

Economic Investment Trust Limited



**FIRST QUARTER REPORT
MARCH 31, 2006**

**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 10, 2006

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at March 31 2006 ⁽¹⁾	As at Dec. 31 2005 ⁽¹⁾
Net assets.....	\$ 602,395	\$ 560,241
Net equity value per common share.....	\$ 107.20	\$ 99.49
Number of common shares outstanding at period end.....	5,615,535	5,615,535
	Three months ended March 31	
	2006 ⁽¹⁾	2005 ⁽¹⁾
Investment income	\$ 2,430	\$ 2,279
Net investment income	\$ 1,341	\$ 1,316
Net investment income per common share	\$ 0.24	\$ 0.23
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 2006 should be read in conjunction with the MD&A for the year ended December 31, 2005, 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 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 disclosure will occur, or if they do, that any benefits may be derived from them.

Market Review

Global stock markets generally posted very positive results in the quarter ended March 31, 2006. The Canadian market also performed very well in the quarter. 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 2006 the S&P/TSX Composite Index increased 8.0%, the MSCI World Index increased 6.7% and the S&P 500 Index increased 4.3%.

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, 2006, the Company's net equity value per share increased to \$107.20 from \$99.49 at December 31, 2005, an increase of 7.9% (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 first quarter of 2006 was \$1,341,000 compared to 2005 net investment income of \$1,316,000. On a per common share basis, net investment income for the quarter was \$0.24 in 2006 compared to \$0.23 in 2005.

Foreign dividend income of \$2,003,000 in the first quarter of 2006 increased from \$1,784,000 in 2005. Canadian dividend income decreased in the first quarter to \$367,000 in 2006 from \$461,000 in 2005. Interest, including securities lending income, in the first quarter amounted to \$60,000 in 2006 compared to \$34,000 in 2005.

Operating expenses in the quarter amounted to \$538,000 (2005 - \$479,000). 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 before taxes of \$9,446,000 in the first quarter of 2006 (2005 - \$2,626,000). The majority of the realized gains were from sales of Shinhan Financial Group Co. Ltd., Arcelor, Hyundai Motor Co. Ltd., Petroleo Brasileiro SA ADR and Continental AG.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Company's unrealized appreciation of investments increased by \$34,809,000 in the quarter compared to an increase of \$16,538,000 in the same period last year. The increase in unrealized appreciation was derived from a positive performance in each of the components in the global investment portfolio. While E-L Financial Corporation Limited was the top contributor in the portfolio, strong performances were also provided by Renault SA, Orix Corporation, Posco, Assurances Générales de France and Xstrata PLC.

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
	2006	2005	2005	2005	2005	2004	2004	2004
Investment income	\$ 2,430	\$ 1,453	\$ 1,994	\$ 4,075	\$ 2,279	\$ 3,105	\$ 1,880	\$ 5,517
Increase (decrease) in net assets from operations	\$ 43,890	\$ 46,971	\$ 25,592	\$ 11,277	\$ 20,006	\$ 15,854	\$ (1,495)	\$ 16,253
Increase (decrease) in net assets from operations per share ¹	\$ 7.81	\$ 8.36	\$ 4.56	\$ 2.00	\$ 3.56	\$ 2.82	\$ (0.26)	\$ 2.89

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 2006 and 2005.

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. In fiscal 2002, 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 global investment opportunities.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 that it manages.

As at March 31, 2006, the Company managed all of the Canadian equities in the portfolio except for Canadian Natural Resources Limited. The performance of this portion of the portfolio is primarily derived from investments in E-L Financial Corporation Limited, The Bank of Nova Scotia and Algoma Central Corporation. E-L Financial Corporation Limited, 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 investment strategy and contribute to achieving the investment objective of the Company.

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.

Share Data

At March 31, 2006, the following shares were issued and outstanding; 7,700 5% Cumulative Preferred Shares Series A and 5,615,535 Common Shares.

The Company purchased for cancellation 21,315 of the 5% Cumulative Preferred Shares Series A in the quarter ended March 31, 2006.

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. The investment portfolio held by the Company is very liquid.

Additional Information

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

May 10, 2006

Duncan N.R. Jackman
Chairman of the Board

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF NET ASSETS (Unaudited)

	March 31 2006	December 31 2005
	(000's)	
Assets		
Investments, at indicated market value (cost - \$292,318; December 31, 2005 - \$286,843)	\$ 652,828	\$ 604,872
Cash	14,811	9,120
Short-term investments	—	437
Receivable in respect of investments sold	1,660	1,119
Accrued income on investments.....	989	403
Income taxes receivable.....	—	477
Other assets	169	206
	670,457	616,634
Liabilities		
Accounts payable and accrued liabilities.....	251	266
Payable in respect of investments purchased.....	3,800	—
Income taxes payable.....	49	—
Future income taxes	63,962	56,127
	68,062	56,393
Net assets.....	\$ 602,395	\$ 560,241
Shareholders' Equity		
Capital stock	\$ 205,076	\$ 206,142
Contributed surplus	1,492	1,493
Unrealized appreciation of investments	296,904	262,095
Retained earnings	98,923	90,511
Total shareholders' equity.....	\$ 602,395	\$ 560,241

