

Economic Investment Trust Limited



**THIRD QUARTER REPORT
SEPTEMBER 30, 2005**

**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 2, 2005

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2005 ⁽¹⁾	As at Dec. 31 2004 ⁽¹⁾
Net assets	\$ 514,002	\$ 459,290
Net equity value per common share	\$ 91.26	\$ 81.52
Number of common shares outstanding at period end	5,615,535	5,615,535

	Nine months ended September 30	
	2005 ⁽¹⁾	2004 ⁽¹⁾
Investment income	\$ 8,348	\$ 9,740
Net investment income	\$ 4,971	\$ 6,620
Net investment income per common share	\$ 0.88	\$ 1.17
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

The following Management's Discussion and Analysis (MD&A) of the unaudited consolidated operating results and financial condition of Economic Investment Trust Limited ("Economic" or the "Company") for the third quarter of 2005 should be read in conjunction with the MD&A for the year ended December 31, 2004, the Company's annual audited consolidated financial statements, the notes relating thereto, supplementary financial information included in the Company's Annual Report, the quarterly unaudited financial statements and notes contained in this report, as well as the Company's MD&A and unaudited interim financial statements for the previous quarters of 2005. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussions are 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 discussion will occur, or if they do, that any benefits may be derived from them.

Market Review

As at September 30, 2005, Canadian equities accounted for 44.3% of the investment portfolio and the balance consisted of foreign equities (55.7%). Global stock markets posted generally positive results in local currencies in the quarter ended September 30, 2005. The Canadian dollar strengthened against most currencies in the third quarter and on a year to date basis of fiscal 2005 offsetting some of the gains achieved on the appreciation of the foreign equities. In Canadian dollar terms, in the third quarter of fiscal 2005, the S&P/TSX Composite Index increased 11.6%, the MSCI World Index increased 1.4% and the S&P 500 Index decreased 1.9%. On a year to date basis the S&P/TSX Composite Index increased 20.7%, the MSCI World Index increased 2.5% and the S&P 500 Index decreased 0.9%.

The net equity value of the Company's common shares is determined by deducting the outstanding preferred shares at their cost of redemption from the net assets of the Company. The net equity value per common share is the net equity value divided by the number of common shares outstanding. For the quarter ended September 30, 2005, the Company's net equity value per share increased to \$91.26 from \$86.84 at June 30, 2005, an increase of 5.3% (based on the reinvestment of dividends at month-end net equity values). On a year to date basis the net equity value per share increased to \$91.26 from \$81.52 at December 31, 2004, an increase of 12.5% (based on the reinvestment of dividends at month-end net equity values).

Operating Results

Net investment income

The Company's net investment income in the third quarter of 2005 was \$1,151,000 compared to 2004 net investment income of \$980,000. On a year to date basis, the net investment income decreased to \$4,971,000 in 2005 from \$6,620,000 in 2004. The decrease in the current year is due to a special dividend paid by E-L Financial Corporation Limited in May of 2004. The cash portion of the special dividend was \$2,351,000. On a per common share basis, net investment income for the quarter increased to \$0.21 in 2005 from \$0.17 in 2004 and on a year to date basis decreased to \$0.88 in 2005 from \$1.17 in 2004.

Foreign dividend income in the third quarter increased to \$1,453,000 in 2005 from \$1,389,000 in 2004 and to \$6,706,000 in 2005 from \$5,788,000 in 2004 on a year to date basis. Canadian dividend income in the third quarter increased to \$489,000 in 2005 from \$445,000 in 2004 and decreased to \$1,437,000 in 2005 from \$3,723,000 in 2004 on a year to date basis. Interest income in the third quarter amounted to \$52,000 in 2005, compared to \$46,000 in 2004 and decreased to \$205,000 in 2005 from \$229,000 in 2004 on a year to date basis.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Operating expenses in the quarter amounted to \$470,000 (2004 - \$405,000) and \$1,405,000 (2004 - \$1,293,000) on a year to date basis. The rise in expenses from the prior periods is mainly due to an increase in management and administration fees.

Net gain (loss) on investments

The Company realized a net gain on investments sold of \$7,895,000 in the third quarter of 2005 (2004 net gain - \$806,000). On a year to date basis, the net gain on investments was \$9,498,000 (2004 net gain - \$5,974,000). The largest equity contributors to the net realized gain in the quarter were ConocoPhillips, HeidelbergCement AG and Promise Co., Ltd. A significant gain was also realized on the US dollar forward currency contract that matured in the quarter.

