

# Economic Investment Trust Limited



**FIRST QUARTER REPORT  
MARCH 31, 2013**



# *Economic Investment Trust Limited*

## THE PERIOD AT A GLANCE (Unaudited)

	As at March 31 2013 <sup>(1)</sup>	As at Dec. 31 2012 <sup>(1)</sup>
Net equity value per Common Share <sup>(2)</sup> .....	\$ 94.07	\$ 83.98
Net assets.....	\$ 528,231	\$ 471,609
Number of Common Shares outstanding at period end .....	5,615,535	5,615,535
	Three months ended March 31	
	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
Net investment income per Common Share <sup>(2)</sup> .....	\$ 0.33	\$ 0.28
Dividends per Common Share		
Quarterly .....	\$ 0.15	\$ 0.15
Additional <sup>(3)</sup> .....	\$ 0.53	\$ —
Increase in net assets from operations per Common Share .....	\$ 10.76	\$ 7.78
Investment income .....	\$ 2,693	\$ 2,341
Net investment income .....	\$ 1,841	\$ 1,591

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

<sup>(2)</sup> See Management's Discussion and Analysis for Use of Non-GAAP Measures.

<sup>(3)</sup> This additional dividend represents the distribution of the prior year's net investment income, after payment of quarterly dividends.

### 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 2013 should be read in conjunction with: the December 31, 2012 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 corporation since 1927 and has never bought back its Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high as a 45% discount to as low as a 20% discount. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value.

Closed-end funds have the following benefits: they often 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.

Economic has no plans to become an open-ended investment fund.

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 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, 2013, the three largest long-term investments, as a percentage of total investments, are common shares of E-L Financial at 43.2% (December 31, 2012 – 39.9%), Algoma at 7.7% (December 31, 2012 – 8.5%) and The Bank of Nova Scotia at 8.2% (December 31, 2012 – 9.0%). 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 2012 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 Burgundy Asset Management Ltd. ("Burgundy"), a global equity manager based in Toronto. At March 31, 2013 and the 2012 year end, 100.0% of the global investment portfolio was made up of non-Canadian companies.

# *Economic Investment Trust Limited*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

At March 31, 2013, approximately 60.3% (December 31, 2012 – 58.8%) of the investment portfolio was held in long-term investments and 39.7% (December 31, 2012 – 41.2%) was managed by Burgundy. 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 at which 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 approximate amount 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):

	<b>March 31</b>	Dec. 31
	<b>2013</b>	2012
Net assets .....	<u><b>\$ 528,231</b></u>	<u>\$ 471,609</u>
Common Shares outstanding.....	<u><b>5,615,535</b></u>	<u>5,615,535</u>
Net equity value per Common Share .....	<u><b>\$ 94.07</b></u>	<u>\$ 83.98</u>

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

	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2013</b>	2012
Increase in net assets from operations .....	<u><b>\$ 60,440</b></u>	<u>\$ 43,683</u>
Deduct: Net gain on investments .....	<u><b>(58,599)</b></u>	<u>(42,092)</u>
Net investment income.....	<u><b>\$ 1,841</b></u>	<u>\$ 1,591</u>
Common Shares outstanding.....	<u><b>5,615,535</b></u>	<u>5,615,535</u>
Net investment income per Common Share .....	<u><b>\$ 0.33</b></u>	<u>\$ 0.28</u>

# *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 \$94.07 from \$83.98 at December 31, 2012. With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 12.8%, compared to a return of 10.4% for the same period in 2012.

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, stock market index total returns (capital gains plus dividends), compared to the net equity value returns of the Company, were as follows:

	Three months ended March 31
	(%)
Economic net equity value .....	12.8
S&P/TSX Composite Index .....	3.3
MSCI All Country World Index .....	9.1
S&P 500 Index .....	12.9

The following returns are on a pre-tax basis. The shares of E-L Financial, the Company's largest long-term investment, had a return of 22.1% during the first quarter of 2013 compared to a return of 13.9% for the same period in 2012. For the same respective periods, the global investment portfolio had a return, gross of fees, of 12.0% in 2013 versus a return of 9.9% in 2012.

