

Economic Investment Trust Limited



**THIRD QUARTER REPORT
SEPTEMBER 30, 2004**

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Section 4.3(3)(a) of National Instrument 51-102, *Continuous Disclosure Obligations*, provides that if an auditor has not performed a review of the interim financial statements, the interim financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

signed "Duncan N.R. Jackman"

Duncan N.R. Jackman
Chairman and President

signed "Travis R. Epp"

Travis R. Epp
Treasurer

November 3, 2004

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2004 ⁽¹⁾	As at Dec. 31 2003 ⁽¹⁾
Net assets (Market value)	\$ 444,963	\$ 407,911
Net equity value per common share	\$ 78.97	\$ 72.37
Number of common shares outstanding at period end	5,615,535	5,615,535

	Nine months ended September 30	
	2004 ⁽¹⁾	2003 ⁽¹⁾
Investment income	\$ 9,740	\$ 6,291
Net investment income	\$ 6,620	\$ 3,859
Net investment income per common share	\$ 1.17	\$ 0.68
Regular dividends per common share	\$ 0.45	\$ 0.45

⁽¹⁾ In thousands of dollars, except number of common shares outstanding and per share amounts.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the third quarter of 2004 was \$980,000 compared to 2003 net investment income of \$947,000. On a year to date basis, the net investment income increased to \$6,620,000 in 2004 from \$3,859,000 in 2003. On a per common share basis, net investment income for the quarter was unchanged at \$0.17 in both 2004 and 2003, and on a year to date basis increased to \$1.17 in 2004 from \$0.68 in 2003.

Foreign dividend income in the third quarter increased to \$1,389,000 in 2004 from \$1,073,000 in 2003 and to \$5,788,000 in 2004 from \$4,702,000 in 2003 on a year to date basis. Canadian dividend income in the third quarter increased to \$445,000 in 2004 from \$416,000 in 2003 and to \$3,723,000 in 2004 from \$1,357,000 in 2003 on a year to date basis. The significant increase in Canadian dividend income earned in 2004 is due to a special dividend paid by E-L Financial Corporation Limited in the second quarter. Interest income in the third quarter amounted to \$46,000 in 2004, compared to \$90,000 in 2003 and decreased to \$229,000 in 2004 from \$232,000 in 2003 on a year to date basis.

Operating expenses in the quarter amounted to \$405,000 (2003 - \$332,000) and to \$1,293,000 (2003 - \$992,000) on a year to date basis. The rise in expenses from the prior periods is mainly due to an increase in management fees, administration fees and custody fees.

Net gain on investments

The Company's realized gain and change in unrealized appreciation of investments for the quarter ended September 30, 2004 was a net loss of \$2,475,000 compared with a net gain of \$23,271,000 in 2003. On a year to date basis, the Company earned a net gain of \$35,149,000 in 2004 compared to a net gain of \$44,824,000 in 2003. The performance of the investment portfolio has been led by the Canadian equities in both the third quarter and on a year to date basis. In particular, E-L Financial Corporation Limited has been a strong performer. Equities in the United States and Japan have posted negative returns in the third quarter offsetting gains from the first two quarters. Equities in Europe have posted positive returns in the third quarter and on a year to date basis.

During the third quarter of 2004, and on a year to date basis, the Canadian dollar appreciated relative to the US dollar, the British Pound, the Japanese Yen and the Euro, thereby reducing the value of the foreign equity investments. The loss from currency movements was somewhat mitigated by the use of forward currency contracts to minimize the exposure to the US dollar. The use of forward currency contracts resulted in a gain of approximately \$3,575,000 in the third quarter of 2004 and approximately \$2,692,000 on a year to date basis.

