

Economic Investment Trust Limited



**FIRST QUARTER REPORT
MARCH 31, 2012**

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at March 31 2012 ⁽¹⁾	As at Dec. 31 2011 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 82.45	\$ 74.81
Net assets.....	\$ 463,022	\$ 420,121
Number of Common Shares outstanding at period end	5,615,535	5,615,535

	Three months ended March 31	
	2012 ⁽¹⁾	2011 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.28	\$ 0.25
Dividends per Common Share	\$ 0.15	\$ 0.15
Increase in net assets from operations per Common Share	\$ 7.78	\$ 1.19
Investment income	\$ 2,341	\$ 2,101
Net investment income	\$ 1,591	\$ 1,403

⁽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 first quarter of 2012 should be read in conjunction with: the December 31, 2011 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; 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 has been a closed-end investment fund since 1928 and has never redeemed or bought back Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high a 45% discount to as low as a 20% discount. Shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company trade at a discount to their net asset value.

Economic has always been a closed-end investment fund and has no plans to become an open-ended investment fund by redeeming or buying back Common Shares.

Closed-end funds have the following benefits: they allow investors the opportunity to purchase assets at a discounted price; they have management expense ratios which are generally much lower than those for open-ended funds; and the management of a closed-end fund's portfolio is not impacted by shareholder subscription or redemption activities.

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. At March 31, 2012, the three largest long-term investments, as a percentage of total investments, are common shares of E-L Financial at 36.8% (December 31, 2011 – 36.1%), Algoma at 7.3% (December 31, 2011 – 7.2%) and The Bank of Nova Scotia at 9.1% (December 31, 2011 – 9.2%). 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 2011 Annual Report and in the statement of investments in this interim report beginning on page 10.

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 97.9% (December 31, 2011 – 97.6%) 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

At March 31, 2012, approximately 54.6% (December 31, 2011 – 54.0%) of the investment portfolio was held in long-term investments and 45.4% (December 31, 2011 – 46.0%) 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.

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 references 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.

Net equity value per Common Share is 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):

	March 31 2012	Dec. 31 2011
Net assets	\$ 463,022	\$ 420,121
Common Shares outstanding	5,615,535	5,615,535
Net equity value per Common Share	\$ 82.45	\$ 74.81

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 March 31	
	2012	2011
Increase in net assets from operations	\$ 43,683	\$ 6,669
Deduct: Net gain on investments	(42,092)	(5,266)
Net investment income	\$ 1,591	\$ 1,403
Common Shares outstanding	5,615,535	5,615,535
Net investment income per Common Share	\$ 0.28	\$ 0.25

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$82.45 at March 31, 2012 from \$74.81 at December 31, 2011. With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 10.4%, compared to a return of 1.3% for the same period in 2011. Most of the increase during the quarter was a result of higher market values related to E-L Financial and the Bernstein-managed portfolio. On a pre-tax basis, E-L Financial had a return of 13.9% during the first quarter of 2012 compared to a negative return of 0.7% for the same period in 2011, and for the same respective periods, the global equity portfolio managed by Bernstein had a return, gross of fees, of 9.9% in 2012 versus a return of 2.6% in 2011.

As the Company is a taxable Canadian corporation, its 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.

In Canadian dollar terms, benchmark returns on a total return (capital gains plus dividends) basis, compared to the net equity value return of the Company, were as follows:

	Three months ended March 31
	(%)
Economic net equity value	10.4
S&P/TSX Composite Index	4.4
MSCI All Country World Index	9.8
S&P 500 Index	10.6

Operating Results

Net investment income

The Company's net investment income in the first quarter of 2012 was \$1,591,000 compared to 2011 net investment income of \$1,403,000. On a per Common Share basis, net investment income for the quarter increased to \$0.28 in 2012 compared to \$0.25 in 2011.

Foreign dividend income in the first quarter increased to \$1,533,000 in 2012 from \$1,309,000 in 2011. The year-over-year quarterly increase 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 first quarter increased to \$804,000 in 2012 from \$774,000 in 2011. The increase year over year resulted from an increase in the average dividend received from long-term investments.

Expenses in the quarter amounted to \$411,000 (2011 – \$450,000). The decrease was due primarily to a decline in investment management and administrative costs resulting from a decrease in the average monthly market value of the Bernstein-managed portfolio.

