

# **Economic Investment Trust Limited**



**THIRD QUARTER REPORT  
SEPTEMBER 30, 2007**

**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 6, 2007

# *Economic Investment Trust Limited*

## THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2007 <sup>(1)</sup>	As at Dec. 31 2006 <sup>(1) (2)</sup>
Net equity value per Common Share .....	\$ 120.37	\$ 123.03
Net assets.....	\$ 676,344	\$ 691,296
Number of Common Shares outstanding at period end .....	5,615,535	5,615,535

	Nine months ended September 30	
	2007 <sup>(1)</sup>	2006 <sup>(1)</sup>
Net investment income per Common Share .....	\$ 1.13	\$ 1.07
Increase (decrease) in net assets from operations per Common Share .....	\$ (1.46)	\$ 11.86
Regular dividends per Common Share .....	\$ 0.45	\$ 0.45
Investment income .....	\$ 10,795	\$ 10,218
Net investment income .....	\$ 6,380	\$ 6,033

<sup>(1)</sup> In thousands of dollars, except number of Common Shares outstanding and per share amounts.

<sup>(2)</sup> Comparative amounts have not been restated to reflect the change in accounting policy that was adopted as at January 1, 2007 (Note 1 to the financial statements).

# *Economic Investment Trust Limited*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following Management's Discussion and Analysis (MD&A) of the unaudited operating results and financial condition of Economic Investment Trust Limited ("Economic" or the "Company") for the third quarter of 2007 should be read in conjunction with the MD&A for the year ended December 31, 2006, 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 2007. The unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The financial statements 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 discussions are in Canadian Dollars.

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

### **Overview**

Economic, which was created in 1927, is a closed-end investment corporation, the shares of which trade on the Toronto Stock Exchange (EVT, EVT.PR.A). Economic has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed income instruments or balanced funds.

The majority of the investment portfolio is managed by Sanford C. Bernstein & Co. LLC ("Bernstein"), a wholly owned subsidiary of AllianceBernstein L.P. Bernstein is a global investment manager that commenced operations in 1967. At the end of the quarter, excluding the Emerging Markets Investors Fund (which represents 0.3% of the portfolio), Bernstein managed all of the foreign equities in the portfolio. Bernstein is allowed to hedge the foreign currency exposure of any investment that it manages.

As at September 30, 2007, the Company managed all of the Canadian equities in the portfolio. These investments comprise 48.0% (September 30, 2006 - 48.4%) of the equity investments. The performance of this portion of the portfolio is primarily derived from investments in E-L Financial Corporation Limited ("E-L Financial") and, to a lesser extent, Algoma Central Corporation and The Bank of Nova Scotia. E-L Financial, Algoma Central Corporation and the Company can be significantly influenced by the same party. In management's view, investments in these companies are consistent with the Company's investment strategy and contribute to achieving the Company's investment objective.

### **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. 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 investments. Net investment income, net realized gain (loss) on investments, net change in unrealized appreciation of investments and net equity value per Common Share will vary significantly from period to period depending on the changing economic environment and market conditions.

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

# *Economic Investment Trust Limited*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Market Review**

Global stock markets were mixed in the quarter ended September 30, 2007. During the quarter, the Canadian Dollar continued to strengthen significantly which adversely impacted the Canadian Dollar investment returns. In Canadian Dollar terms, in the third quarter of fiscal 2007, the S&P/TSX Composite Index increased 2.0%, the MSCI World Index decreased 4.1% and the S&P 500 Index decreased 4.4%. On a year to date basis, the S&P/TSX Composite Index increased 11.2%, the MSCI World Index decreased 4.5% and the S&P 500 Index decreased 6.7%.

For the quarter ended September 30, 2007, the Company's net equity value per share decreased to \$120.37 from \$125.98 at June 30, 2007, a decrease of 4.3% (based on the reinvestment of dividends at month-end net equity values). On a year to date basis, the net equity value per share decreased to \$120.37 from \$122.23 at January 1, 2007 (adjusted from \$123.03 for the change in accounting policy as noted below), a decrease of 1.2% (based on the reinvestment of dividends at month-end net equity values). As the Company is a taxable Canadian corporation, a provision for future income taxes is recorded on the unrealized appreciation of investments. Future income taxes are recorded as a liability on the balance sheet. The net equity value of the Company's Common Shares is determined by deducting the outstanding Preferred Shares Series A 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.