The investment portfolio of the Company is comprised of a mix of high and low yielding global investments. Net investment income, net realized gains (losses) on investments, net change in unrealized appreciation of investments and net asset value per share will vary significantly from period to period depending on the investment mix which moves with the constantly changing economic environment.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following table summarizes various financial results on a quarterly basis for the current and prior year:

	Sept. 30 2004	June 30 2004	March 31 2004	Dec. 31 2003	Sept. 30 2003	June 30 2003	March 31 2003	Dec. 31 2002
Investment income	\$ 1,880	\$ 5,517	\$ 2,343	\$ 1,446	\$ 1,579	\$ 3,121	\$ 1,591	\$ 1,473
Net investment income	\$ 980	\$ 4,251	\$ 1,389	\$ 872	\$ 947	\$ 1,944	\$ 968	\$ 731
Net income per share	\$ 0.17	\$ 0.75	\$ 0.25	\$ 0.15	\$ 0.17	\$ 0.34	\$ 0.17	\$ 0.10

Dividends

Regular quarterly dividends were paid on our preferred shares. The year to date dividends paid out of net investment income on the common shares outstanding totalled \$0.45 per share in both 2003 and 2004.

Assets

In the third quarter of 2004, total assets increased to \$489,569,000 at September 30, 2004 from \$487,467,000 at June 30, 2004, an increase of 0.4%. The cost of investments in foreign equities at September 30, 2004 was \$247,026,000 compared to \$245,717,000 at June 30, 2004. The market value of foreign equities decreased to \$259,255,000 at September 30, 2004 from \$265,048,000 at June 30, 2004. The cost of Canadian equities at September 30, 2004 was \$23,324,000 compared to \$23,034,000 at June 30, 2004. The market value of the Canadian equities increased to \$216,273,000 at September 30, 2004 from \$213,877,000 at June 30, 2004.

On a year to date basis, total assets increased to \$489,569,000 at September 30, 2004 from \$442,550,000 at December 31, 2003, an increase of 10.6%. The cost of investments in foreign equities at September 30, 2004 was \$247,026,000, an increase from \$229,368,000 at December 31, 2003. The market value of foreign equities at September 30, 2004 was \$259,255,000 compared to \$239,280,000 at December 31, 2003. The cost of investments in Canadian equities decreased in the first three quarters of 2004 to \$23,324,000 from \$30,090,000 at December 31, 2003. The market value of Canadian equities at September 30, 2004 was \$216,273,000 compared to \$190,839,000 at December 31, 2003.

Performance

The net asset value return of the Company is determined by calculating the performance of the investment portfolio and then netting against it both future income taxes and expenses of the Company. For the quarter ended September 30, 2004, the Company's net asset value per share decreased to \$78.97 from \$79.36 at June 30, 2004, a decrease of 0.3% (based on the reinvestment of distributions at month-end net asset values). For the comparable period, the S&P/TSX Composite Index increased 1.9%, the MSCI World Index (C\$) decreased 6.7% and the S&P 500 Index (C\$) decreased 7.5%.

On a year to date basis, the net asset value per share of the Company increased to \$78.97 at September 30, 2004 from \$72.37 at December 31, 2003, an increase of 9.7% (based on the reinvestment of distributions at month-end net asset values). For the first nine months of 2004 the S&P/TSX Composite Index increased 6.8%, the MSCI World Index (C\$) increased 0.2% and the S&P 500 Index (C\$) decreased 0.7%.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Risks

The Company faces a broad range of risks and uncertainties in managing a global equity portfolio. The market risk refers to the risk of loss from the investment and trading activities of the Company due to changes in equity prices, foreign currency rates, interest rates and market volatility.

The majority of the investment portfolio is managed by Sanford C. Bernstein & Co. Inc., LLC ("Bernstein"), a wholly owned subsidiary of Alliance Capital Management L.P. Bernstein is a global investment manager that commenced operations in 1967. Excluding The Emerging Markets Investor Fund, Bernstein manages all of the Company's foreign equity investments and is allowed to hedge the foreign currency exposure of any non-Canadian investment.

The Company also manages a portion of the Canadian investments in the portfolio. The performance of this portfolio is primarily derived from investments in E-L Financial Corporation Limited, The Bank of Nova Scotia and Algoma Central Corporation.