The provision for income taxes in the current quarter includes \$43,000 (2011 – \$nil) 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

The Company's net change in unrealized appreciation of investments on an after-tax basis increased by \$43,549,000 during the quarter compared to an increase of \$917,000 in the same period last year. Long-term investments contributed \$25,766,000 of the increase, primarily a result of an increase in the market value of E-L Financial during the quarter. The Bernstein portfolio increased \$17,783,000 or 9% during the quarter due to strong global market returns. The largest contributors to the increase in the Bernstein portfolio were Citigroup Inc., Renault SA and Time Warner Cable, Inc.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company realized a net loss on the sale of equity investments and the maturity of forward foreign currency contracts of \$1,365,000 in the first quarter of 2012 compared to a net gain of \$4,494,000 in the same quarter of the prior year.

In the first quarter of 2012, losses on the sale of equity investments amounted to \$1,142,000 and realized losses on the maturity of forward foreign currency contracts were \$223,000. The largest contributors to the net realized loss on the sale of equities for the quarter were JFE Holdings Inc. and E.ON AG.

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 2012	Dec. 31 2011	Sept. 30 2011	June 30 2011	March 31 2011	Dec. 31 2010	Sept. 30 2010	June 30 2010
Investment income	\$ 2,341	\$ 2,202	\$ 2,054	\$ 3,206	\$ 2,101	\$ 1,806	\$ 1,523	\$ 3,359
Increase (decrease) in net assets from operations	\$ 43,683	\$ (5,639)	\$(66,004)	\$(26,444)	\$ 6,669	\$ 46,776	\$ 9,456	\$(21,549)
Increase (decrease) in net assets from operations per Common Share	\$ 7.78	\$ (1.00)	\$(11.76)	\$(4.71)	\$ 1.19	\$ 8.33	\$ 1.69	\$(3.84)
Net equity value per Common Share	\$ 82.45	\$ 74.81	\$ 75.96	\$ 87.85	\$ 92.70	\$ 91.65	\$ 83.46	\$ 81.91
Quarterly NAV return %	10.4	(1.3)	(13.4)	(5.1)	1.3	10.0	2.1	(4.5)

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 four of the past five quarters, the Company experienced a quarter-over-quarter increase 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 March 31, 2012, 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, dividends of \$0.15 per Common Share were paid. The payment of the Company's quarterly dividends is funded by net investment income. For the quarter ended March 31, 2012, net investment income was \$0.28 per Common Share.

On May 9, 2012, the Board of Directors declared an additional cash dividend of \$0.55 per Common Share, payable June 29, 2012 to shareholders of record on June 15, 2012. This dividend represents a distribution of the balance of net investment income for the year ended December 31, 2011.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's dividend policy going forward will be to distribute annual net investment income in the form of dividends. The distributions will be composed of \$0.15 quarterly dividends together with an additional dividend representing the balance of net investment income. Commencing next year, this additional dividend will be paid in the first quarter following the year end. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

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

The Company will apply IFRS to its disclosures commencing January 1, 2014. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending March 31, 2014, which will provide corresponding comparative financial information for 2013, including an opening statement of financial position as at January 1, 2013.

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 2011 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

May 9, 2012

Economic Investment Trust Limited

STATEMENT OF NET ASSETS (Unaudited)

	March 31 2012	December 31 2011
	(000's)	
Assets		
Investments, at fair value (cost - \$259,574; December 2011 - \$259,525) (Note 2)	\$ 479,935	\$ 430,324
Cash	3,270	2,383
Short-term investments	485	1,179
Receivable in respect of investments sold	764	—
Accrued income on investments	504	294
Income taxes receivable	1,365	1,234
Other assets	71	88
	<u>486,394</u>	<u>435,502</u>
Liabilities		
Accounts payable and accrued liabilities	137	152
Payable in respect of investments purchased	2,088	150
Future income taxes	21,147	15,079
	<u>23,372</u>	<u>15,381</u>
Net assets	<u>\$ 463,022</u>	<u>\$ 420,121</u>
Shareholders' Equity		
Capital stock	\$ 204,691	\$ 204,691
Contributed surplus	1,474	1,474
Retained earnings	256,857	213,956
Total shareholders' equity	<u>\$ 463,022</u>	<u>\$ 420,121</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF OPERATIONS (Unaudited)

