

Economic Investment Trust Limited



**FIRST QUARTER REPORT
MARCH 31, 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

May 11, 2005

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at March 31 2005 ⁽¹⁾	As at Dec. 31 2004 ⁽¹⁾
Net assets	\$ 478,586	\$ 459,290
Net equity value per common share	\$ 84.95	\$ 81.52
Number of common shares outstanding at period end	5,615,535	5,615,535

	Three months ended March 31	
	2005 ⁽¹⁾	2004 ⁽¹⁾
Investment income	\$ 2,279	\$ 2,343
Net investment income	\$ 1,316	\$ 1,389
Net investment income per common share	\$ 0.23	\$ 0.24
Regular cash dividends per common share	\$ 0.15	\$ 0.15

⁽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 first 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 Corporation's MD&A and unaudited interim financial statements for the quarters of 2004. 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 disclosure will occur, or if they do, that any benefits may be derived from them.

Market Review

Global stock markets generally posted negative results in the quarter ended March 31, 2005. Canada was one of the exceptions due to its relatively heavy weighting in energy stocks. The Canadian dollar was relatively flat compared to the U.S. dollar in the quarter. In Canadian dollar terms, in the first quarter of fiscal 2005 the S&P/TSX Composite Index increased 4.4%, the MSCI World Index decreased 0.6% and the S&P 500 Index decreased 1.7%.

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 March 31, 2005, the Company's net asset value per share increased to \$84.95 from \$81.52 at December 31, 2004, an increase of 4.4% (based on the reinvestment of distributions at month-end net asset values).

Operating Results

Net investment income

The Company's net investment income in the first quarter of 2005 was \$1,316,000 compared to 2004 net investment income of \$1,389,000. On a per common share basis, net investment income for the quarter was \$0.23 in 2005 compared to \$0.24 in 2004.

Foreign dividend income of \$1,784,000 in the first quarter of 2005 was similar to the foreign dividend income of \$1,777,000 in 2004. Canadian dividend income in the first quarter decreased to \$461,000 in 2005 from \$486,000 in 2004. Interest, including securities lending income in the first quarter amounted to \$34,000 in 2005, compared to \$80,000 in 2004. The balance in 2004 included interest on tax refunds.

Operating expenses in the quarter amounted to \$479,000 (2004 - \$446,000). The rise in expenses from the prior period is mainly due to an increase in management and administration fees.

Net gain on investments

The Company realized a net gain on investments sold of \$2,152,000 in the first quarter of 2005 (2004 - \$2,164,000). The majority of the realized gains were from dispositions of The Bank of Nova Scotia, ConocoPhillips, Continental AG, RMC Group PLC and Arcelor. The gains realized in the quarter offset the loss that occurred upon the sale of Pfizer Inc.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Company's unrealized appreciation of investments increased by \$16,538,000 in the quarter compared to an increase of \$23,458,000 in the same period last year. The majority of the increase in fiscal 2005 was due to Canadian investments. In particular, E-L Financial Corporation Limited and Algoma Central Corporation performed very well.

Assets

Total assets increased to \$521,102,000 at March 31, 2005 from \$502,175,000 at December 31, 2004, an increase of 3.8%. The cost of investments in foreign equities at March 31, 2005 was \$256,202,000 compared to \$258,706,000 at December 31, 2004. The market value of foreign equities of \$285,443,000 at March 31, 2005 was relatively unchanged from \$285,451,000 at December 31, 2004. The cost of Canadian equities at March 31, 2005 was \$19,735,000 compared to \$23,091,000 at December 31, 2004. The market value of the Canadian equities increased to \$225,624,000 at March 31, 2005 from \$210,010,000 at December 31, 2004.

