

Economic Investment Trust Limited



**SECOND QUARTER REPORT
JUNE 30, 2013**

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2013 ⁽¹⁾	As at Dec. 31 2012 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 103.17	\$ 83.98
Net assets.....	\$ 579,343	\$ 471,609
Number of Common Shares outstanding at period end	5,615,535	5,615,535

	Six months ended June 30	
	2013 ⁽¹⁾	2012 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.73	\$ 0.69
Dividends per Common Share		
Quarterly.....	\$ 0.30	\$ 0.30
Additional ⁽³⁾	\$ 0.53	\$ 0.55
Increase in net assets from operations per Common Share	\$ 20.02	\$ 6.02
Investment income	\$ 5,930	\$ 5,595
Net investment income.....	\$ 4,096	\$ 3,865

- ⁽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 2013 should be read in conjunction with: the December 31, 2012 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 2013. 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.

Overview

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 1927 and has never bought back its Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high as a 45% discount to as low as a 20% discount. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value.

Closed-end funds have the following benefits: they often 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.

Economic has no plans to become an open-ended investment fund.

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 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, 2013, the three largest long-term investments, as a percentage of total investments, are common shares of E-L Financial at 47.0% (December 31, 2012 – 39.9%), Algoma at 6.5% (December 31, 2012 – 8.5%) and The Bank of Nova Scotia at 7.0% (December 31, 2012 – 9.0%). The change in percentages since the year end reflects an increase in the market value of the Company's investment in shares of E-L Financial relative to the change in the market value of the Company's other equity investments. 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 2012 Annual Report and in the statement of investments in this interim report beginning on page 12.

The balance of the investment portfolio is managed by Burgundy Asset Management Ltd. ("Burgundy"), a global equity manager based in Toronto. At June 30, 2013 and the 2012 year end, 100.0% of the global investment portfolio was made up of non-Canadian companies.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

At June 30, 2013, approximately 61.6% (December 31, 2012 – 58.8%) of the investment portfolio was held in long-term investments and 38.4% (December 31, 2012 – 41.2%) was managed by Burgundy. 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.

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 discount or premium at which the Company's Common Shares are trading at 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):

	<u>June 30</u> <u>2013</u>	<u>Dec. 31</u> <u>2012</u>
Net assets	<u>\$ 579,343</u>	<u>\$ 471,609</u>
Common Shares outstanding.....	<u>5,615,535</u>	<u>5,615,535</u>
Net equity value per Common Share	<u>\$ 103.17</u>	<u>\$ 83.98</u>

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

	<u>Three months ended</u> <u>June 30</u>		<u>Six months ended</u> <u>June 30</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Increase (decrease) in net assets from operations.....	<u>\$ 51,955</u>	<u>\$ (9,864)</u>	<u>\$ 112,395</u>	<u>\$ 33,819</u>
Add: Net loss (gain) on investments.....	<u>(49,700)</u>	<u>12,138</u>	<u>(108,229)</u>	<u>(29,954)</u>
Net investment income	<u>\$ 2,255</u>	<u>\$ 2,274</u>	<u>\$ 4,096</u>	<u>\$ 3,865</u>
Common Shares outstanding	<u>5,615,535</u>	<u>5,615,535</u>	<u>5,615,535</u>	<u>5,615,535</u>
Net investment income per Common Share	<u>\$ 0.40</u>	<u>\$ 0.41</u>	<u>\$ 0.73</u>	<u>\$ 0.69</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

For the quarter ended June 30, 2013, the Company's net equity value per Common Share increased to \$103.17 at June 30, 2013 from \$94.07 at March 31, 2013. With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 9.8%, compared to a return of negative 2.1% for the same period in 2012.

On a year-to-date basis, the Company's net equity value per Common Share increased to \$103.17 at June 30, 2013 from \$83.98 at December 31, 2012. The Company's net equity value return for the six-month period was 23.9%, compared to a return of 8.1% for the same period in 2012.