Liquidity and Capital Resources

Liquidity refers to the Company's ability to maintain a cash flow adequate to fund operations and capital investments on a timely and cost efficient basis. It is the objective of the Company to provide its shareholders an above average total rate of return through long-term capital appreciation and dividend income from the Company's portfolio of equity investments. 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's income from operations after payment of taxable dividends is used to fund operating costs as well as provide resources for additional investments.

Economic Investment Trust Limited has always been a vehicle for long term growth through investment in common equities. Management believes that over long periods of time, common equities as an asset class will outperform fixed income instruments or balanced funds.

As the fund's investment philosophy is of a long-term nature, short-term volatility is expected and tolerated. We remain confident that our investment strategy will reward our shareholders over the long term.

November 3, 2004

Duncan N.R. Jackman
Chairman of the Board

Economic Investment Trust Limited

CONSOLIDATED BALANCE SHEET (Unaudited)

	September 30 2004	December 31 2003
	(thousands of dollars)	
Assets		
Investments, at indicated market value (cost - \$270,350; December 31, 2003 - \$259,458)	\$ 477,025	\$ 431,736
Cash	11,442	6,361
Short-term investments	—	503
Receivable in respect of investments sold	453	2,327
Accrued income on investments	474	395
Income taxes receivable	—	1,044
Other assets	175	184
	489,569	442,550
Liabilities		
Accounts payable and accrued liabilities	334	167
Payable in respect of investments purchased	5,354	3,970
Income taxes payable	2,811	—
Future income taxes on unrealized net capital gains	36,107	30,502
	44,606	34,639
Net assets, at indicated market value	\$ 444,963	\$ 407,911
Shareholders' Equity		
Capital stock	\$ 206,142	\$ 206,147
Contributed surplus	1,493	1,493
Unrealized appreciation of investments	170,568	141,393
Retained earnings	66,760	58,878
Total shareholders' equity	\$ 444,963	\$ 407,911

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2004	2003	2004	2003
	(thousands of dollars)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 1,389	\$ 1,073	\$ 5,788	\$ 4,702
Canadian	445	416	3,723	1,357
	<u>1,834</u>	<u>1,489</u>	<u>9,511</u>	<u>6,059</u>
Interest	46	90	229	232
	<u>1,880</u>	<u>1,579</u>	<u>9,740</u>	<u>6,291</u>
Expenses:				
Operating	405	332	1,293	992
Income taxes	495	300	1,827	1,440
	<u>900</u>	<u>632</u>	<u>3,120</u>	<u>2,432</u>
NET INVESTMENT INCOME	980	947	6,620	3,859
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	806	(1,123)	5,974	4,770
Net change in unrealized appreciation of investments	(3,281)	24,394	29,175	40,054
NET GAIN (LOSS) ON INVESTMENTS ..	(2,475)	23,271	35,149	44,824
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (1,495)	\$ 24,218	\$ 41,769	\$ 48,683

CONSOLIDATED STATEMENTS OF REALIZED GAIN (LOSS) (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2004	2003	2004	2003
	(thousands of dollars)			
Proceeds on sales of investments	\$ 34,150	\$ 20,071	\$ 93,884	\$ 79,481
Cost of investments, beginning of period	268,751	259,752	259,458	251,791
Cost of investments purchased during the period	34,765	22,024	97,485	82,181
	<u>303,516</u>	<u>281,776</u>	<u>356,943</u>	<u>333,972</u>
Cost of investments, end of period	270,350	260,330	270,350	260,330
Cost of investments sold during the period	33,166	21,446	86,593	73,642
Realized gain (loss) on investments sold before taxes	984	(1,375)	7,291	5,839
Provision for (recovery of) taxes on realized net taxable capital gains (losses)	178	(252)	1,317	1,069
Net realized gain (loss) on investments	\$ 806	\$ (1,123)	\$ 5,974	\$ 4,770