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):

	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
	2005	2004	2004	2004	2004	2003	2003	2003
Investment income	\$ 2,279	\$ 3,105	\$ 1,880	\$ 5,517	\$ 2,343	\$ 1,446	\$ 1,579	\$ 3,121
Increase (decrease) in net assets from operations	\$ 20,006	\$ 15,854	\$ (1,495)	\$ 16,253	\$ 27,011	\$ 17,539	\$ 24,218	\$ 44,665
Increase (decrease) in net assets from operations per share ¹	\$ 3.56	\$ 2.82	\$ (0.27)	\$ 2.89	\$ 4.81	\$ 3.12	\$ 4.31	\$ 7.95

¹ Net of dividends on preferred shares

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 \$0.15 per share in both 2005 and 2004.

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.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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.

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.

May 11, 2005

Duncan N.R. Jackman
Chairman of the Board

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	March 31	December 31
	2005	2004
	(000's)	
Assets		
Investments, at indicated market value (cost - \$275,937; December 31, 2004 - \$281,797)	\$ 510,628	\$ 496,304
Cash	8,131	4,982
Short-term investments	254	251
Receivable in respect of investments sold	980	—
Accrued income on investments	912	435
Other assets	197	203
	521,102	502,175
Liabilities		
Accounts payable and accrued liabilities	303	209
Payable in respect of investments purchased	659	—
Income taxes payable	333	5,414
Future income taxes	41,221	37,262
	42,516	42,885
Net assets	\$ 478,586	\$ 459,290
Shareholders' Equity		
Capital stock	\$ 206,142	\$ 206,142
Contributed surplus	1,493	1,493
Unrealized appreciation of investments	193,807	177,269
Retained earnings	77,144	74,386
Total shareholders' equity	\$ 478,586	\$ 459,290

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended March 31	
	2005	2004
	(000's)	
INVESTMENT INCOME		
Dividends:		
Foreign	\$ 1,784	\$ 1,777
Canadian	461	486
	<u>2,245</u>	<u>2,263</u>
Interest, including securities lending income	34	80
	<u>2,279</u>	<u>2,343</u>
Expenses:		
Operating	479	446
Income taxes	484	508
	<u>963</u>	<u>954</u>
NET INVESTMENT INCOME	<u>1,316</u>	<u>1,389</u>
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments	2,152	2,164
Net change in unrealized appreciation of investments	16,538	23,458
NET GAIN ON INVESTMENTS	<u>18,690</u>	<u>25,622</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 20,006</u>	<u>\$ 27,011</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER SHARE	<u>\$ 3.56</u>	<u>\$ 4.81</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Three months ended March 31	
	2005	2004
	(000's)	
BEGINNING OF PERIOD	\$ 74,386	\$ 58,878
Add:		
Net investment income	1,316	1,389
Net realized gain on investments	2,152	2,164
Refundable dividend taxes recovered	287	98
	<u>78,141</u>	<u>62,529</u>
Deduct:		
Dividends from net investment income		860
860		
Provision for refundable dividend taxes	137	136
	<u>997</u>	<u>996</u>
END OF PERIOD	<u>\$ 77,144</u>	<u>\$ 61,533</u>

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	<u>Three months ended March 31</u>	
	<u>2005</u>	<u>2004</u>
		(000's)
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 20,006</u>	<u>\$ 27,011</u>
DISTRIBUTIONS TO SHAREHOLDERS		
Common shareholders	<u>(842)</u>	<u>(842)</u>
Preferred shareholders	<u>(18)</u>	<u>(18)</u>
	<u>(860)</u>	<u>(860)</u>
CAPITAL SHARE TRANSACTIONS		
Purchase of preferred shares for cancellation	<u>—</u>	<u>(5)</u>
TAXATION CHANGES		
Net decrease (increase) in refundable dividend tax on hand	<u>150</u>	<u>(38)</u>
INCREASE IN NET ASSETS	<u>19,296</u>	<u>26,108</u>
NET ASSETS, BEGINNING OF PERIOD	<u>459,290</u>	<u>407,911</u>
NET ASSETS, END OF PERIOD	<u>\$ 478,586</u>	<u>\$ 434,019</u>