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended March 31	
	2006	2005
		(000's)
INVESTMENT INCOME		
Dividends:		
Foreign	\$ 2,003	\$ 1,784
Canadian	367	461
	2,370	2,245
Interest, including securities lending income	60	34
	2,430	2,279
Expenses:		
Management costs	380	337
Office and miscellaneous	63	67
Transfer, registrar and custodial agents' fees	54	39
Directors' and officers' remunerations	24	22
Professional fees	11	8
Capital tax	6	6
	538	479
Investment income before income taxes	1,892	1,800
Income taxes	551	484
NET INVESTMENT INCOME	1,341	1,316
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS		
Net realized gain on investments	7,740	2,152
Net change in unrealized appreciation of investments	34,809	16,538
NET GAIN ON INVESTMENTS	42,549	18,690
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 43,890	\$ 20,006
INCREASE IN NET ASSETS FROM OPERATIONS PER SHARE....	\$ 7.81	\$ 3.56

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (Unaudited)

	Three months ended March 31	
	2006	2005
		(000's)
BEGINNING OF PERIOD.....	\$ 90,511	\$ 74,386
Add:		
Net investment income	1,341	1,316
Net realized gain on investments	7,740	2,152
Refundable dividend taxes recovered	287	287
	99,879	78,141
Deduct:		
Dividends from net investment income	860	860
Provision for refundable dividend taxes	96	137
	956	997
END OF PERIOD	\$ 98,923	\$ 77,144

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended March 31	
	2006	2005
	(000's)	
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 43,890	\$ 20,006
DISTRIBUTIONS TO SHAREHOLDERS		
Common shareholders	(842)	(842)
Preferred shareholders.....	(18)	(18)
	(860)	(860)
CAPITAL SHARE TRANSACTIONS		
Purchase of preferred shares for cancellation.....	(1,067)	—
TAXATION CHANGES		
Net decrease in refundable dividend tax on hand.....	191	150
INCREASE IN NET ASSETS	42,154	19,296
NET ASSETS, BEGINNING OF PERIOD	560,241	459,290
NET ASSETS, END OF PERIOD	\$ 602,395	\$ 478,586

CONSOLIDATED STATEMENTS OF NET REALIZED GAIN ON INVESTMENTS (Unaudited)

	Three months ended March 31	
	2006	2005
	(000's)	
Proceeds on sales of investments.....	\$ 26,420	\$ 25,778
Cost of investments, beginning of period	286,843	281,797
Cost of investments purchased during the period	22,449	17,292
	309,292	299,089
Cost of investments, end of period.....	292,318	275,937
Cost of investments sold during the period	16,974	23,152
Realized gain on investments sold before taxes	9,446	2,626
Provision for taxes on realized net taxable capital gains	1,706	474
Net realized gain on investments	\$ 7,740	\$ 2,152

(See accompanying note)

Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006

Number of shares		Cost	Market value	% of Market
		(000's)		
North America				
Canada				
212,638	Algoma Central Corporation ²	\$ 2,973	\$ 20,201	
81,000	Canadian Natural Resources Limited	3,831	5,257	
341,806	E-L Financial Corporation Limited ²	6,790	195,171	
33,101	Ecando Investments Limited Classes A, B and common ²	4,139	43,147	
176,414	The Fulcrum Investment Company Limited ²	464	10,461	
216,900	NVG Holdings Limited Classes B, C, D, E and common ^{1, 2}	2,115	31,665	
4,837	TGV Holdings Limited Class B ^{1, 2}	318	8,807	
		20,630	314,709	48.2
United States				
57,300	Altria Group Inc.	4,852	4,739	
103,200	Bank of America Corporation	5,050	5,485	
97,300	Chevron Corporation	6,816	6,583	
58,100	Chubb Corporation	5,531	6,472	
125,100	Citigroup Inc.	7,678	6,896	
30,310	Clorox Company	2,023	2,117	
153,400	Comcast Corporation Special Class A	6,142	4,676	
106,100	ConocoPhillips	4,070	7,820	
86,100	Fannie Mae	7,049	5,165	
79,100	Freddie Mac	5,955	5,631	
164,000	General Electric Company	6,861	6,657	
65,440	GlobalSantaFe Corporation	3,189	4,640	
46,200	HCA Inc.	2,543	2,469	
70,300	The Hartford Financial Services Group, Inc. ..	5,682	6,609	
190,300	Hewlett-Packard Company	5,047	7,307	
69,700	JP Morgan Chase & Co.	3,519	3,387	
219,600	The Kroger Co.	5,028	5,218	
45,000	Metlife, Inc.	1,672	2,540	
93,300	Microsoft Corporation	3,243	2,963	
16,800	Occidental Petroleum Corporation	1,108	1,817	
15,900	PartnerRe Ltd.	1,104	1,152	
89,700	Safeway Inc.	2,410	2,630	
156,900	Smurfit-Stone Container Corporation	3,541	2,485	
214,100	Sprint Nextel Corporation	6,610	6,457	
19,000	Textron Inc.	1,434	2,071	
290,600	Time Warner Inc.	6,489	5,694	
30,800	XL Capital Ltd. Class A	3,367	2,305	
		118,013	121,985	18.7
	Total North America	138,643	436,694	66.9
Latin America				
75,100	Petroleo Brasileiro SA ADR	2,228	6,999	1.1