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 net change in 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, 2013	Six months ended June 30, 2013
	(%)	
Economic net equity value	9.8	23.9
S&P/TSX Composite Index	(4.1)	(0.9)
MSCI All Country World Index	3.6	12.4
S&P 500 Index	6.5	20.3

The following returns are on a pre-tax basis. During the second quarter of 2013, the shares of E-L Financial, the Company's largest long-term investment, had a return of 21.3% compared to a return of 7.4% for the same period in 2012. For the same respective periods, the global investment portfolio had a return, gross of fees, of 5.7% in 2013 versus a return of negative 8.2% in 2012.

On a year-to-date basis, shares of E-L Financial had a return of 48.0% compared to a return of 22.3% for the same period in 2012. For the same respective periods, the global investment portfolio had a return, gross of fees, of 18.4% in 2013 versus a return of 0.8% in 2012.

Operating Results

Net investment income

The Company's net investment income in the second quarter of 2013 was \$2,255,000 compared to 2012 net investment income of \$2,274,000. On a year-to-date basis, net investment income increased to \$4,096,000 in 2013 from \$3,865,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter decreased by 2.4% to \$0.40 in 2013 compared to \$0.41 in 2012 and on a year-to-date basis increased by 5.8% to \$0.73 in 2013 from \$0.69 in 2012.

Foreign dividend income in the second quarter decreased to \$2,255,000 in 2013 from \$2,329,000 in 2012 and on a year-to-date basis increased to \$3,980,000 from \$3,862,000 in 2012.

Canadian dividend income in the second quarter increased to \$938,000 in 2013 from \$854,000 in 2012 and, on a year-to-date basis, increased to \$1,875,000 from \$1,658,000 in 2012. The increase in both periods year over year resulted from an increase in dividends received from Algoma and The Bank of Nova Scotia.

Expenses in the quarter amounted to \$506,000 (2012 – \$382,000) and \$1,032,000 (2012 - \$793,000) on a year-to-date basis, a 32.5% increase for the quarter and a 30.1% increase year to date. The majority of the increase relates to a higher percentage management fee paid to the new global investment manager as well as from an increase in the market value of the global investment portfolio year over year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The provision for income taxes in the current quarter and year to date includes \$nil (2012 – \$60,000) and \$nil (2012 - \$103,000) 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 net gain on investments for the Company for the second quarter of 2013 was \$49,700,000 compared to a net loss of \$12,138,000 for the same period in the prior year. On a year-to-date basis, the net gain on investments was \$108,299,000 in 2013 compared to a net gain of \$29,954,000 for the same period in the prior year.

Long-term investments increased, on an after-tax basis, by \$39,696,000 during the second quarter of 2013 and \$78,700,000 year to date respectively. In the prior year, long-term investments increased by \$4,993,000 during the second quarter and \$30,759,000 year to date. All increases were primarily as a result of strong returns from the Company's investment in shares of E-L Financial.

The global managed equity portfolio, on an after-tax basis, increased by \$10,004,000 during the second quarter of 2013 and \$29,599,000 year to date respectively. In the prior year, the same portfolio declined by \$17,131,000 during the second quarter and declined by \$805,000 year to date.

The global managed equity portfolio had a net change in unrealized appreciation of investments, on an after-tax basis, of \$8,015,000 during the second quarter of 2013 and \$24,754,000 year to date respectively. The prior year comparative amounts were a decrease of \$15,473,000 and an increase of \$2,310,000 respectively. The current quarter and year to date increases were broadly based.

The net realized gain on the global managed equity portfolio for the current quarter was \$1,989,000 (2012 – a loss of \$1,658,000) and year to date a net realized gain of \$4,845,000 (2012 – a loss of \$3,115,000). All gains in 2013 were from the sale of equity investments. In the prior year, the second quarter included realized losses on the maturity or close out of forward foreign currency contracts of \$1,712,000 offset by gains of \$54,000 on the sale of equity investments. In the prior year, on a year-to-date basis, the Company realized losses on the maturity or close out of forward foreign currency contracts of \$1,935,000 and net losses of \$1,180,000 on the sale of equity investments.

