839	
327,820	Gazprom OAO Spons ADR	4,178	3,147	
586,069	ING Groep N.V.	6,162	3,984	
40,334	Koninklijke DSM NV	1,944	2,019	
36,433	Lukoil ADR	2,545	2,082	
70,630	LyondellBasell	2,297	2,898	
27,460	Michelin Cie Class B	1,904	1,824	
12,300	Roche Holding AG	1,885	2,162	
56,640	Safran SA	1,981	2,135	
89,861	Societe Generale	4,439	2,136	
2,028,380	Telecom Italia S.p.A.	3,122	2,043	
698,600	Telecom Italia S.p.A. (New) di Risparmio	866	573	
		48,215	34,915	7.5
United Kingdom				
39,780	Anglo American plc	1,570	1,328	
138,990	AstraZeneca plc	6,423	6,332	
1,324,880	BP plc	8,681	8,916	
176,410	National Grid plc	1,741	1,903	
44,560	Rio Tinto plc	2,735	2,150	
1,023,300	Vodafone Group Plc	2,712	2,928	
47,271	Xstrata plc	891	603	
		24,753	24,160	5.2
Africa				
37,800	Royal Caribbean Cruises Ltd.	1,134	1,002	0.2

- continued -

Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT June 30, 2012 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Asia			
4,176,920	AU Optronics Corp.....	\$ 3,763	\$ 1,713	
298,000	Fujitsu Limited.....	1,608	1,442	
61,800	Honda Motor Co., Ltd.	2,309	2,169	
101,200	Japan Tobacco Inc.....	1,908	3,050	
92,400	KB Financial Group, Inc.....	3,835	3,041	
135,980	LG Display Co Ltd.....	3,685	2,586	
703,000	Mazda Motor Corporation.....	1,586	952	
102,700	Mitsubishi UFJ Financial Group, Inc.....	481	494	
63,400	Nippon Telegraph and Telephone Corporation.....	3,046	2,996	
421,400	Nissan Motor Co., Ltd.....	4,348	4,025	
4,730	OCI Company Ltd.....	1,078	950	
23,660	ORIX Corporation.....	1,631	2,227	
461,000	Sharp Corporation.....	4,251	2,361	
102,000	SUMCO Corporation.....	1,071	930	
18,440	Yamada Denki Co. Ltd.....	1,071	955	
		<u>35,671</u>	<u>29,891</u>	6.5
	Australia			
81,147	National Australia Bank Limited.....	1,841	1,989	0.4
	Total equities	254,216	463,737	100.0
	Forward foreign currency contracts, net Schedule 1	—	(40)	—
	Total investments	<u>\$ 254,216</u>	<u>\$ 463,697</u>	<u>100.0</u>

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 foreign currency contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

Par value	Currency	Number of contracts	Contract rates	Settlement date	Unrealized gain (loss)
(in millions)					(000's)
1.4	AUD	1	1.0027	Aug. 14, 2012	\$ (56)
6.9	EUR	2	1.2979 - 1.2982	Aug. 14, 2012	16
					<u>\$ (40)</u>

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

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

Summary of significant accounting policies

1. Basis of presentation

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as the most recent annual financial statements, and should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2011. The financial statements do not include all of the disclosures required under GAAP for annual financial statements.

2. Classification of fair value measurements

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted unadjusted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At June 30, 2012, the Company had \$373,861,000 (December 31, 2011 - \$347,386,000) of Level 1 and \$89,836,000 (December 31, 2011 - \$82,938,000) of Level 2 investments. There were no transfers year to date between Level 1 and Level 2 investments and the Company had no Level 3 investments.

3. Subsequent event

On August 7, 2012, the Company appointed Burgundy Asset Management Ltd. ("Burgundy"), a global equity manager based in Toronto, to provide portfolio management services for approximately \$188,000,000 or 41% of the total assets of the Company. Burgundy has replaced Sanford C. Bernstein & Co. LLC, whose services were terminated in August 2012.

Economic Investment Trust Limited

CORPORATE INFORMATION

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EXTERNAL INVESTMENT MANAGER Burgundy Asset Management Ltd., Toronto

AUDITORS PricewaterhouseCoopers LLP, Toronto

CUSTODIAN RBC Investor Services Trust

TRANSFER AGENT AND REGISTRAR Computershare Investor Services Inc.
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Toronto, Ontario
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Toll Free: 1-800-564-6253
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TORONTO STOCK EXCHANGE LISTING
Common EVT

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