### **Operating Results**

#### *Net investment income*

The Company's net investment income in the first quarter of 2013 was \$1,841,000 compared to 2012 net investment income of \$1,591,000. On a per Common Share basis, net investment income for the quarter increased by 15.7% to \$0.33 in 2013 compared to \$0.28 in 2012.

Foreign dividend income in the first quarter increased to \$1,725,000 in 2013 from \$1,533,000 in 2012. The year-over-year 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 \$937,000 in 2013 from \$804,000 in 2012. The increase year over year resulted from an increase in the average dividend received from long-term investments.

Expenses in the quarter amounted to \$526,000 compared to \$411,000 for the same period in the prior year. The majority of the increase relates to a higher percentage management fee paid to the new global investment manager as well as from an increase in the market value of the global investment portfolio year over year.

#### *Net gain on investments*

The net gain on investments for the Company for the first quarter was \$58,599,000 in 2013 compared to a net gain \$42,092,000 for the same period in the prior year, an increase of \$16,507,000 or 39.2%.

Long-term investments increased, on an after-tax basis, by \$39,004,000 during the first quarter, primarily as a result of a strong return from the Company's investment in shares of E-L Financial. In the prior year, long-term investments increased by \$25,766,000 as a result of a strong returns from the Company's investments in shares of E-L Financial, Algoma and The Bank of Nova Scotia.

# *Economic Investment Trust Limited*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The global managed equity portfolio, on an after-tax basis, increased by \$19,595,000 during the first quarter of 2013 compared to an increase of \$16,326,000 in 2012.

The global managed portfolio had a net change in unrealized appreciation of investments, on an after-tax basis, of \$16,739,000 during the first quarter of 2013 compared to an increase of \$17,783,000 during the same quarter in 2012. The current quarter increases for each year were broadly based.

The net realized gain on this portfolio for the current quarter was \$2,856,000 (2012 – a loss of \$1,457,000), comprised of a gain of \$2,856,000 (2012 – a loss of \$92,000) on the sale of equity investments and \$nil (2012 – a loss of \$1,365,000) from gains (losses) on the maturity or close out of forward foreign currency contracts.

### 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):

	<b>March 31 2013</b>	Dec. 31 2012	Sept. 30 2012	June 30 2012	March 31 2012	Dec. 31 2011	Sept. 30 2011	June 30 2011
Investment income	<b>\$ 2,693</b>	\$ 1,828	\$ 2,325	\$ 3,254	\$ 2,341	\$ 2,202	\$ 2,054	\$ 3,206
Increase (decrease) in net assets from operations	<b>\$ 60,440</b>	\$ 18,436	\$ 5,545	\$ (9,864)	\$ 43,683	\$ (5,639)	\$ (66,004)	\$ (26,444)
Increase (decrease) in net assets from operations per Common Share	<b>\$ 10.76</b>	\$ 3.28	\$ 0.99	\$ (1.76)	\$ 7.78	\$ (1.00)	\$ (11.76)	\$ (4.71)
Net equity value per Common Share	<b>\$ 94.07</b>	\$ 83.98	\$ 80.85	\$ 80.01	\$ 82.45	\$ 74.81	\$ 75.96	\$ 87.85
Quarterly NAV return %	<b>12.8</b>	4.1	1.2	(2.1)	10.4	(1.3)	(13.4)	(5.1)

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.

Overall returns are determined by the performance of the Company's long-term investments and the performance of the externally-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, 2013, 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, quarterly dividends of \$0.15 were paid on the Common Shares. The payment of the Company's quarterly dividends is funded by net investment income. For the quarter ended March 31, 2013, net investment income was \$0.33 per Common Share.