CONSOLIDATED STATEMENTS OF NET REALIZED GAIN ON INVESTMENTS (Unaudited)

	<u>Three months ended March 31</u>	
	<u>2005</u>	<u>2004</u>
		(000's)
Proceeds on sales of investments	<u>\$ 25,778</u>	<u>\$ 38,260</u>
Cost of investments, beginning of period	<u>281,797</u>	<u>259,458</u>
Cost of investments purchased during the period	<u>17,292</u>	<u>35,435</u>
	<u>299,089</u>	<u>294,893</u>
Cost of investments, end of period	<u>275,937</u>	<u>259,274</u>
Cost of investments sold during the period	<u>23,152</u>	<u>35,619</u>
Realized gain on investments sold before taxes	<u>2,626</u>	<u>2,641</u>
Provision for taxes on realized net taxable capital gains	<u>474</u>	<u>477</u>
Net realized gain on investments	<u>\$ 2,152</u>	<u>\$ 2,164</u>

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005 (Unaudited)

Number of of shares		Cost	Market value	% of Market
		(000's)		
North America				
Canada				
50,200	Alcan Inc.	\$ 2,518	\$ 2,309	
212,638	Algoma Central Corporation	2,973	17,117	
27,542	Bank of Nova Scotia	357	1,089	
341,806	E-L Financial Corporation Limited	6,790	131,766	
33,101	Ecando Investments Limited			
	Classes A, B and common	4,139	32,055	
176,414	The Fulcrum Investment Company			
	Limited	464	8,607	
2,440	Novelis, Inc.	61	65	
216,900	NVG Holdings Limited *			
	Classes B, C, D, E and common	2,115	25,529	
4,837	TGV Holdings Limited Class B *	318	7,087	
		<u>19,735</u>	<u>225,624</u>	44.2
United States				
69,300	Altria Group, Inc.	5,771	5,481	
103,200	Bank of America Corporation	5,050	5,505	
58,100	Chubb Corporation	5,531	5,571	
125,100	Citigroup Inc.	7,678	6,800	
153,400	Comcast Corp. Special Class A	6,142	6,205	
69,200	ConocoPhillips	5,310	9,027	
86,100	Fannie Mae	7,048	5,671	
36,300	Freddie Mac	2,712	2,775	
129,500	General Electric Company	5,456	5,649	
70,300	Hartford Financial Services Group Inc. .	5,682	5,830	
74,600	HCA Inc.	4,105	4,834	
371,400	Hewlett-Packard Company	9,850	9,856	
125,600	JPMorgan Chase & Co.	6,342	5,257	
219,600	Kroger Co.	5,028	4,258	
45,000	Metlife, Inc.	1,672	2,128	
93,300	Microsoft Corporation	3,243	2,728	
15,900	PartnerRe Ltd.	1,104	1,242	
16,800	Occidental Petroleum Corporation	1,108	1,446	
190,400	Safeway Inc.	5,116	4,268	
156,900	Smurfit-Stone Container Corporation	3,541	2,936	
49,408	St. Paul Travelers Companies Inc.	2,488	2,195	
19,000	Textron Inc.	1,434	1,715	
290,600	Time Warner Inc.	6,489	6,169	
30,800	XL Capital Ltd. Class A	3,367	2,696	
		<u>111,267</u>	<u>110,242</u>	<u>21.6</u>
	Total North America	<u>131,002</u>	<u>335,866</u>	<u>65.8</u>

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

- continued -

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005 (Continued) (Unaudited)