The Company's unrealized appreciation of investments increased by \$16,546,000 in the quarter compared to a decrease of \$3,281,000 in the same period last year. On a year to date basis, unrealized appreciation of investments increased by \$42,406,000 (2004 - \$29,175,000). Canadian investments account for a majority of the increase in unrealized appreciation in the third quarter of fiscal 2005. The increase in Canada was led by E-L Financial Corporation Ltd. The foreign equities were led by ConocoPhillips, Hewlett-Packard Company, Posco, Shinhan Financial Group Co., Ltd. and Sumitomo Mitsui Financial Group Inc. performed well in the quarter. Fannie Mae, Freddie Mac, HCA Inc. and Taiwan Semiconductor Manufacturing Company Ltd. were the poorest performers in the quarter.

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):

	Sept. 30 2005	June 30 2005	March 31 2005	Dec. 31 2004	Sept. 30 2004	June 30 2004	March 31 2004	Dec. 31 2003
Investment income	\$ 1,994	\$ 4,075	\$ 2,279	\$ 3,105	\$ 1,880	\$ 5,517	\$ 2,343	\$ 1,446
Increase (decrease) in net assets from operations	\$ 25,592	\$ 11,277	\$ 20,006	\$ 15,854	\$ (1,495)	\$ 16,253	\$ 27,011	\$ 17,539
Increase (decrease) in net assets from operations per share ¹	\$ 4.56	\$ 2.00	\$ 3.56	\$ 2.82	\$ (0.27)	\$ 2.89	\$ 4.81	\$ 3.12

¹ Net of dividends on preferred shares

Dividends

Regular quarterly dividends were paid on our preferred shares. The dividends paid out of net investment income on the common shares outstanding in the third quarter totalled \$0.15 per share in both 2005 and 2004. On a year to date basis, the dividends on the common shares totalled \$0.45 in both 2005 and 2004.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Investment Strategy

Economic is a closed-end investment corporation that trades on the Toronto Stock Exchange. 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. Commencing with the fiscal 2002 year, the investment strategy of the Company changed to allow for increased investment in non-Canadian capital markets. 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 yielding and low yielding foreign and Canadian equities. Net investment income, net realized gains (losses) on investments, net change in unrealized appreciation of investments and net equity value per share will vary significantly from period to period depending on the selection of the global equities which moves with the constantly changing economic environment and market conditions.

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. Bernstein has a global equity mandate and is allowed to hedge the foreign currency exposure of any non-Canadian investment.

The Company's management is responsible for 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.

As the Company'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.

Risks

The Company faces a broad range of risks and uncertainties in managing a global equity portfolio. Risks of investing in Economic include, amongst others, equity risk, international market risk, foreign currency risk, concentration risk, emerging markets risk, liquidity risk, regulatory risk and securities lending risk. These risks are described in the Risk section of the Company's Annual Information Form.

Share Data

At September 30th, 2005, the following shares were issued and outstanding; 29,015 Series A Preferred Shares and 5,615,535 Common Shares.

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. 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.

Additional information

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

November 2, 2005

Duncan N.R. Jackman
Chairman of the Board

Economic Investment Trust Limited

CONSOLIDATED BALANCE SHEET (Unaudited)

	Sept. 30 2005	December 31 2004
	(000's)	
Assets		
Investments, at indicated market value (cost - \$288,458; December 31, 2004 - \$281,797)	\$ 554,717	\$ 496,304
Cash	3,606	4,982
Short-term investments	299	251
Receivable in respect of investments sold	1,208	—
Accrued income on investments	498	435
Income taxes receivable	1,245	—
Other assets	186	203
	561,759	502,175
Liabilities		
Accounts payable and accrued liabilities	212	209
Payable in respect of investments purchased	782	—
Income taxes payable	—	5,414
Future income taxes	46,763	37,262
	47,757	42,885
Net assets	\$ 514,002	\$ 459,290
Shareholders' Equity		
Capital stock	\$ 206,142	\$ 206,142
Contributed surplus	1,493	1,493
Unrealized appreciation of investments	219,675	177,269
Retained earnings	86,692	74,386
Total shareholders' equity	\$ 514,002	\$ 459,290

APPROVED BY THE BOARD:

Duncan N.R. Jackman, Director

J. Christopher Barron, Director

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2005	2004	2005	2004
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 1,453	\$ 1,389	\$ 6,706	\$ 5,788
Canadian	489	445	1,437	3,723
	<u>1,942</u>	<u>1,834</u>	<u>8,143</u>	<u>9,511</u>
Interest, including securities lending income	52	46	205	229
	<u>1,994</u>	<u>1,880</u>	<u>8,348</u>	<u>9,740</u>
Expenses:				
Operating	470	405	1,405	1,293
Income taxes	373	495	1,972	1,827
	<u>843</u>	<u>900</u>	<u>3,377</u>	<u>3,120</u>
NET INVESTMENT INCOME	<u>1,151</u>	<u>980</u>	<u>4,971</u>	<u>6,620</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain on investments	7,895	806	9,498	5,974
Net change in unrealized appreciation of investments	16,546	(3,281)	42,406	29,175
NET GAIN (LOSS) ON INVESTMENTS	<u>24,441</u>	<u>(2,475)</u>	<u>51,904</u>	<u>35,149</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	<u>\$ 25,592</u>	<u>\$ (1,495)</u>	<u>\$ 56,875</u>	<u>\$ 41,769</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	<u>\$ 4.56</u>	<u>\$ (0.27)</u>	<u>\$ 10.12</u>	<u>\$ 7.43</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Nine months ended Sept. 30	
	2005	2004
	(000's)	
BEGINNING OF PERIOD	\$ 74,386	\$ 58,878
Add:		
Net investment income	4,971	6,620
Net realized gain on investments	9,498	5,974
Refundable dividend taxes recovered	860	860
	<u>89,715</u>	<u>72,332</u>
Deduct:		
Dividends from net investment income		2,582
Provision for refundable dividend taxes	441	2,990
	<u>3,023</u>	<u>5,572</u>
END OF PERIOD	<u>\$ 86,692</u>	<u>\$ 66,760</u>

(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	
	2005	2004	2005	2004
			(000's)	
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 25,592	\$ (1,495)	\$ 56,875	\$ 41,769
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)
TAXATION CHANGES				
Net decrease (increase) in refundable dividend tax on hand	108	147	419	(2,130)
INCREASE (DECREASE) IN NET ASSETS	24,839	(2,209)	54,712	37,052
NET ASSETS, BEGINNING OF PERIOD	489,163	447,172	459,290	407,911
NET ASSETS, END OF PERIOD	\$ 514,002	\$ 444,963	\$ 514,002	\$ 444,963

CONSOLIDATED STATEMENTS OF REALIZED GAIN (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2005	2004	2005	2004
			(000's)	
Proceeds on sales of investments	\$ 31,150	\$ 34,150	\$ 82,892	\$ 93,884
Cost of investments, beginning of period	278,708	268,751	281,797	259,458
Cost of investments purchased during the period	31,265	34,765	77,962	97,485
	309,973	303,516	359,759	356,943
Cost of investments, end of period	288,458	270,350	288,458	270,350
Cost of investments sold during the period	21,515	33,166	71,301	86,593
Realized gain on investments sold before taxes	9,635	984	11,591	7,291
Taxes on realized net taxable capital gains	1,740	178	2,093	1,317
Net realized gain on investments	\$ 7,895	\$ 806	\$ 9,498	\$ 5,974

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2005

(Unaudited)

Number of shares		Cost	Market value	% of Market
		(000's)		
North America				
Canada				
212,638	Algoma Central Corporation	\$ 2,973	\$ 17,436	
58,200	Canadian Natural Resources Ltd.	2,805	3,056	
341,806	E-L Financial Corporation Limited	6,790	145,223	
33,101	Ecando Investments Limited			
	Classes A, B and common	4,139	34,612	
176,414	The Fulcrum Investment Company			
	Limited	464	9,286	
216,900	NVG Holdings Limited *			
	Classes B, C, D, E and common	2,115	28,154	
4,837	TGV Holdings Limited Cl. B *	318	7,801	
		<u>19,604</u>	<u>245,568</u>	44.3
United States				
43,100	Altria Group, Inc.	3,589	3,689	
103,200	Bank of America Corporation	5,050	5,045	
10,300	Chevron Corporation	782	774	
58,100	Chubb Corporation	5,531	6,041	
125,100	Citigroup Inc.	7,678	6,612	
153,400	Comcast Corp. Special Class A	6,142	5,126	
106,100	ConocoPhillips	4,070	8,612	
86,100	Fannie Mae	7,049	4,481	
79,100	Freddie Mac	5,954	5,185	
129,500	General Electric Company	5,456	5,063	
65,440	GlobalSantaFe Corporation	3,189	3,466	
74,600	HCA Inc.	4,105	4,151	
70,300	Hartford Financial Services			
	Group, Inc.	5,682	6,299	
241,300	Hewlett-Packard Company	6,399	8,181	
69,700	JPMorgan Chase & Co.	3,519	2,746	
219,600	Kroger Co.	5,028	5,250	
45,000	Metlife, Inc.	1,672	2,604	
93,300	Microsoft Corporation	3,243	2,787	
16,800	Occidental Petroleum			
	Corporation	1,108	1,666	
15,900	PartnerRe Ltd.	1,104	1,182	
190,400	Safeway Inc.	5,116	5,659	
156,900	Smurfit-Stone Container			
	Corporation	3,541	1,887	
214,100	Sprint Nextel Corporation	6,610	5,912	
19,000	Textron Inc.	1,434	1,582	
290,600	Time Warner Inc.	6,489	6,111	
30,800	XL Capital Ltd. Class A	3,368	2,434	
		<u>112,908</u>	<u>112,545</u>	20.3
	Total North America	<u>132,512</u>	<u>358,113</u>	64.6