### **Accounting Policy Change**

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

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

### **Operating Results**

#### *Net investment income*

The Company's net investment income in the third quarter of 2007 was \$1,789,000 compared to 2006 net investment income of \$1,643,000. On a year to date basis, the net investment income increased 5.8% to \$6,380,000 in 2007 from \$6,033,000 in 2006. On a per Common Share basis, net investment income for the quarter increased to \$0.32 in 2007 from \$0.29 in 2006 and on a year to date basis increased to \$1.13 in 2007 from \$1.07 in 2006.

Foreign dividend income in the third quarter increased to \$2,217,000 in 2007 from \$2,051,000 in 2006, and increased to \$8,600,000 in 2007 from \$8,367,000 in 2006 on a year to date basis. Canadian dividend income in the third quarter increased to \$660,000 in 2007 from \$574,000 in 2006 and increased to \$1,898,000 in 2007 from \$1,520,000 in 2006 on a year to date basis. Interest, including securities lending income, in the third quarter amounted to \$102,000 in 2007, compared to \$142,000 in 2006, and decreased to \$297,000 in 2007 from \$331,000 in 2006 on a year to date basis.

# Economic Investment Trust Limited

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Operating expenses in the quarter amounted to \$593,000 (2006 - \$523,000) and \$1,874,000 (2006 - \$1,637,000) on a year to date basis. The rise in expenses from the prior periods is mainly due to an increase in management and administrative costs.

### *Net gain (loss) on investments*

The Company realized a net gain on investments sold of \$1,472,000 in the third quarter of 2007 (2006 - \$10,480,000). On a year to date basis, the net realized gain on investments sold was \$21,206,000 (2006 - \$25,370,000). The majority of the net realized gain arose as the Company reduced its holdings in Xstrata PLC, Petroleo Brasileiro S.A. ADR, ArcelorMittal and Posco. The most significant loss in the quarter resulted from the sale of Countrywide Financial Corporation.

The Company's unrealized appreciation of investments decreased by \$33,941,000 in the quarter compared to a decrease of \$4,310,000 in the same period last year. On a year to date basis, unrealized appreciation of investments decreased by \$35,583,000 (2006 - increase of \$35,242,000). The decrease in unrealized appreciation during the current year reflects the decline in market price of the Company's largest investment, E-L Financial Corporation Limited ("E-L Financial"), the negative return of our European investments and the continued significant appreciation of the Canadian dollar. The fair value of E-L Financial decreased by approximately \$15,800,000 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 2007	June 30 2007	March 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006	March 31 2006	Dec. 31 2005
Investment income	\$ 2,979	\$ 4,916	\$ 2,900	\$ 2,215	\$ 2,767	\$ 5,021	\$ 2,430	\$ 1,453
Increase (decrease) in net assets from operations	\$ (30,716)	\$ 10,599	\$ 11,952	\$ 68,344	\$ 7,813	\$ 14,942	\$ 43,890	\$ 46,971
Increase (decrease) in net assets from operations per share <sup>1</sup>	\$ (5.47)	\$ 1.88	\$ 2.13	\$ 12.17	\$ 1.39	\$ 2.66	\$ 7.81	\$ 8.36

<sup>1</sup> 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 totalled \$0.15 per share in the current quarter and \$0.45 per share on a year to date basis in both 2007 and 2006.

### Share Data

At September 30, 2007, the following shares were issued and outstanding; 7,700 5% Cumulative Preferred Shares Series A and 5,615,535 Common Shares.

# *Economic Investment Trust Limited*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Liquidity and Capital Resources**

The payment of the Company's regular quarterly dividends on its Common Shares and 5% Cumulative Preferred Shares Series A is funded by net investment income. For the quarter ended September 30, 2007, net investment income was \$1,789,000 as compared to dividend payments of \$847,000. On a year to date basis, net investment income of \$6,380,000 exceeded the dividend payments of \$2,541,000.

### **Additional Information**

Additional information relating to Economic, including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Economic's website, [www.evt.ca](http://www.evt.ca), also provides further information on the Company, including historical information on the net equity value per share.