	Three months ended March 31	
	2012	2011
	(000's)	
INVESTMENT INCOME		
Dividends:		
Foreign	\$ 1,533	\$ 1,309
Canadian	804	774
	<u>2,337</u>	<u>2,083</u>
Interest, including securities lending income	4	18
	<u>2,341</u>	<u>2,101</u>
Expenses:		
Investment management and administrative costs	246	274
Directors' remuneration	36	23
Office and miscellaneous	78	80
Transfer, registrar and custody fees	34	62
Professional fees	17	11
	<u>411</u>	<u>450</u>
Investment income before income taxes	1,930	1,651
Provision for income taxes	339	248
NET INVESTMENT INCOME	<u>1,591</u>	<u>1,403</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments	(1,365)	4,494
Net change in unrealized appreciation of investments	43,549	917
Transaction costs on purchase and sale of investments	(92)	(145)
NET GAIN ON INVESTMENTS	<u>42,092</u>	<u>5,266</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 43,683</u>	<u>\$ 6,669</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	<u>\$ 7.78</u>	<u>\$ 1.19</u>

STATEMENT OF RETAINED EARNINGS (Unaudited)

	Three months ended March 31	
	2012	2011
	(000's)	
BEGINNING OF PERIOD	\$ 213,956	\$ 308,506
Add:		
Increase in net assets from operations	43,683	6,669
Refundable dividend taxes recovered	280	280
	<u>43,963</u>	<u>6,949</u>
Deduct:		
Dividends	842	842
Provision for refundable dividend taxes	220	213
	<u>1,062</u>	<u>1,055</u>
END OF PERIOD	<u>\$ 256,857</u>	<u>\$ 314,400</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	Three months ended March 31	
	2012	2011
	(000's)	
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 43,683	\$ 6,669
DIVIDENDS TO SHAREHOLDERS		
Common Shares	(842)	(842)
TAXATION CHANGES		
Net decrease in refundable dividend taxes on hand	60	67
INCREASE IN NET ASSETS	42,901	5,894
NET ASSETS, BEGINNING OF PERIOD	420,121	514,671
NET ASSETS, END OF PERIOD	\$ 463,022	\$ 520,565

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

	Three months ended March 31	
	2012	2011
	(000's)	
Proceeds on sales of investments	\$ 25,828	\$ 54,212
Cost of investments, beginning of period	259,525	257,059
Cost of investments purchased during the period	27,242	56,232
	286,767	313,291
Cost of investments, end of period	259,574	263,573
Cost of investments sold during the period	27,193	49,718
Net realized gain (loss) on investments	\$ (1,365)	\$ 4,494

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2012 (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
212,638	Algoma Central Corporation ²	\$ 2,974	\$ 24,666	
381,006	E-L Financial Corporation Limited ²	23,880	145,544	
33,101	Ecando Investments Limited			
	Classes A, B and common ^{2, 3}	4,139	36,294	
176,414	The Fulcrum Investment Company			
	Limited ^{2, 3}	464	10,714	
50,640	Magna International Inc.	2,650	2,406	
116,110	Nexen Inc.	2,817	2,124	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common ^{1, 2, 3}	2,115	34,695	
4,837	TGV Holdings Limited Class B ^{1, 2, 3, 4}	318	9,999	
		<u>39,357</u>	<u>266,442</u>	55.5
United States				
263,780	Applied Materials, Inc.	2,971	3,278	
57,650	CenturyLink Inc.	1,995	2,224	
83,140	Cit Group Inc.	3,200	3,426	
146,250	Citigroup Inc.	5,429	5,338	
230,070	Corning Inc.	3,921	3,239	
150,740	Delta Air Lines, Inc.	1,968	1,492	
37,100	Devon Energy Corporation	2,773	2,635	
4,878,800	GCL-Poly Energy Holdings Limited	1,677	1,356	
62,126	Gilead Sciences, Inc.	2,320	3,031	
30,080	General Dynamics	2,187	2,206	
279,210	Hewlett-Packard Company	9,209	6,642	
63,800	Johnson & Johnson	3,977	4,206	
101,170	JPMorgan Chase & Co.	3,972	4,644	
169,200	Kroger Co. (The)	3,904	4,098	
54,440	Lam Research Corporation	2,096	2,427	
52,150	Lear Corporation	2,358	2,423	
34,690	Lorillard, Inc.	4,040	4,488	
49,630	Marathon Petroleum Corporation	1,785	2,150	
279,230	MGM Resorts International	4,013	3,797	
288,970	Micron Technology Inc.	1,729	2,336	
64,380	Newell Rubbermaid Inc.	984	1,146	
17,800	Northrop Grumman Corporation	1,040	1,086	
91,690	NV Energy	1,458	1,477	
368,210	Pfizer Inc.	7,852	8,329	
57,703	Seadrill Ltd.	1,987	2,154	
73,032	Time Warner Cable, Inc.	3,675	5,945	
71,091	Tyson Foods Inc.	1,287	1,362	
92,240	Viacom Inc., Class B	4,021	4,374	
68,480	WellPoint, Inc.	4,740	5,049	
		<u>92,568</u>	<u>96,358</u>	20.1
	Total North America	<u>131,925</u>	<u>362,800</u>	75.6

