

Economic Investment Trust Limited



**THIRD QUARTER REPORT
SEPTEMBER 30, 2011**

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2011 ⁽¹⁾	As at Dec. 31 2010 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 75.96	\$ 91.65
Net assets.....	\$ 426,548	\$ 514,671
Number of Common Shares outstanding at period end	5,615,535	5,615,535

	Nine months ended September 30	
	2011 ⁽¹⁾	2010 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.89	\$ 0.73
Dividends per Common Share	\$ 0.45	\$ 0.45
Decrease in net assets from operations per Common Share	\$ (15.28)	\$ (2.37)
Investment income	\$ 7,361	\$ 6,561
Net investment income	\$ 5,003	\$ 4,084

⁽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.

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 third quarter of 2011 should be read in conjunction with: the December 31, 2010 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; the Company's MD&A, unaudited interim financial statements and notes for the first and second quarters of 2011; and the unaudited interim financial statements and notes contained in this report. 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 owns, directly and indirectly, long-term investments in the common shares of some publicly-traded Canadian companies and a managed diversified portfolio of common shares of publicly-traded global companies.

The long-term investments consist primarily of common shares of E-L Financial Corporation Limited ("E-L Financial"), and to a lesser extent, Algoma Central Corporation ("Algoma") and The Bank of Nova Scotia. 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 2010 Annual Report and in the statement of investments beginning on page 12.

The balance of the investment portfolio is managed by Sanford C. Bernstein & Co. LLC ("Bernstein"), a global investment manager based in New York. At the quarter end, approximately 97.5% (December 31, 2010 – 96.8%) of the global portfolio was made up of non-Canadian companies. As part of its mandate, Bernstein may hedge the foreign currency exposure of any non-Canadian investment that it manages.

At September 30, 2011, approximately 57.0% (December 31, 2010 – 57.3%) of the investment portfolio was held in long-term investments and 43.0% (December 31, 2010 – 42.7%) was managed by Bernstein. Over time these percentages will vary based on the market value of the two portfolios and as a result of any purchases or sales of long-term investments.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 reference 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.

Investors and management use net equity value per Common Share to determine the Company's value on a per Common Share basis. Net equity value per Common Share is also used by investors and management as a comparison to the market price of its Common Shares to determine the discount or premium that 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 sustainability and funding 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):

	Sept. 30 2011	Dec. 31 2010
Net assets	\$ 426,548	\$ 514,671
Common Shares outstanding.....	5,615,535	5,615,535
Net equity value per Common Share	\$ 75.96	\$ 91.65

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Increase (decrease) in net assets from operations	\$ (66,004)	\$ 9,456	\$ (85,779)	\$ (13,318)
Add (deduct): Net loss (gain) on investments	67,463	(8,435)	90,782	17,402
Net investment income	<u>1,459</u>	<u>1,021</u>	<u>5,003</u>	<u>4,084</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>\$ 0.26</u>	<u>\$ 0.18</u>	<u>\$ 0.89</u>	<u>\$ 0.73</u>

Net Equity Value per Common Share

For the quarter ended September 30, 2011, the Company's net equity value per Common Share decreased to \$75.96 from \$87.85 at June 30, 2011. With dividends reinvested at month-end net equity values, the Company's net equity value total return during the quarter was negative 13.4%, compared to a return of 2.1% for the same period in 2010. On a year-to-date basis, the net equity value per Common Share declined to \$75.96 from \$91.65 at December 31, 2010. The net equity value return for the nine-month period was negative 16.7% compared to a negative return of 2.7% in the first nine months of the prior year. Most of the quarterly and year-to-date decreases were a result of a decline in the bid price for E-L Financial Corporation Limited, and from a decline in the market value of the Bernstein-managed portfolio, which was affected during the quarter by volatile conditions relating to economic and financial stability in Europe and the U.S.

As the Company is a taxable Canadian corporation, these returns are net of a provision for income taxes on investment income and realized gains (losses) on investments, and net of a future income tax provision on the unrealized appreciation of investments. Current year-to-date net realized gains on investments have reduced the Company's year-end capital loss carry forward balance. The provision for future income taxes related to the current year-to-date net realized gain on investments has been recognized in the net change in unrealized appreciation of investments in the statement of operations.