Duncan N.R. Jackman  
Chairman and President

November 6, 2007

# *Economic Investment Trust Limited*

## STATEMENT OF NET ASSETS (Unaudited)

	<b>September 30</b>	<b>December 31</b>
	<b>2007</b>	<b>2006</b>
	<u>(000's)</u>	
<b>Assets</b>		
Investments, at fair value (cost - \$344,811; December 31, 2006 - \$326,695) (Notes 1 and 2).....	<b>\$ 724,906</b>	\$ 756,592
Cash .....	<b>9,717</b>	8,786
Short-term investments .....	<b>—</b>	300
Receivable in respect of investments sold .....	<b>3,459</b>	67
Accrued income on investments.....	<b>645</b>	562
Income taxes receivable.....	<b>916</b>	—
Other assets .....	<b>119</b>	201
	<b><u>739,762</u></b>	<u>766,508</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	<b>319</b>	321
Payable in respect of investments purchased.....	<b>1,884</b>	367
Income taxes payable.....	<b>—</b>	9,454
Future income taxes (Notes 1 and 2) .....	<b>61,215</b>	65,070
	<b><u>63,418</u></b>	<u>75,212</u>
Net assets, at fair value .....	<b><u>\$ 676,344</u></b>	<u>\$ 691,296</u>
<b>Shareholders' Equity</b>		
Capital stock.....	<b>\$ 205,076</b>	\$ 205,076
Contributed surplus .....	<b>1,492</b>	1,492
Unrealized appreciation of investments (Notes 1 and 2).....	<b>319,338</b>	359,437
Retained earnings .....	<b>150,438</b>	125,291
Total shareholders' equity.....	<b><u>\$ 676,344</u></b>	<u>\$ 691,296</u>

(See accompanying notes)



# Economic Investment Trust Limited

## STATEMENT OF OPERATIONS (Unaudited)

	<u>Three months ended Sept. 30</u>		<u>Nine months ended Sept. 30</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign .....	\$ 2,217	\$ 2,051	\$ 8,600	\$ 8,367
Canadian .....	660	574	1,898	1,520
	<u>2,877</u>	2,625	<u>10,498</u>	9,887
Interest, including securities lending income .....	102	142	297	331
	<u>2,979</u>	<u>2,767</u>	<u>10,795</u>	<u>10,218</u>
Expenses:				
Management & administrative costs .....	436	388	1,354	1,167
Office & miscellaneous .....	21	43	145	161
Transfer, registrar and custodial agents' fees .....	99	73	241	211
Directors' & officers' remuneration ..	21	23	72	72
Professional fees .....	10	13	44	31
Capital tax .....	6	(17)	18	(5)
	<u>593</u>	<u>523</u>	<u>1,874</u>	<u>1,637</u>
Investment income before income taxes .....	2,386	2,244	8,921	8,581
Income taxes .....	597	601	2,541	2,548
NET INVESTMENT INCOME .....	<u>1,789</u>	<u>1,643</u>	<u>6,380</u>	<u>6,033</u>
REALIZED AND UNREALIZED GAIN ON INVESTMENTS				
Net realized gain on investments .....	1,472	10,480	21,206	25,370
Net change in unrealized appreciation of investments .....	(33,941)	(4,310)	(35,583)	35,242
Transaction costs on purchase and sale of investments (Note 1) .....	(36)	—	(168)	—
NET GAIN (LOSS) ON INVESTMENTS .....	<u>(32,505)</u>	<u>6,170</u>	<u>(14,545)</u>	<u>60,612</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS .....	<u>\$ (30,716)</u>	<u>\$ 7,813</u>	<u>\$ (8,165)</u>	<u>\$ 66,645</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE .....	<u>\$ (5.47)</u>	<u>\$ 1.39</u>	<u>\$ (1.46)</u>	<u>\$ 11.86</u>

(See accompanying notes)

# Economic Investment Trust Limited

## STATEMENT OF RETAINED EARNINGS (Unaudited)

	Nine months ended Sept. 30	
	2007	2006
	(000's)	
BEGINNING OF PERIOD.....	\$ 125,291	\$ 90,511
Add:		
Net investment income.....	6,380	6,033
Net realized gain on investments.....	21,206	25,370
Refundable dividend taxes recovered.....	847	852
	<u>153,724</u>	<u>122,766</u>
Deduct:		
Dividends from net investment income.....	2,541	2,555
Provision for refundable dividend taxes.....	577	456
Transaction costs on purchase and sale of investments.....	168	—
	<u>3,286</u>	<u>3,011</u>
END OF PERIOD.....	<u>\$ 150,438</u>	<u>\$ 119,755</u>

## STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2007	2006	2007	2006
	(000's)			
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS.....	\$ (30,716)	\$ 7,813	\$ (8,165)	\$ 66,645
DIVIDENDS TO SHAREHOLDERS				
Common shareholders.....	(842)	(842)	(2,527)	(2,527)
Preferred shareholders.....	(5)	(5)	(14)	(28)
	<u>(847)</u>	<u>(847)</u>	<u>(2,541)</u>	<u>(2,555)</u>
CAPITAL SHARE TRANSACTIONS				
Purchase of Preferred Shares for cancellation.....	—	—	—	(1,067)
TAXATION CHANGES				
Net decrease in refundable dividend tax on hand.....	85	110	270	396
INCREASE (DECREASE) IN NET ASSETS.....	<u>(31,478)</u>	<u>7,076</u>	<u>(10,436)</u>	<u>63,419</u>
NET ASSETS, BEGINNING OF PERIOD (Note 2).....	<u>707,822</u>	<u>616,584</u>	<u>686,780</u>	<u>560,241</u>
NET ASSETS, END OF PERIOD.....	<u>\$ 676,344</u>	<u>\$ 623,660</u>	<u>\$ 676,344</u>	<u>\$ 623,660</u>

(See accompanying notes)

# *Economic Investment Trust Limited*

## STATEMENT OF NET REALIZED GAIN (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2007	2006	2007	2006
			(000's)	
Proceeds on sales of investments.....	<b>\$ 39,386</b>	\$ 39,421	<b>\$ 100,060</b>	\$ 94,058
Cost of investments, beginning of period.....	<b>345,836</b>	302,465	<b>326,695</b>	286,843
Cost of investments purchased during the period.....	<b>36,573</b>	33,668	<b>92,333</b>	85,755
	<b>382,409</b>	336,133	<b>419,028</b>	372,598
Cost of investments, end of period	<b>344,811</b>	309,502	<b>344,811</b>	309,502
Cost of investments sold during the period.....	<b>37,598</b>	26,631	<b>74,217</b>	63,096
Realized gain on investments sold before taxes .....	<b>1,788</b>	12,790	<b>25,843</b>	30,962
Provision for taxes on realized net taxable capital gains .....	<b>316</b>	2,310	<b>4,637</b>	5,592
Net realized gain on investments.....	<b>\$ 1,472</b>	\$ 10,480	<b>\$ 21,206</b>	\$ 25,370

(See accompanying notes)

# Economic Investment Trust Limited

## STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2007

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
<b>North America</b>				
<b>Canada</b>				
212,638	Algoma Central Corporation <sup>2</sup> .....	\$ 2,974	\$ 28,938	
341,806	E-L Financial Corporation Limited <sup>2</sup> .....	6,790	210,166	
33,101	Ecando Investments Limited Classes A, B and common <sup>2, 3</sup> .....	4,139	48,805	
176,414	The Fulcrum Investment Company Limited <sup>2, 3</sup> .....	464	11,945	
216,900	NVG Holdings Limited Classes B, C, D, E and common <sup>1, 2, 3</sup> .....	2,115	35,133	
4,837	TGV Holdings Limited Class B <sup>1, 2, 3</sup> .....	318	9,870	
		16,800	344,857	47.6
<b>United States</b>				
66,100	Altria Group, Inc. ....	4,231	4,576	
76,600	Bank of America Corporation .....	3,749	3,836	
19,000	Black & Decker Corporation .....	1,741	1,575	
223,000	CBS Corporation .....	6,901	6,996	
97,300	Chevron Corporation .....	6,816	9,076	
97,500	Citigroup Inc. ....	5,852	4,533	
46,710	Clorox Company (The) .....	3,182	2,836	
27,650	Comcast Corporation Special Class A .....	738	659	
69,700	ConocoPhillips .....	2,674	6,091	
78,600	Dow Chemical Company .....	4,096	3,371	
64,700	Fannie Mae .....	4,876	3,915	
93,600	Freddie Mac .....	6,957	5,504	
165,200	General Electric Company .....	6,878	6,812	
53,200	Hartford Financial Services Group, Inc. ....	4,300	4,899	
35,200	International Business Machines Corporation .....	4,010	4,133	
164,400	JPMorgan Chase & Co. ....	8,140	7,503	
123,943	Kraft Foods Inc. ....	4,336	4,264	
96,300	Kroger Co. ....	2,205	2,733	
146,600	Macy's Inc. ....	6,626	4,721	
170,000	Marathon Oil Corporation .....	10,442	9,654	
24,000	MBIA Inc. ....	2,010	1,457	
62,700	McKesson Corporation .....	3,954	3,669	
52,300	Merrill Lynch & Co. ....	4,445	3,710	
45,000	Metlife, Inc. ....	1,672	3,128	
139,300	Microsoft Corporation .....	4,454	4,089	
26,900	Northrop Grumman Corporation .....	2,223	2,092	
195,600	Pfizer Inc. ....	5,256	4,759	
89,700	Safeway Inc. ....	2,410	2,955	
214,100	Sprint Nextel Corporation .....	6,048	4,051	
220,300	Time Warner Inc. ....	4,919	4,025	
30,800	XL Capital Ltd. Class A .....	3,368	2,431	
		139,509	134,053	18.5
	Total North America .....	156,309	478,910	66.1