On February 13, 2013, the Board of Directors declared an additional cash dividend of \$0.53 per Common Share that was also paid during the first quarter. This dividend represented a distribution of the balance of net investment income for the year ended December 31, 2012.

# *Economic Investment Trust Limited*

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

The Company's dividend policy is to distribute annual net investment income in the form of dividends. The distributions are composed of \$0.15 quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year. 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 adopt IFRS 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.

Management does not expect that the transition to IFRS 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**

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

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



Duncan N.R. Jackman  
Chairman and President

May 6, 2013

# *Economic Investment Trust Limited*

## STATEMENT OF NET ASSETS (Unaudited)

	<u>March 31</u> <u>2013</u>	<u>December 31</u> <u>2012</u>
	(000's)	
<b>ASSETS</b>		
Investments, at fair value (cost - \$225,215; December 2012 - \$220,662) (Note 2) ..	<b>\$ 552,467</b>	\$ 483,221
Cash .....	<b>1,333</b>	1,179
Short-term investments .....	<b>3,040</b>	10,317
Receivable in respect of investments sold .....	<b>3,288</b>	—
Accrued income on investments.....	<b>474</b>	326
Income taxes receivable.....	<b>1,098</b>	869
Other assets .....	<b>86</b>	31
	<u><b>561,786</b></u>	<u>495,943</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities.....	<b>366</b>	354
Payable in respect of investments purchased .....	<b>219</b>	—
Future income taxes.....	<b>32,970</b>	23,980
	<u><b>33,555</b></u>	<u>24,334</u>
Net assets.....	<u><b>\$ 528,231</b></u>	<u>\$ 471,609</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock .....	<b>\$ 204,691</b>	\$ 204,691
Contributed surplus .....	<b>1,474</b>	1,474
Retained earnings .....	<b>322,066</b>	265,444
Total shareholders' equity.....	<u><b>\$ 528,231</b></u>	<u>\$ 471,609</u>

(See accompanying notes)

# Economic Investment Trust Limited

## STATEMENT OF OPERATIONS (Unaudited)

	Three months ended March 31	
	2013	2012
	(000's)	
INVESTMENT INCOME		
Dividends:		
Foreign .....	\$ 1,725	\$ 1,533
Canadian .....	937	804
	<u>2,662</u>	<u>2,337</u>
Interest, including securities lending income .....	31	4
	<u>2,693</u>	<u>2,341</u>
Expenses:		
Investment management and administrative costs .....	374	246
Directors' remuneration .....	33	36
Office and miscellaneous .....	85	78
Transfer, registrar and custody fees .....	17	34
Professional fees .....	17	17
	<u>526</u>	<u>411</u>
Investment income before income taxes .....	2,167	1,930
Provision for income taxes .....	326	339
NET INVESTMENT INCOME .....	<u>1,841</u>	<u>1,591</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments .....	2,912	(1,365)
Net change in unrealized appreciation of investments .....	55,743	43,549
Transaction costs on purchase and sale of investments .....	(56)	(92)
NET GAIN ON INVESTMENTS .....	<u>58,599</u>	<u>42,092</u>
INCREASE IN NET ASSETS FROM OPERATIONS .....	<u>\$ 60,440</u>	<u>\$ 43,683</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE .....	<u>\$ 10.76</u>	<u>\$ 7.78</u>

## STATEMENT OF RETAINED EARNINGS (Unaudited)

	Three months ended March 31	
	2013	2012
	(000's)	
BEGINNING OF PERIOD .....	\$ 265,444	\$ 213,956
Add:		
Increase in net assets from operations .....	60,440	43,683
Refundable dividend taxes recovered .....	244	280
	<u>60,684</u>	<u>43,963</u>
Deduct:		
Dividends .....	3,818	842
Provision for refundable dividend taxes .....	244	220
	<u>4,062</u>	<u>1,062</u>
END OF PERIOD .....	<u>\$ 322,066</u>	<u>\$ 256,857</u>