Number of of shares		Cost	Market value	% of Market
		(000's)		
	Latin America			
119,100	Petroleo Brasileiro SA ADR	3,534	5,542	
110,500	Votorantim Celulose e Papel SA ADR .	1,911	1,738	
		5,445	7,280	1.4
	Europe, excluding United Kingdom			
178,580	Arcelor	3,564	4,939	
70,000	Assurance Generales de France	5,249	6,655	
73,300	Continental AG	3,114	6,870	
117,600	Credit Suisse Group	5,587	6,110	
19,200	Delhaize Group	1,217	1,592	
74,640	Depfa Bank PLC	1,515	1,429	
48,000	Endesa SA	1,355	1,307	
181,400	ENI S.P.A.	3,978	5,703	
47,312	HeidelbergCement AG	2,476	3,592	
3,639	HeidelbergCement AG - New	204	273	
82,900	ING Groep NV	2,973	3,030	
45,000	Man AG	2,094	2,430	
7,700	Muenchener Rueckversicherungs-Gesellschaft AG.		1,134	1,121
50,600	Renault SA	5,493	5,470	
200,700	Repsol YPF, S.A.	5,512	6,430	
22,825	Sanofi-Aventis	1,366	2,329	
120,800	Svenska Cellulosa AB	6,236	5,512	
		53,067	64,792	12.7
	United Kingdom			
269,887	Aviva PLC	2,636	3,916	
453,700	BP PLC	5,386	5,686	
332,930	InterContinental Hotels Group PLC	3,156	4,697	
1,592,000	Vodafone Group PLC	4,005	5,111	
120,500	Whitbread PLC	1,619	2,565	
160,000	Xstrata PLC	2,808	3,691	
		19,610	25,666	5.0
	Asia			
65,400	Aiful Corporation	5,523	6,331	
840,000	Bank Hapoalim Ltd.	2,525	3,421	
58,900	Canon Inc.	3,277	3,821	
5,576,000	China Petroleum & Chemical Corporation (Sinopec)	2,028	2,724	
744,683	Compal Electronics Inc.	5,343	4,234	
31,463	Emerging Markets Investor Fund	1,100	1,294	
132,000	Flextronics International Ltd.	2,489	1,922	
88,000	Honda Motor Company Limited	5,696	5,332	
42,900	Hyundai Motor Co. Limited	2,379	2,810	
78,200	JFE Holdings Inc.	2,683	2,638	
51,200	Kookmin Bank	2,077	2,765	
383,100	Nissan Motor Co. Ltd.	4,172	4,750	
31,500	Posco	4,060	7,541	
32,300	Promise Co., Ltd.	1,457	2,671	
5,110	Samsung Electronics Co. Ltd.	3,166	3,055	

- continued -

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2005 (Continued) (Unaudited)

Number of of shares		Cost	Market value	% of Market
		(000's)		
Asia (continued)				
128,360	Shinhan Financial Group Co., Ltd.	1,640	4,158	
1,755,930	Singapore Telecommunications Ltd., ...	3,093	3,320	
925	Sumitomo Mitsui Financial Group Inc. .	6,918	7,577	
435,052	Taiwan Semiconductor Manufacturing Company Ltd. ADR	4,601	4,463	
414	UFJ Holdings Inc.	<u>2,586</u>	<u>2,636</u>	
		<u>66,813</u>	<u>77,463</u>	15.2
	Total equities	275,937	511,067	100.1
	Forward Currency Contracts, net -			
	Schedule 1	—	(439)	(0.1)
	Total investments	<u>\$ 275,937</u>	<u>\$ 510,628</u>	<u>100.0</u>

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 loss
77.4	USD	2	1.2031 - 1.2037	June 15, 2005	\$ (439)

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

1. 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

HEAD OFFICE

Tenth Floor, 165 University Avenue, Toronto, Ontario
Tel: 416-947-2578
Fax: 416-868-6199

INVESTMENT MANAGER

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

AUDITORS

PricewaterhouseCoopers LLP, Toronto

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario
M5J 2Y1
Tel: 416-981-9633
Toll Free: 1-800-564-6253

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").

WEBSITE

www.evt.ca