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 Companies which, together with Economic, can be significantly influenced by the same party.

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Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006 (continued)

Number of shares		Cost	Market value	% of Market
		(000's)		
Europe, excluding United Kingdom				
89,780	Arcelor	\$ 1,792	\$ 4,138	
70,000	Assurances Générales de France	5,249	9,879	
64,400	Continental AG.....	2,736	8,310	
117,600	Credit Suisse Group	5,587	7,708	
11,500	Delhaize Group.....	729	965	
28,500	E.ON AG	3,319	3,669	
115,620	European Aeronautic Defence and Space Company	4,310	5,696	
116,400	ENI S.p.A.....	2,553	3,872	
98,400	Endesa SA	2,719	3,714	
157,700	ING Groep N.V.....	5,589	7,284	
45,000	Man AG.....	2,094	3,658	
29,900	Mol Magyar OLAJ - ES GA	2,844	3,585	
32,800	Muenchener Rueckversicherungs-Gesellschaft AG	4,645	5,442	
68,000	Renault SA.....	7,390	8,455	
200,700	Repsol YPF, S.A.	5,512	6,666	
22,830	Sanofi-Aventis	1,366	2,539	
160,000	Xstrata PLC	2,809	6,051	
		61,243	91,631	14.0
United Kingdom				
476,987	Aviva PLC	5,357	7,741	
384,400	BP PLC	4,563	5,158	
789,170	Friends Provident PLC	3,128	3,340	
119,790	HBOS PLC.....	2,253	2,337	
84,700	Royal Bank of Scotland	3,109	3,220	
97,361	Tate & Lyle PLC	1,200	1,128	
2,445,200	Vodafone Group PLC.....	6,122	5,981	
103,285	Whitbread PLC	1,619	2,487	
		27,351	31,392	4.8
Asia				
840,000	Bank Hapoalim Ltd.	2,526	4,550	
58,900	Canon Inc.	3,277	4,558	
5,576,000	China Petroleum & Chemical Corp.....	2,028	3,774	
774,284	Compal Electronics Inc.	5,345	4,681	
31,463	Emerging Markets Investor Fund.....	1,341	1,889	
132,000	Flextronics International Ltd.....	2,489	1,594	
4,390	Hyundai Motor Co. Ltd.....	243	431	
1,375	Japan Tobacco Inc.	4,352	5,654	
101,200	JFE Holdings Inc.....	3,484	4,775	
51,200	Kookmin Bank.....	2,077	5,159	
266,000	Mitsui Chemicals Inc.	2,290	2,288	
323,000	Mitsui OSK Lines Ltd.	3,274	2,554	
29,450	Orix Corporation	5,689	10,721	
27,200	Posco.....	3,506	8,183	
5,110	Samsung Electronics Co	3,166	3,866	
5,730	Shinhan Financial Group Co., Ltd.....	73	299	
7,500	Sino Land Co.	12	13	
80,000	Sumitomo Heavy Industries.....	808	899	
722	Sumitomo Mitsui Financial Group.....	5,400	9,323	

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Economic Investment Trust Limited

CONSOLIDATED STATEMENT OF INVESTMENTS AS AT MARCH 31, 2006 (continued)

<u>Number of shares</u>		<u>Cost</u>	<u>Market value</u>	<u>% of Market</u>
		(000's)		
456,803	Taiwan Semiconductor Manufacturing Company Ltd. ADR	4,601	5,363	
112,000	Toyota Motor Corp.	6,872	7,153	
		62,853	87,727	13.4
	Total equities	292,318	654,443	100.2
	Forward Currency Contracts, net - Schedule 1	—	(1,615)	(0.2)
	Total investments	\$ 292,318	\$ 652,828	100.0

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 Rate</u>	<u>Settlement Date</u>	<u>Unrealized loss</u>
91.5	USD	2	1.1446 - 1.1677	June 15, 2006	\$ 1,615

All counterparties currently 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, 2005.

Economic Investment Trust Limited

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EXTERNAL 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
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 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