At June 30, 2013, the Company has approximately \$69,439,000 (December 31, 2012 - \$73,930,000) of realized capital loss carryforwards. A future income tax benefit of \$9,201,000 (December 31, 2012 - \$9,796,000) has been recognized as a reduction of future income tax liabilities on the unrealized appreciation of investments. Capital loss carryforwards can be carried forward indefinitely and can be applied against capital gains realized in the future.

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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 2013	March 31 2013	Dec. 31 2012	Sept. 30 2012	June 30 2012	March 31 2012	Dec. 31 2011	Sept. 30 2011
Investment income	\$ 3,237	\$ 2,693	\$ 1,828	\$ 2,325	\$ 3,254	\$ 2,341	\$ 2,202	\$ 2,054
Increase (decrease) in net assets from operations	\$ 51,955	\$ 60,440	\$ 18,436	\$ 5,545	\$ (9,864)	\$ 43,683	\$ (5,639)	\$(66,004)
Increase (decrease) in net assets from operations per Common Share	\$ 9.26	\$ 10.76	\$ 3.28	\$ 0.99	\$ (1.76)	\$ 7.78	\$ (1.00)	\$(11.76)
Net equity value per Common Share	\$ 103.17	\$ 94.07	\$ 83.98	\$ 80.85	\$ 80.01	\$ 82.45	\$ 74.81	\$ 75.96
Quarterly NAV return %	9.8	12.8	4.1	1.2	(2.1)	10.4	(1.3)	(13.4)

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, 2013, 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, 2013, net investment income was \$0.40 per Common Share and on a year-to-date basis, net investment income was \$0.73 per Common Share.

On February 13, 2013, the Board of Directors declared an additional cash dividend of \$0.53 per Common Share that was also paid during the first quarter. This dividend represented a distribution of the balance of net investment income for the year ended December 31, 2012.

The Company's 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. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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


The Company will adopt IFRS 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.

Management does not expect that the transition to IFRS 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

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 6, 2013

Economic Investment Trust Limited

STATEMENT OF NET ASSETS (Unaudited)