- continued -

# Economic Investment Trust Limited

## STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2007 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
<b>Latin America</b>				
120,800	Petroleo Brasileiro S.A. ADR .....	1,792	7,776	1.1
<b>Europe, excluding United Kingdom</b>				
72,700	Air France-KLM.....	2,741	2,654	
37,450	Allianz SE .....	9,143	8,688	
100,610	ArcelorMittal.....	3,982	7,886	
36,300	BASF AG .....	4,032	5,003	
33,600	BNP Paribas SA .....	3,295	3,652	
117,600	Credit Suisse Group .....	5,540	7,739	
26,100	Deutsche Bank AG .....	4,076	3,339	
165,000	Deutsche Lufthansa AG.....	3,244	4,722	
41,900	E.ON AG .....	5,009	7,678	
116,400	ENI S.P.A. ....	2,553	4,292	
39,040	European Aeronautic Defence and Space Company .....	1,455	1,192	
32,500	Fondiarria - SAI S.P.A. ....	1,546	1,511	
10,900	Fondiarria - SAI SPA-RNC .....	398	353	
94,800	Fortis Group.....	3,817	2,762	
94,800	Fortis Group Rights.....	—	498	
157,700	ING Groep N.V.....	5,589	6,950	
12,400	Michelin CIE CL B.....	1,317	1,656	
41,700	Muenchener Rueckversicherungs-Gesellschaft AG .....	6,533	7,932	
68,000	Renault SA.....	7,390	9,787	
104,300	Repsol YPF, S.A. ....	2,865	3,700	
45,330	Sanofi-Aventis .....	3,608	3,812	
36,800	Total SA .....	2,818	2,972	
105,500	Xstrata PLC .....	1,852	6,940	
		82,803	105,718	14.6
<b>United Kingdom</b>				
26,800	Antofagasta PLC.....	313	414	
50,100	Astrazeneca PLC.....	3,507	2,492	
406,987	Aviva PLC .....	4,571	6,085	
481,120	Friends Provident PLC .....	1,907	1,681	
119,790	HBOS PLC.....	2,253	2,224	
262,665	Royal Bank of Scotland .....	3,229	2,801	
97,900	Royal Dutch Shell PLC .....	3,917	4,015	
2,139,550	Vodafone Group PLC.....	6,123	7,667	
		25,820	27,379	3.8
<b>Asia</b>				
245,900	AU Optronics Corp. ADR .....	3,642	4,138	
840,000	Bank Hapoalim Ltd. ....	2,526	4,243	
1,804,500	China Netcom Grp Corp HK Ltd .....	3,566	4,813	
5,576,000	China Petroleum & Chemical Corp.....	2,028	6,907	
801,020	Compal Electronics Inc. ....	5,345	4,230	
31,463	Emerging Markets Investors Fund <sup>3</sup> .....	1,560	2,228	
105,800	Hynix Semiconductor Inc. ....	4,081	3,612	
41,760	Hyundai Mobis .....	4,428	4,420	
101,200	JFE Holdings Inc.....	3,484	7,085	
51,200	Kookmin Bank.....	2,077	4,254	
30,600	Leopalace21 Corp. ....	1,144	1,000	