(See accompanying notes)

# *Economic Investment Trust Limited*

## STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	<u>Three months ended March 31</u>	
	<u>2013</u>	<u>2012</u>
	(000's)	
Increase in net assets from operations.....	\$ 60,440	\$ 43,683
Dividends to common shareholders .....	(3,818)	(842)
Net decrease in refundable dividend taxes on hand .....	—	60
Increase in net assets.....	<u>56,622</u>	<u>42,901</u>
Net assets, beginning of period .....	<u>471,609</u>	<u>420,121</u>
NET ASSETS, END OF PERIOD .....	<u>\$ 528,231</u>	<u>\$ 463,022</u>

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

	<u>Three months ended March 31</u>	
	<u>2013</u>	<u>2012</u>
	(000's)	
Proceeds on sales of investments.....	\$ 18,982	\$ 25,828
Cost of investments, beginning of period .....	220,662	259,525
Cost of investments purchased during the period .....	20,623	27,242
	<u>241,285</u>	<u>286,767</u>
Cost of investments, end of period .....	<u>225,215</u>	<u>259,574</u>
Cost of investments sold during the period .....	16,070	27,193
NET REALIZED GAIN (LOSS) ON INVESTMENTS .....	<u>\$ 2,912</u>	<u>\$ (1,365)</u>

(See accompanying notes)

# *Economic Investment Trust Limited*

## STATEMENT OF INVESTMENTS AS AT MARCH 31, 2013 (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
<b>North America</b>				
<b>Canada</b>				
2,126,380	Algoma Central Corporation <sup>2</sup> .....	\$ 2,974	\$ 30,407	
386,206	E-L Financial Corporation Limited <sup>2</sup> .....	26,116	199,352	
33,101	Ecando Investments Limited			
	Classes A, B and common <sup>2, 3</sup> .....	4,139	45,237	
176,414	The Fulcrum Investment Company Limited <sup>2, 3</sup> .....	464	11,753	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common <sup>1, 2, 3</sup> .....	2,115	37,664	
4,837	TGV Holdings Limited Class B <sup>1, 2, 3, 4</sup> .....	318	10,751	
		<u>36,126</u>	<u>335,164</u>	60.7
<b>United States</b>				
93,626	AmerisourceBergen Corporation .....	3,625	4,890	
9,981	Apple Inc. ....	5,118	4,485	
61,290	Baxter International Inc. ....	3,578	4,521	
41,952	Becton, Dickinson and Company .....	3,191	4,073	
137,626	Bank of New York Mellon Corporation (The)	3,090	3,912	
142,699	BB&T Corporation .....	4,499	4,544	
66,143	CareFusion Corporation .....	1,631	2,349	
213,450	Cisco Systems, Inc. ....	3,729	4,529	
47,350	Diamond Offshore Drilling, Inc. ....	3,184	3,345	
73,358	Emerson Electric Company .....	3,652	4,160	
76,278	Equifax, Inc. ....	3,511	4,461	
5,517	Google Inc. ....	3,547	4,445	
52,342	Harris Corporation .....	2,375	2,463	
67,339	Humana, Inc. ....	4,700	4,726	
96,876	Johnson & Johnson .....	6,310	8,016	
99,561	Lorillard, Inc. ....	3,836	4,079	
139,577	Microsoft Corporation .....	4,209	4,054	
85,778	Northern Trust Corporation .....	3,942	4,752	
41,067	Occidental Petroleum Corporation .....	3,651	3,269	
156,765	Oracle Corporation .....	4,976	5,146	
54,838	PepsiCo, Inc. ....	3,936	4,405	
54,564	Philip Morris International Inc. ....	4,973	5,138	
51,063	Procter & Gamble Company (The) .....	3,416	3,993	
56,613	Qualcomm Incorporated .....	3,473	3,848	
26,926	Union Pacific Corporation .....	3,819	3,893	
50,480	United Technologies Corporation .....	3,864	4,789	
22,735	Visa Inc. ....	2,972	3,920	
401,340	Western Union Company (The) .....	6,558	6,118	
		<u>109,365</u>	<u>122,323</u>	22.1
	Total North America .....	<u>145,491</u>	<u>457,487</u>	82.8