	<u>June 30</u> <u>2013</u>	<u>December 31</u> <u>2012</u>
	(000's)	
Assets		
Investments, at fair value (cost - \$235,310; December 2012 - \$220,662) (Note 2) .	\$ 617,865	\$ 483,221
Cash	3,304	1,179
Short-term investments	349	10,317
Receivable in respect of investments sold	995	—
Accrued income on investments.....	471	326
Income taxes receivable.....	1,168	869
Other assets	117	31
	<u>624,269</u>	<u>495,943</u>
LIABILITIES		
Accounts payable and accrued liabilities.....	395	354
Payable in respect of investments purchased.....	3,970	—
Future income taxes.....	40,561	23,980
	<u>44,926</u>	<u>24,334</u>
Net assets.....	<u>\$ 579,343</u>	<u>\$ 471,609</u>
SHAREHOLDERS' EQUITY		
Capital stock.....	\$ 204,691	\$ 204,691
Contributed surplus	1,474	1,474
Retained earnings	373,178	265,444
Total shareholders' equity.....	<u>\$ 579,343</u>	<u>\$ 471,609</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 2,255	\$ 2,329	\$ 3,980	\$ 3,862
Canadian	938	854	1,875	1,658
	<u>3,193</u>	<u>3,183</u>	<u>5,855</u>	<u>5,520</u>
Interest, including securities lending income	44	71	75	75
	<u>3,237</u>	<u>3,254</u>	<u>5,930</u>	<u>5,595</u>
Expenses:				
Investment management and administrative costs	384	227	758	473
Directors' remuneration	41	64	74	100
Office and miscellaneous	34	31	119	109
Transfer, registrar and custody fees	32	40	49	74
Professional fees	15	20	32	37
	<u>506</u>	<u>382</u>	<u>1,032</u>	<u>793</u>
Investment income before income taxes	2,731	2,872	4,898	4,802
Provision for income taxes	476	598	802	937
NET INVESTMENT INCOME	<u>2,255</u>	<u>2,274</u>	<u>4,096</u>	<u>3,865</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	2,012	(1,594)	4,924	(2,959)
Net change in unrealized appreciation of investments	47,711	(10,480)	103,454	33,069
Transaction costs on purchase and sale of investments	(23)	(64)	(79)	(156)
NET GAIN (LOSS) ON INVESTMENTS.	<u>49,700</u>	<u>(12,138)</u>	<u>108,299</u>	<u>29,954</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	<u>\$ 51,955</u>	<u>\$ (9,864)</u>	<u>\$ 112,395</u>	<u>\$ 33,819</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	<u>\$ 9.26</u>	<u>\$ (1.76)</u>	<u>\$ 20.02</u>	<u>\$ 6.02</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Six months ended June 30	
	2013	2012
	(000's)	
BEGINNING OF PERIOD.....	\$ 265,444	\$ 213,956
Add:		
Increase in net assets from operations.....	112,395	33,819
Refundable dividend taxes recovered	489	600
	112,884	34,419
Deduct:		
Dividends.....	4,661	4,773
Provision for refundable dividend taxes.....	489	454
	5,150	5,227
END OF PERIOD	\$ 373,178	\$ 243,148

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended June 30		Six months ended June 30	
	2013	2012	2013	2012
	(000's)			
Increase (decrease) in net assets				
from operations.....	\$ 51,955	\$ (9,864)	\$ 112,395	\$ 33,819
Dividends to common shareholders	(843)	(3,931)	(4,661)	(4,773)
Net decrease in refundable dividend taxes on hand.....	—	86	—	146
Increase (decrease) in net assets	51,112	(13,709)	107,734	29,192
Net assets, beginning of period.....	528,231	463,022	471,609	420,121
NET ASSETS, END OF PERIOD	\$ 579,343	\$ 449,313	\$ 579,343	\$ 449,313

(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	
	2013	2012	2013	2012
			(000's)	
Proceeds on sales of investments.....	\$ 13,749	\$ 27,009	\$ 32,731	\$ 52,837
Cost of investments, beginning of period.....	225,215	259,574	220,662	259,525
Cost of investments purchased during the period.....	21,832	23,245	42,455	50,487
	247,047	282,819	263,117	310,012
Cost of investments, end of period.....	235,310	254,216	235,310	254,216
Cost of investments sold during the period.....	11,737	28,603	27,807	55,796
NET REALIZED GAIN (LOSS) ON INVESTMENTS	<u>\$ 2,012</u>	<u>\$ (1,594)</u>	<u>\$ 4,924</u>	<u>\$ (2,959)</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT JUNE 30, 2013 (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	North America			
	Canada			
2,126,380	Algoma Central Corporation ²	\$ 2,974	\$ 28,493	
386,206	E-L Financial Corporation Limited ²	26,116	241,715	
33,101	Ecando Investments Limited			
	Classes A, B and common ^{2, 3}	4,139	50,532	
176,414	The Fulcrum Investment Company Limited ^{2, 3}	464	11,578	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common ^{1, 2, 3}	2,115	37,812	
4,837	TGV Holdings Limited Class B ^{1, 2, 3, 4}	318	10,793	
		36,126	380,923	61.7
	United States			
103,681	AmerisourceBergen Corporation	4,187	6,087	
16,151	Apple Inc.	7,779	6,726	
59,014	Baxter International Inc.	3,445	4,297	
160,966	BB&T Corporation.....	5,096	5,733	
46,735	Becton, Dickinson and Company.....	3,685	4,849	
26,010	CareFusion Corporation	641	1,008	
237,655	Cisco Systems, Inc.	4,237	6,073	
73,358	Emerson Electric Company	3,653	4,202	
85,153	Equifax, Inc.	4,085	5,275	
4,178	Google Inc.	2,808	3,863	
75,154	Humana, Inc.	5,329	6,662	
108,055	Johnson & Johnson	7,305	9,753	
108,860	Lorillard, Inc.	4,241	4,991	
155,601	Microsoft Corporation	4,758	5,648	
95,687	Northern Trust Corporation	4,518	5,822	
66,132	Occidental Petroleum Corporation.....	5,784	6,206	
177,428	Oracle Corporation	5,691	5,726	
61,364	PepsiCo, Inc.	4,493	5,276	
61,701	Philip Morris International Inc.	5,662	5,614	
56,958	Procter & Gamble Company (The)	3,899	4,610	
73,518	Qualcomm Incorporated	4,569	4,720	
30,599	Union Pacific Corporation	4,389	4,961	
56,287	United Technologies Corporation.....	4,427	5,499	
22,735	Visa Inc.	2,972	4,363	
59,214	Walgreen Co.	2,819	2,748	
447,747	Western Union Company (The).....	7,335	8,053	
		117,807	138,765	22.4
	Total North America	153,933	519,688	84.1