* 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, 2005 (Continued) (Unaudited)

Number of shares		Cost	Market value	% of Market
		(000's)		
Latin America				
86,400	Petroleo Brasileiro SA ADR	2,564	6,395	
110,500	Votorantim Celulose ADR	1,911	1,719	
		4,475	8,114	1.5
Europe, excluding United Kingdom				
178,580	Arcelor	3,564	4,866	
70,000	Assurance Generales de France	5,249	7,802	
73,300	Continental AG	3,114	7,008	
117,600	Credit Suisse Group	5,587	6,070	
19,200	Delhaize Group	1,217	1,323	
28,500	E.ON AG	3,319	3,057	
115,620	European Aeronautic Defence and Space Company	4,310	4,776	
105,500	Endesa, SA	2,915	3,290	
116,400	ENI S.P.A.	2,553	4,028	
74,020	Depfa Bank PLC	1,502	1,386	
157,700	ING Groep NV	5,589	5,472	
45,000	Man AG	2,094	2,688	
29,900	MOL Magyar Olaj - Es Gazipari Rt.	2,844	3,852	
32,800	Muenchener Rueckversicherungs- Gesellschaft AG	4,645	4,363	
68,000	Renault SA	7,390	7,503	
200,700	Repsol YPR, S.A.	5,512	7,577	
22,830	Sanofi-Aventis	1,366	2,198	
160,000	Xstrata PLC	2,809	4,830	
		65,579	82,089	14.8
United Kingdom				
467,987	Aviva PLC	5,357	6,101	
453,700	BP PLC	5,386	6,278	
789,170	Friends Provident PLC	3,128	3,032	
119,790	HBOS PLC	2,253	2,101	
84,700	Royal Bank of Scotland PLC	3,109	2,800	
122,000	Tate & Lyle PLC	1,504	1,139	
1,592,000	Vodafone Group PLC	4,005	4,825	
103,285	Whitbread PLC	1,620	2,014	
		26,362	28,290	5.1
Asia				
840,000	Bank Hapoalim Ltd	2,525	3,794	
58,900	Canon Inc.	3,277	3,700	
5,576,000	China Petroleum & Chemical Corporation (Sinopec)	2,028	2,963	
774,284	Compal Electronics Reg	5,345	4,495	
31,463	Emerging Markets Investor Fund	1,100	1,540	
132,000	Flextronics International Ltd.	2,489	1,969	
88,000	Honda Motor Company Limited	5,696	5,790	
42,900	Hyundai Motor Co. Limited	2,379	3,895	
275	Japan Tobacco Inc.	4,352	5,045	

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Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2005 (Continued) (Unaudited)

<u>Number of of shares</u>		<u>Cost</u>	<u>Market value</u>	<u>% of Market</u>
		(000's)		
Asia (continued)				
101,200	JFE Holdings Inc.	3,484	3,827	
51,200	Kookmin Bank	2,077	3,508	
30,600	Orix Corporation	5,911	6,429	
31,500	Posco	4,060	8,211	
5,110	Samsung Electronics Co. Ltd.	3,166	3,347	
128,360	Shinhan Financial Group Co., Ltd.	1,640	5,191	
722	Sumitomo Mitsui Financial Group Inc.	5,400	7,918	
456,803	Taiwan Semiconductor Manufacturing Company Ltd. ADR	4,601	4,361	
		<u>59,530</u>	<u>75,983</u>	<u>13.6</u>
	Total equities	288,458	552,589	99.6
	Forward Currency Contracts, net - Schedule 1	—	2,128	<u>0.4</u>
	Total investments	<u>\$ 288,458</u>	<u>\$ 554,717</u>	<u>100.0</u>

Schedule 1 - Forward Currency Contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

<u>Par value (in millions)</u>	<u>Currency</u>	<u>Number of Contracts</u>	<u>Contract Rates</u>	<u>Settlement Date</u>	<u>Unrealized gain</u>
87.8	USD	2	1.1658 - 1.1845	Dec. 15, 2005	\$ 2,128

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, 2004.

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

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
M5J 2Y1
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STOCK EXCHANGE LISTINGS

Common

EVT

Series A Preferred

EVT.PR.A

NET EQUITY VALUE

The Company's Net Equity 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").

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