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2004	2003	2004	2003
	(thousands of dollars)			
INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (1,495)	\$ 24,218	\$ 41,769	\$ 48,683
DISTRIBUTIONS TO SHAREHOLDERS				
Common shareholders	(842)	(842)	(2,527)	(2,527)
Preferred shareholders	(19)	(19)	(55)	(55)
	(861)	(861)	(2,582)	(2,582)
CAPITAL SHARE TRANSACTIONS				
Purchase of preferred shares for cancellation	—	—	(5)	(10)
TAXATION CHANGES				
Net (increase) decrease in refundable dividend tax on hand	147	14	(2,130)	301
INCREASE (DECREASE) IN NET ASSETS	(2,209)	23,371	37,052	46,392
NET ASSETS, BEGINNING OF PERIOD	447,172	367,762	407,911	344,741
NET ASSETS, END OF PERIOD	\$ 444,963	\$ 391,133	\$ 444,963	\$ 391,133

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Nine months ended Sept. 30	
	2004	2003
	(thousands of dollars)	
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 58,878	\$ 52,066
Add:		
Net investment income	6,620	3,859
Net realized gain on investments	5,974	4,770
Refundable taxes recovered	860	752
	72,332	61,447
Deduct:		
Dividends from net investment income	2,582	2,582
Provision for refundable taxes	2,990	451
	5,572	3,033
RETAINED EARNINGS, END OF PERIOD	\$ 66,760	\$ 58,414

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2004 (Unaudited)

Number of of shares		Cost	Market value	% of Market
		(thousands of dollars)		
North America				
Canada				
50,200	Alcan Inc.	\$ 2,767	\$ 3,037	
212,638	Algoma Central Corporation	2,973	15,523	
111,242	Bank of Nova Scotia	1,442	4,110	
341,806	E-L Financial Corporation Limited	6,790	122,708	
31,776	Ecando Investments Limited			
	Classes A, B and common	4,139	29,899	
176,414	The Fulcrum Investment Company			
	Limited	464	8,055	
25,444	Magna Int'l Inc. Class A	2,314	2,384	
214,251	NVG Holdings Limited *			
	Classes B, C, D, E and common	2,115	23,923	
4,765	TGV Holdings Limited Cl. B *	320	6,634	
		<u>23,324</u>	<u>216,273</u>	45.4
United States				
83,600	Altria Group, Inc.	6,961	4,977	
103,200	Bank of America Corporation	5,050	5,659	
58,100	Chubb Corporation	5,531	5,168	
104,600	Citigroup Inc.	6,530	5,840	
121,400	Comcast Corp. Special Class A	4,989	4,290	
87,400	ConocoPhillips	6,706	9,164	
30,200	Fannie Mae	2,726	2,423	
36,300	Freddie Mac	2,712	2,997	
129,500	General Electric Company	5,456	5,503	
45,000	Hartford Financial Services Group	3,669	3,527	
341,700	Hewlett-Packard Company	9,118	8,108	
97,700	JPMorgan Chase & Co.	5,032	4,912	
183,000	Kroger Co.	4,337	3,594	
28,000	Lehman Brothers Holdings Inc.	2,583	2,825	
45,000	Metlife, Inc.	1,672	2,201	
78,400	Microsoft Corporation	2,754	2,743	
83,700	Norfolk Southern Corp.	2,286	3,150	
144,900	Pfizer Inc.	8,132	5,611	
16,800	Occidental Petroleum Corporation	1,108	1,189	
101,900	Safeway Inc.	3,044	2,490	
44,300	Smurfit-Stone Container Corp.	1,051	1,086	
49,408	St. Paul Travelers Companies Inc.	2,488	2,067	
19,000	Textron Inc.	1,434	1,545	
30,400	Whirlpool Corporation	3,501	2,312	
20,000	XL Capital Ltd. Class A	2,448	1,875	
		<u>101,318</u>	<u>95,256</u>	<u>20.0</u>
	Total North America	<u>124,642</u>	<u>311,529</u>	<u>65.4</u>

* The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia.