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT JUNE 30, 2013 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Latin America			
1,268,088	Quinenco S.A.....	\$ 4,081	\$ 3,652	0.6
	Europe, excluding United Kingdom			
73,367	Colruyt S.A.....	3,411	4,054	
57,089	Deutsche Boerse AG	2,893	3,915	
52,027	Hannover Rueckversicherung AG	3,179	3,930	
121,198	Heineken Holding N.V.....	5,490	7,127	
100,520	Henkel AG & Co. KGaA.....	6,141	8,279	
32,794	Neopost S.A.....	1,779	2,283	
49,861	Nestle S.A.....	3,115	3,436	
59,612	Novartis AG.....	3,506	4,446	
67,993	Publicis Groupe	3,491	5,085	
21,722	Roche Holding AG	3,601	5,674	
		<u>36,606</u>	<u>48,229</u>	7.8
	United Kingdom			
109,333	British American Tobacco plc.....	5,908	5,886	
179,669	GlaxoSmithKline plc.....	4,181	4,734	
251,898	IMI plc	3,551	4,989	
94,021	Imperial Tobacco Group PLC.....	3,391	3,427	
525,062	Sage Group plc (The)	2,589	2,856	
93,196	Unilever PLC.....	3,350	3,965	
		<u>22,970</u>	<u>25,857</u>	4.2
	Asia			
50,100	Benesse Holdings, Inc.....	2,375	1,869	
45,300	Canon Inc.	1,553	1,551	
21,900	Hirose Electric Co., Ltd.	2,291	3,034	
84,700	Kao Corporation.....	2,371	3,026	
9,400	Keyence Corporation	2,431	3,144	
16,800	Nintendo Co., Ltd.....	1,791	2,071	
41,500	Shimano, Inc.....	2,942	3,682	
34,800	Unicharm Corporation.....	1,966	2,062	
		<u>17,720</u>	<u>20,439</u>	3.3
	Total investments	<u>\$ 235,310</u>	<u>\$ 617,865</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.

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, 2012. 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, 2013, the Company had \$507,150,000 (December 31, 2012 - \$388,474,000) of Level 1 and \$110,715,000 (December 31, 2012 - \$91,461,000) 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.

Economic Investment Trust Limited

CORPORATE INFORMATION

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AUDITORS

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor Services Trust

TRANSFER AGENT AND REGISTRAR

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TORONTO STOCK EXCHANGE LISTING

Common Shares, ticker symbol 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 questions or concerns regarding accounting or auditing matters.

WEBSITE

www.evt.ca