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 Sept. 30, 2011	Nine months ended Sept. 30, 2011
	(%)	
Economic net equity value.....	(13.4)	(16.7)
S&P/TSX Composite Index	(12.0)	(11.9)
MSCI All Country World Index	(10.8)	(9.4)
S&P 500 Index.....	(7.2)	(4.6)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the third quarter of 2011 was \$1,459,000 compared to 2010 net investment income of \$1,021,000. On a year-to-date basis, net investment income increased to \$5,003,000 in 2011 from \$4,084,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter increased to \$0.26 in 2011 compared to \$0.18 in 2010 and on a year-to-date basis increased to \$0.89 in 2011 from \$0.73 in 2010.

Foreign dividend income in the third quarter increased to \$1,224,000 in 2011 from \$719,000 in 2010 and on a year-to-date basis increased to \$4,845,000 from \$4,169,000 in 2010. The year-over-year quarterly and year-to-date increases occurred primarily as a result of higher-yielding securities held in the current year compared to the same period in the prior year.

Canadian dividend income in the third quarter increased to \$803,000 in 2011 from \$762,000 in 2010 and on a year-to-date basis increased to \$2,382,000 from \$2,247,000 in 2010. The increase in both periods year over year resulted from additional Canadian securities in the Bernstein-managed portfolio.

Expenses in the quarter amounted to \$340,000 (2010 – \$343,000) and \$1,199,000 (2010 – \$1,143,000) on a year-to-date basis. The increase in expense for the year-to-date period was due primarily to an increase in investment management and administrative costs resulting from a higher average market value of the Bernstein-managed portfolio.

The provision for income taxes in the current quarter and year to date includes \$33,000 (2010 – \$88,000) and \$128,000 (2010 – \$393,000) 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

In the third quarter of 2011, net losses on the sale of equity investments amounted to \$5,567,000 (2010 – loss of \$6,573,000), and there were no gains (2010 – loss of \$554,000) on the maturity of forward foreign currency contracts. On a year-to-date basis in 2011, net gains on the sale of equity investments totaled \$724,000 (2010 – loss of \$15,421,000) and gains on the maturity of forward foreign currency contracts were \$18,000 (2010 – gain of \$5,254,000). The largest contributors to the net realized loss on the sale of equities for the quarter were Unicredit S.p.A., LG Electronics Inc., and BAE Systems plc. On a year-to-date basis, the largest contributors to the net realized gain were TE Connectivity Ltd., Ford Motor Company, and News Corporation, Class A.

The Company's net change in unrealized appreciation of investments decreased \$61,746,000 during the quarter compared to an increase of \$15,632,000 during the same period last year. On a year-to-date basis, the net change in unrealized appreciation of investments decreased \$91,148,000 compared to a decline \$6,861,000 for the same period in the prior year. The fair value of the long-term investments decreased 12.6% for the quarter and 18.7% year to date (\$31,388,000 and \$49,914,000 respectively). Most of this decline was as a result of quarterly and year-to-date declines of 13.6% and 22.5%, respectively, in the bid price for E-L Financial Corporation Limited. The fair value of the Bernstein-managed portfolio decreased 16.9% for the quarter and 17.6% year to date (\$30,358,000 and \$41,234,000 respectively), as global equities faced volatile conditions relating to economic and financial stability in Europe and the U.S.

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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):

	Sept. 30 2011	June 30 2011	March 31 2011	Dec. 31 2010	Sept. 30 2010	June 30 2010	March 31 2010	Dec. 31 2009
Investment income	\$ 2,054	\$ 3,206	\$ 2,101	\$ 1,806	\$ 1,523	\$ 3,359	\$ 1,679	\$ 1,815
Increase (decrease) in net assets from operations	\$(66,004)	\$(26,444)	\$ 6,669	\$ 46,776	\$ 9,456	\$(21,549)	\$ (1,225)	\$ 3,489
Increase (decrease) in net assets from operations per Common Share ¹	\$ (11.76)	\$ (4.71)	\$ 1.19	\$ 8.33	\$ 1.69	\$ (3.84)	\$ (0.22)	\$ 0.63
Net equity value per Common Share	\$ 75.96	\$ 87.85	\$ 92.70	\$ 91.65	\$ 83.46	\$ 81.91	\$ 85.89	\$ 86.24
Percentage increase (decrease) in net equity value per Common Share	(13.5)	(5.2)	1.1	9.8	1.9	(4.6)	(0.4)	0.6

¹ Net of dividends on Preferred Shares Series A

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. During three of the past five quarters, the Company experienced a quarter-over-quarter decrease in foreign dividend income compared to the same quarter in the prior year.