- continued -

# Economic Investment Trust Limited

## STATEMENT OF INVESTMENTS AS AT MARCH 31, 2013 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	<b>Latin America</b>			
1,122,073	Quinenco S.A.,.....	\$ 3,579	\$ 3,888	0.7
	<b>Europe, excluding United Kingdom</b>			
73,367	Colruyt S.A.,.....	3,411	3,610	
57,089	Deutsche Boerse AG .....	2,893	3,524	
52,027	Hannover Rueckversicherung AG .....	3,179	4,156	
121,198	Heineken Holding N.V.,.....	5,490	7,897	
100,520	Henkel AG & Co. KGaA.....	6,141	8,081	
32,794	Neopost S.A.,.....	1,779	1,993	
49,861	Nestle S.A.,.....	3,115	3,672	
59,612	Novartis AG.....	3,506	4,310	
67,993	Publicis Groupe .....	3,491	4,631	
21,722	Roche Holding AG .....	3,601	5,150	
		<u>36,606</u>	<u>47,024</u>	8.5
	<b>United Kingdom</b>			
88,282	British American Tobacco plc.....	4,757	4,801	
179,669	GlaxoSmithKline plc.....	4,181	4,262	
251,898	IMI plc .....	3,551	5,029	
94,021	Imperial Tobacco Group PLC.....	3,391	3,331	
552,338	Sage Group plc (The) .....	2,589	2,917	
93,196	Unilever PLC.....	3,350	4,000	
		<u>21,819</u>	<u>24,340</u>	4.4
	<b>Asia</b>			
50,100	Benesse Holdings, Inc.,.....	2,375	2,153	
45,300	Canon Inc. ....	1,553	1,688	
21,900	Hirose Electric Co., Ltd. ....	2,291	2,924	
84,700	Kao Corporation.....	2,371	2,776	
9,400	Keyence Corporation .....	2,431	2,920	
16,800	Nintendo Co., Ltd.....	1,791	1,844	
41,500	Shimano, Inc.,.....	2,942	3,406	
34,800	Unicharm Corporation.....	1,966	2,017	
		<u>17,720</u>	<u>19,728</u>	3.6
	<b>Total investments</b> .....	<u>\$ 225,215</u>	<u>\$ 552,467</u>	<u>100.0</u>

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

<sup>2</sup> These companies and Economic can be significantly influenced by the same party.

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

<sup>4</sup> 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, 2012. 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, 2013, the Company had \$447,062,000 (December 31, 2012 - \$388,474,000) of Level 1 and \$105,405,000 (December 31, 2012 - \$91,461,000) 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**

### **HEAD OFFICE**

Tenth Floor, 165 University Avenue, Toronto, Ontario, M5H 3B8  
Tel: 416-947-2578  
Fax: 416-362-2592

### **EXTERNAL INVESTMENT MANAGER**

Burgundy Asset Management Ltd., Toronto

### **AUDITORS**

PricewaterhouseCoopers LLP, Toronto

### **CUSTODIAN**

RBC Investor Services Trust

### **TRANSFER AGENT AND REGISTRAR**

Computershare Investor Services Inc.  
100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1  
Toll Free: 1-800-564-6253  
[www.computershare.com](http://www.computershare.com)

### **TORONTO STOCK EXCHANGE LISTING**

Common Shares, ticker symbol 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](http://www.globefund.com)) and on the Company's website.

### **REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS**

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

### **WEBSITE**

[www.evt.ca](http://www.evt.ca)