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2012 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
Latin America				
216,000	Banco do Brasil S.A.	\$ 3,615	\$ 3,075	
142,180	Petroleo Brasileiro S.A. ADR	3,754	3,628	
135,120	Vale S.A. SP Pref ADR	3,786	3,063	
		11,155	9,766	2.0
Europe, excluding United Kingdom				
32,040	Allianz SE	6,209	3,832	
23,660	BNP Paribas SA.....	1,287	1,121	
126,127	Bouygues S.A.	5,608	3,848	
93,210	E.ON AG	3,517	2,236	
129,925	Gas Natural SDG, S.A.	2,412	2,070	
327,820	Gazprom OAO Spons ADR	4,178	3,996	
459,699	ING Groep N.V.....	5,259	3,826	
39,320	Koninklijke DSM NV.....	1,893	2,271	
36,433	Lukoil ADR	2,545	2,189	
49,600	LyondellBasell.....	1,466	2,164	
40,350	Renault SA.....	2,259	2,120	
12,300	Roche Holding AG	1,885	2,138	
73,951	Societe Generale	4,067	2,164	
2,028,380	Telecom Italia S.p.A.	3,122	2,397	
698,600	Telecom Italia S.p.A. (New) di Risip	866	676	
		46,573	37,048	7.7
United Kingdom				
39,780	Anglo American plc.....	1,570	1,483	
138,990	AstraZeneca plc.....	6,423	6,168	
1,324,880	BP plc	8,681	9,788	
1,194,873	Legal & General Group plc	2,039	2,494	
222,290	National Grid plc	2,194	2,238	
44,560	Rio Tinto plc.....	2,735	2,452	
1,103,050	Vodafone Group Plc.....	2,923	3,033	
94,541	Xstrata plc.....	1,808	1,612	
		28,373	29,268	6.1
Africa				
37,800	Royal Caribbean Cruises Ltd.....	1,134	1,111	0.2

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT MARCH 31, 2012 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Asia			
4,176,920	AU Optronics Corp.....	\$ 3,763	\$ 1,923	
48,200	Bridgestone Corporation.....	970	1,170	
298,000	Fujitsu Limited.....	1,608	1,571	
28,700	Honda Motor Co., Ltd.	1,111	1,092	
868	Japan Tobacco Inc.	3,273	4,892	
92,400	KB Financial Group, Inc.....	3,835	3,370	
135,980	LG Display Co Ltd.....	3,685	3,182	
703,000	Mazda Motor Corporation.....	1,586	1,227	
63,400	Nippon Telegraph and Telephone Corporation	3,046	2,882	
421,400	Nissan Motor Co., Ltd.	4,348	4,494	
4,730	OCI Company Ltd.....	1,078	963	
23,660	ORIX Corporation	1,631	2,260	
3,120	Samsung Electronics Co., Ltd.	1,996	3,510	
361,000	Sharp Corporation	3,619	2,634	
102,000	SUMCO Corporation.....	1,071	1,245	
536,430	Turkiye Is Bankasi.....	1,610	1,316	
		<u>38,230</u>	<u>37,731</u>	7.9
	Australia			
96,287	National Australia Bank Limited	2,184	2,452	0.5
	Total equities	259,574	480,176	100.0
	Forward foreign currency contracts, net Schedule 1	—	(241)	—
	Total investments	<u>\$ 259,574</u>	<u>\$ 479,935</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.

Schedule 1 - Forward foreign currency contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

Par value	Currency	Number of contracts	Contract rates	Settlement date	Unrealized loss
(in millions)					(000's)
1,488.1	JPY	1	0.0120	May 15, 2012	\$ (231)
0.7	GBP	1	1.5834	May 15, 2012	(10)
					<u>\$ (241)</u>

The counterparty currently has 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, and should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2011. 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 March 31, 2012, the Company had \$388,474,000 (December 31, 2011 - \$347,386,000) of Level 1 and \$91,461,000 (December 31, 2011 - \$82,938,000) of Level 2 investments. During the quarter, there were no transfers between Level 1 and Level 2 investments and the Company had no Level 3 investments.

Economic Investment Trust Limited

CORPORATE INFORMATION

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www.computershare.com

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