Overall returns are determined by the performance of the Company's long-term investments and the performance of the Bernstein-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 September 30, 2011, 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, dividends of \$0.15 and \$0.45, 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 September 30, 2011, net investment income was \$0.26 per Common Share and on a year-to-date basis, net investment income was \$0.89 per Common Share.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Company will apply IFRS to its disclosures commencing January 1, 2013. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending March 31, 2013, which will provide corresponding comparative financial information for 2012, including an opening statement of financial position as at January 1, 2012.

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

Additional information relating to the transition to IFRS is available in the Company's 2010 Annual Report.

Additional Information

Additional information relating to Economic, including the Company's Annual Information Form, is available at www.sedar.com.

Economic's website, www.evt.ca, also provides further information on the Company, including historical information on the net equity value per Common Share which is updated weekly.

Duncan N.R. Jackman
Chairman and President

October 31, 2011

Economic Investment Trust Limited

STATEMENT OF NET ASSETS (Unaudited)

	September 30 2011	December 31 2010
	(000's)	
Assets		
Investments, at fair value (cost – \$263,990; December 2010 – \$257,059) (Note 2).....	\$ 436,568	\$ 533,754
Cash	2,578	6,734
Short-term investments	1,813	—
Receivable in respect of investments sold	2,579	105
Accrued income on investments.....	302	253
Income taxes receivable.....	1,193	3,851
Other assets	91	69
	445,124	544,766
Liabilities		
Accounts payable and accrued liabilities.....	143	244
Payable in respect of investments purchased.....	2,336	798
Future income taxes.....	16,097	29,053
	18,576	30,095
Net assets.....	\$ 426,548	\$ 514,671
Shareholders' Equity		
Capital stock.....	\$ 204,691	\$ 204,691
Contributed surplus	1,474	1,474
Retained earnings (Note 3)	220,383	308,506
Total shareholders' equity.....	\$ 426,548	\$ 514,671

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2011	2010	2011	2010
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 1,224	\$ 719	\$ 4,845	\$ 4,169
Canadian	803	762	2,382	2,247
	<u>2,027</u>	<u>1,481</u>	<u>7,227</u>	<u>6,416</u>
Interest, including securities lending income	<u>27</u>	<u>42</u>	<u>134</u>	<u>145</u>
	<u>2,054</u>	<u>1,523</u>	<u>7,361</u>	<u>6,561</u>
Expenses:				
Investment management and administrative costs	232	236	773	723
Directors' remuneration	30	29	92	90
Office and miscellaneous	21	17	128	130
Transfer, registrar and custody fees	50	45	174	166
Professional fees	7	16	32	34
	<u>340</u>	<u>343</u>	<u>1,199</u>	<u>1,143</u>
Investment income before income taxes	<u>1,714</u>	<u>1,180</u>	<u>6,162</u>	<u>5,418</u>
Provision for income taxes	<u>255</u>	<u>159</u>	<u>1,159</u>	<u>1,334</u>
NET INVESTMENT INCOME	<u>1,459</u>	<u>1,021</u>	<u>5,003</u>	<u>4,084</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	(5,567)	(7,127)	742	(10,167)
Net change in unrealized appreciation of investments	(61,746)	15,632	(91,148)	(6,861)
Transaction costs on purchase and sale of investments	(150)	(70)	(376)	(374)
NET GAIN (LOSS) ON INVESTMENTS...	<u>(67,463)</u>	<u>8,435</u>	<u>(90,782)</u>	<u>(17,402)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	<u>\$ (66,004)</u>	<u>\$ 9,456</u>	<u>\$ (85,779)</u>	<u>\$ (13,318)</u>
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	<u>\$ (11.76)</u>	<u>\$ 1.69</u>	<u>\$ (15.28)</u>	<u>\$ (2.37)</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Nine months ended Sept. 30	
	2011	2010
	(000's)	
BEGINNING OF PERIOD (Note 3).....	\$ 308,506	\$ 278,116
Add:		
Refundable dividend taxes recovered	842	842
	309,348	278,958
Deduct:		
Decrease in net assets from operations.....	85,779	13,318
Dividends.....	2,527	2,527
Provision for refundable dividend taxes	659	613
	88,965	16,458
END OF PERIOD	\$ 220,383	\$ 262,500