- continued -

# Economic Investment Trust Limited

## STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2007 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
<b>Asia (continued)</b>				
287,500	Mitsubishi Chemical Holdings Corporation ..	2,671	2,486	
383,000	Mitsui Chemicals Inc. ....	3,267	3,777	
323,000	Mitsui Osk Lines Ltd. ....	3,274	5,200	
697,800	Nissan Motor Co., Ltd. ....	7,914	6,959	
37,720	Orix Corporation .....	7,471	8,550	
6,600	Posco .....	851	4,837	
5,110	Samsung Electronics Co., Ltd. ....	3,166	3,189	
272,000	Sharp Corporation .....	5,298	4,914	
166,011	Siliconware Precision Industries Company ADR .....	1,360	2,000	
828	Sumitomo Mitsui Financial Group .....	6,090	6,378	
834,100	United Microelectronics Corporation ADR ....	2,844	2,943)	
		<u>78,087</u>	<u>98,163</u>	13.4
	<b>Total equities</b> .....	344,811	717,946	99.0
	<b>Forward Currency Contracts, net - Schedule 1</b> .....	—	6,960	1.0
	<b>Total investments</b> .....	<u>\$ 344,811</u>	<u>\$ 724,906</u>	<u>100.0</u>

<sup>1</sup> The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia.

<sup>2</sup> Companies which can be significantly influenced by the same party as Economic.

<sup>3</sup> Not listed on a stock exchange.

### Schedule 1 - Forward Currency Contracts, net

#### Forward contracts to sell foreign currencies for Canadian Dollars:

Par value	Currency	Number of Contracts	Contract Rates	Settlement Date	Net Unrealized Gain
(in millions)					(000's)
116.0	U.S. Dollar	2	1.0008 - 1.0538	Dec. 17, 2007	\$ 6,960

All counterparties currently have 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, except as noted below, and should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2006. Each of the Company's wholly-owned subsidiaries, Econos Foreign Investment Company Limited, Econos Canadian Investment Company Limited and Econos N.V.G. Investment Company Limited were wound up on December 31, 2006. The financial statements do not include all of the disclosures required under GAAP for annual financial statements.

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

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

#### 2. Unrealized appreciation of investments

The details of the unrealized appreciation of investments as at December 31, 2006 and the effect of the change in accounting policy as described in Note 1 are as follows:

	<u>As reported</u>	<u>Decrease</u> (000's)	<u>As adjusted</u>
Investments at fair value.....	\$ 756,592	\$ 5,437	\$ 751,155
Investments at cost.....	<u>326,695</u>	<u>—</u>	<u>326,695</u>
Unrealized appreciation of investments			
before provision for income taxes.....	429,897	5,437	424,460
Provision for income taxes.....	<u>70,460</u>	<u>921</u>	<u>69,539</u>
Unrealized appreciation of investments....	<u>\$ 359,437</u>	<u>\$ 4,516</u>	<u>\$ 354,921</u>

The net assets of the Company as at December 31, 2006 were also adjusted to reflect the change in accounting policy. The net assets as originally reported of \$691,296,000 were reduced by \$4,516,000 to \$686,780,000.

# *Economic Investment Trust Limited*

## NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

### 3. Net equity value of the Company's Common Shares

The net equity value of the Company's Common Shares is determined by deducting the outstanding Preferred Shares Series A 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 (in thousands of dollars, except per share amounts).

	<b>Sept. 30</b>	<b>Jan. 1</b>	Dec. 31
	<b>2007</b>	<b>2007</b>	2006
		(Note 2)	
Net assets .....	<b>\$ 676,344</b>	<b>\$ 686,780</b>	\$ 691,296
Deduct: Cost of redemption of Preferred Shares Series A.....	<b>404</b>	<b>404</b>	404
Net equity value .....	<b><u>\$ 675,940</u></b>	<b><u>\$ 686,376</u></b>	<b><u>\$ 690,892</u></b>
Net equity value per Common Share .....	<b><u>\$ 120.37</u></b>	<b><u>\$ 122.23</u></b>	<b><u>\$ 123.03</u></b>



# *Economic Investment Trust Limited*

## HEAD OFFICE

Tenth Floor, 165 University Avenue, Toronto, Ontario  
Tel: 416-947-2578  
Fax: 416-362-2592

## EXTERNAL INVESTMENT MANAGER

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

## AUDITORS

PricewaterhouseCoopers LLP, Toronto

## CUSTODIAN

RBC Dexia Investor Services Trust

## TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.  
100 University Avenue  
Toronto, Ontario  
M5J 2Y1  
Tel: 416-981-9633  
Toll Free: 1-800-564-6253

## STOCK EXCHANGE LISTINGS

Common

EVT

5% Cumulative Preferred Shares Series A

EVT.PR.A

## NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published on the Globe and Mail's website ([www.globefund.com](http://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](http://www.evt.ca)