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Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2004 (Continued) (Unaudited)

Number of of shares		Cost	Market value	% of Market
		(thousands of dollars)		
	Latin America			
119,100	Petroleo Brasileiro SA ADR.....	3,534	4,811	
44,200	Votorantim Celulose ADR.....	1,911	1,933	
		5,445	6,744	1.4
	Europe, excluding United Kingdom			
272,280	Arcelor	5,435	6,368	
70,000	Assurance Generale de France	5,249	5,551	
88,900	Continental AG	3,776	6,106	
117,600	Credit Suisse Group	5,587	4,750	
19,200	Delhaize Group	1,217	1,544	
16,685	DSM NV	1,040	1,101	
181,400	ENI S.P.A.	3,978	5,146	
47,312	HeidelbergCement AG	2,476	2,789	
45,000	Man AG	2,094	1,943	
74,700	MOL Magyar Olaj - Es Gazipari Rt.	3,107	4,618	
50,600	Renault SA	5,493	5,237	
200,700	Repsol YPR, S.A.	5,512	5,577	
22,825	Sanofi-Aventis	1,366	2,095	
120,800	Svenska Cellulosa AB	6,236	5,943	
		52,566	58,768	12.3
	United Kingdom			
265,000	Aviva PLC	2,581	3,323	
453,700	BP PLC	5,386	5,481	
104,300	Glaxosmithkline PLC.	2,837	2,845	
372,881	Intercontinental Hotels Group PLC	3,156	5,367	
117,600	RMC Group PLC	1,793	2,288	
1,592,000	Vodafone Group PLC	4,005	4,822	
120,400	Whitbread PLC	1,619	2,274	
160,000	Xstrata PLC	2,809	3,327	
		24,186	29,727	6.2
	Asia			
90,000	Canon Inc.	5,007	5,353	
5,576,000	China Petroleum & Chemical Corporation (Sinopec)	2,028	2,873	
744,683	Compal Electronics Reg	5,343	4,712	
31,463	Emerging Markets Investor Fund	1,078	1,116	
132,000	Flextronics International Ltd.	2,489	2,213	
88,000	Honda Motor Company Limited	5,696	5,396	
42,900	Hyundai Motor Co. Limited	2,379	2,504	
78,200	JFE Holdings Inc.	2,683	2,820	
51,200	Kookmin Bank	2,077	2,051	
383,100	Nissan Motor Co.	4,172	5,279	
34,200	Posco	4,408	6,446	
32,300	Promise Co., Ltd.	1,457	2,674	

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Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2004 (Continued) (Unaudited)

Number of of shares		Cost	Market value	% of Market
		(thousands of dollars)		
	Asia (continued)			
186,000	Shinhan Financial Group Co., Ltd.	2,376	4,068	
1,755,930	Singapore Telecommunications Ltd., ...	3,093	3,089	
925	Sumitomo Mitsui Financial Group Inc. .	6,918	6,692	
232,052	Taiwan Semiconductor Manufacturing Company Ltd. ADR	4,601	3,931	
830	UFJ Holdings Inc.	5,181	4,603	
		60,986	65,820	13.8
	Israel			
840,000	Bank Hapoalim Ltd.	2,525	2,940	0.6
	Total equities	270,350	475,528	99.7
	Forward Currency Contracts, net - Schedule 1	—	1,497	0.3
	Total investments	\$ 270,350	\$ 477,025	100.0

Schedule 1 - Forward Currency Contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

Par value (in millions)	Currency	Number of Contracts	Contract Rates	Settlement Date	Unrealized gain
61.4	USD	1	1.2914	Dec. 15, 2004	\$ 1,497

All counterparties have an approved credit rating equivalent to A-1+.

Economic Investment Trust Limited

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Summary of significant accounting policies

Basis of presentation

The accompanying unaudited interim consolidated 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, 2003.

Economic Investment Trust Limited

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INVESTMENT MANAGER

Sanford C. Bernstein & Co., LLC, New York

AUDITORS

PricewaterhouseCoopers LLP, Toronto

TRANSFER AGENT AND REGISTRAR

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STOCK EXCHANGE LISTINGS

Common

EVT

Series A Preferred

EVT.PR.A

NET ASSET VALUE

The Company's Net Asset Value per share is published every Saturday in the Mutual fund section of the Globe and Mail (under "Fund Asset Values") and in the National Post (under "Closed End Funds").