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2011	2010	2011	2010
	(000's)			
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (66,004)	\$ 9,456	\$ (85,779)	\$ (13,318)
DIVIDENDS TO SHAREHOLDERS				
Common Shares	(842)	(842)	(2,527)	(2,527)
TAXATION CHANGES				
Net decrease in refundable dividend taxes on hand.....	58	72	183	229
INCREASE (DECREASE) IN NET ASSETS	(66,788)	8,686	(88,123)	(15,616)
NET ASSETS, BEGINNING OF PERIOD.....	493,336	459,979	514,671	484,281
NET ASSETS, END OF PERIOD	\$ 426,548	\$ 468,665	\$ 426,548	\$ 468,665

(See accompanying notes)

Economic Investment Trust Limited

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

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2011	2010	2011	2010
			(000's)	
Proceeds on sales of investments.....	\$ 35,858	\$ 26,117	\$ 118,668	\$ 141,446
Cost of investments, beginning of period.....	266,796	255,855	257,059	257,234
Cost of investments purchased during the period.....	38,619	29,447	124,857	146,437
	305,415	285,302	381,916	403,671
Cost of investments, end of period.....	263,990	252,058	263,990	252,058
Cost of investments sold during the period.....	41,425	33,244	117,926	151,613
Net realized gain (loss) on investments..	\$ (5,567)	\$ (7,127)	\$ 742	\$ (10,167)

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2011 (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
212,638	Algoma Central Corporation ²	\$ 2,974	\$ 17,862	
381,006	E-L Financial Corporation Limited ²	23,880	144,782	
33,101	Ecando Investments Limited			
	Classes A, B and common ^{2, 3}	4,139	33,899	
176,414	The Fulcrum Investment Company Limited ^{2, 3}	464	9,636	
66,800	Magna International Inc.	3,496	2,305	
153,255	Nexen Inc.....	3,727	2,486	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common ^{1, 2, 3}	2,115	32,968	
4,837	TGV Holdings Limited Class B ^{1, 2, 3, 4}	318	9,502	
		<u>41,113</u>	<u>253,440</u>	58.0
United States				
173,600	Applied Materials, Inc.	1,956	1,867	
57,299	Bunge Limited.....	3,443	3,464	
147,240	Citigroup Inc.....	5,832	3,921	
174,800	Comcast Corportion - Class A.....	3,815	3,794	
47,700	ConocoPhillips.....	3,398	3,141	
202,400	Corning Inc.	3,564	2,599	
141,300	Dell Inc.....	1,924	2,077	
234,006	Delta Air Lines, Inc.....	3,055	1,823	
37,100	Devon Energy Corporation.....	2,773	2,135	
72,800	Dow Chemical Company (The).....	2,615	1,699	
514,799	Esprit Holdings Limited.....	3,162	657	
101,900	Gilead Sciences, Inc.....	3,805	4,107	
107,000	Hewlett-Packard Company.....	4,717	2,496	
63,800	Johnson & Johnson.....	3,977	4,221	
87,200	JPMorgan Chase & Co.....	3,344	2,730	
169,200	Kroger Co. (The).....	3,904	3,860	
52,800	Lam Research Corporation.....	2,025	2,082	
35,400	Lear Corporation.....	1,706	1,578	
8,400	Lorillard, Inc.	939	967	
106,200	Lowe's Companies, Inc.....	2,714	2,133	
55,450	Marathon Oil Corporation.....	1,994	1,558	
71,900	Northrop Grumman Corporation.....	4,201	3,897	
359,900	Pfizer Inc.....	7,688	6,611	
46,022	Time Warner Cable, Inc.....	1,980	2,995	
65,600	Travelers Companies, Inc. (The).....	3,301	3,322	
44,410	Tyson Foods Inc.	780	801	
38,910	Viacom Inc., Class B.....	1,739	1,566	
57,600	WellPoint, Inc.....	4,091	3,906	
		<u>88,442</u>	<u>76,007</u>	17.4
	Total North America.....	<u>129,555</u>	<u>329,447</u>	75.4

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2011 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Latin America			
132,900	Banco do Brasil S.A.	\$ 2,404	\$ 1,844	
74,100	Petroleo Brasileiro S.A. ADR	2,086	1,595	
118,100	Vale S.A. SP Pref ADR	3,374	2,573	
		<u>7,864</u>	<u>6,012</u>	1.4
	Europe, excluding United Kingdom			
36,450	Allianz SE	7,063	3,586	
35,800	BNP Paribas S.A.	1,947	1,503	
122,500	Bouygues S.A.	5,893	4,264	
145,900	E.ON AG	5,505	3,324	
93,505	Gas Natural SDG, S.A.	1,787	1,670	
354,700	Gazprom OAO Spons ADR	4,520	3,563	
739,649	ING Groep N.V.	8,462	5,511	
73,126	Ingersoll-Rand plc	2,153	2,133	
51,283	Lukoil ADR	3,582	2,707	
70,260	LyondellBasell	2,077	1,784	
76,600	Renault SA	4,287	2,682	
12,300	Roche Holding AG	1,885	2,076	
73,951	Societe Generale	4,067	2,062	
1,591,800	Telecom Italia S.p.A.	2,604	1,810	
698,600	Telecom Italia S.p.A. (New) di Risparmio	866	703	
		<u>56,698</u>	<u>39,378</u>	9.0
	United Kingdom			
128,300	AstraZeneca plc	5,914	5,970	
89,441	BAE Systems plc	552	388	
1,258,110	BP plc	8,193	7,933	
87,200	Rio Tinto plc	5,353	4,088	
1,103,050	Vodafone Group Plc	2,923	2,976	
134,604	Xstrata plc	2,574	1,791	
		<u>25,509</u>	<u>23,146</u>	5.3
	Africa			
55,400	Royal Caribbean Cruises Ltd.	1,662	1,244	0.3

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2011 (continued) (Unaudited)

<u>Number of shares</u>		<u>Cost</u>	<u>Fair value</u>	<u>% of Fair value</u>
		(000's)		
	Asia			
1,915,850	Advanced Semiconductor Engineering Inc...	\$ 1,747	\$ 1,731	
4,176,920	AU Optronics Corp.....	3,763	1,766	
88,000	AU Optronics Corp. ADR	504	361	
86,300	Bridgestone Corporation.....	1,737	2,059	
284,806	Hindalco Industries Limited GDR.....	1,304	769	
798	Japan Tobacco Inc.....	2,936	3,913	
88,900	JFE Holdings Inc.....	2,798	1,884	
65,700	KB Financial Group, Inc.....	2,864	2,330	
149,360	LG Display Co Ltd.....	4,048	2,602	
424,000	Mazda Motor Corporation	1,098	898	
47,300	Nippon Telegraph and Telephone Corporation	2,231	2,377	
409,800	Nissan Motor Co., Ltd.	4,189	3,826	
23,660	ORIX Corporation	1,631	1,960	
4,720	Samsung Electronics Co., Ltd.	3,020	3,485	
330,000	Sharp Corporation	3,588	2,916	
94,600	Tata Steel GDR.....	1,256	828	
543,400	Turkiye Is Bankasi.....	1,804	1,461	
		<u>40,518</u>	<u>35,166</u>	8.1
	Australia			
96,287	Australia Bank Limited	2,184	2,175	0.5
	Total investments	<u>\$ 263,990</u>	<u>\$ 436,568</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, 2010. 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 September 30, 2011, the Company had \$350,563,000 (December 31, 2010 – \$434,825,000) of Level 1 and \$86,005,000 (December 31, 2010 – \$98,929,000) of Level 2 investments. There were no transfers year to date between Level 1 and Level 2 investments and the Company had no Level 3 investments.

3. Comparative figures

As a result of the financial statement reporting format adopted at the prior year end, the prior year's retained earnings numbers have been reclassified. In particular, the unrealized appreciation of investments at September 30, 2010, of \$204,130,000, reported as a separate component of shareholders' equity in the September 30, 2010 financial statements, has been grouped with retained earnings under the current financial statement format.

Economic Investment Trust Limited

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TORONTO STOCK EXCHANGE LISTING
Common EVT

NET EQUITY VALUE

The Company's net equity value per Common Share is published weekly on the Globe and Mail's website (www.globefund.com) and on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

Please refer to the "Contact Us" section of our website if you have complaints or concerns regarding accounting or auditing matters.

WEBSITE www.evt.ca