

Economic Investment Trust Limited



ANNUAL REPORT

2022

Economic Investment Trust Limited

THE YEAR AT A GLANCE **96th Annual Report**

	2022	2021
Net equity value per Common Share ¹	\$ 184.62	\$ 196.60
Net investment income per Common Share ¹	\$ 6.18	\$ 9.89
Net income (loss) per Common Share	\$ (3.15)	\$ 37.92
Dividends per Common Share		
Quarterly	\$ 1.20	\$ 1.20
Additional ²	\$ 8.69	\$ 4.07
Net assets ³	\$1,008,877	\$1,098,092
Net investment income ^{1,3}	\$ 34,272	\$ 55,242
Number of Common Shares outstanding at year end	5,464,628	5,585,535

¹ See Management's Discussion and Analysis for Use of Non-GAAP Measures.

² This additional dividend represents the distribution of the previous fiscal year's net investment income, after payment of quarterly dividends.

³ In thousands of Canadian dollars.

The accompanying financial statements have been prepared under International Financial Reporting Standards ("IFRS").

ANNUAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of Shareholders ("AGM") will be held Thursday, April 20, 2023 at 11:30 a.m. (Toronto time). The AGM will be held as a virtual-only meeting. All shareholders are invited to attend.

Economic Investment Trust Limited

BOARD OF DIRECTORS

DUNCAN N. R. JACKMAN
Chairman and President
Economic Investment Trust Limited

WILLIAM J. CORCORAN
Corporate Director

M. VICTORIA D. JACKMAN
Executive Director
Hal Jackman Foundation

JONATHAN SIMMONS
Chief Financial and Strategy Officer
OMERS Administration Corporation

MARK M. TAYLOR
Treasurer
Canadian Northern Prairie Lands Company Inc.

KEVIN J. WARN-SCHINDEL
Managing Director
HarbourVest Partners, LLC

STUART D. WAUGH
Managing Partner
Northleaf Capital Partners

HONORARY DIRECTOR

THE HONOURABLE HENRY N. R. JACKMAN
Honorary Chairman of the Board
The Empire Life Insurance Company

OFFICERS

DUNCAN N. R. JACKMAN
Chairman and President

RICHARD B. CARTY
Corporate Secretary

SCOTT F. EWERT
Vice-President

FRANK J. GLOSNEK
Treasurer

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial performance and financial condition for the years ended December 31, 2022 and 2021. This MD&A should be read in conjunction with the December 31, 2022 year-end financial statements of Economic Investment Trust Limited ("Economic" or the "Company") which form part of this Annual Report dated February 8, 2023. These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. 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, any forward-looking statements within this discussion 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. The Common Shares have persistently traded at a discount to their net asset value, ranging from approximately an 18% discount to a 37% discount over the past 10 years. 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 investment corporations 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 actively-managed open-ended funds; and the management of a closed-end investment corporation'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 global investment portfolio of common shares of publicly-traded global companies.

The long-term investments consist primarily of the publicly-traded common shares of E-L Financial Corporation Limited ("E-L Financial"), Algoma Central Corporation ("Algoma"), a shipping company, and The Bank of Nova Scotia. At December 31, 2022, E-L Financial represented 38.4% (2021 – 36.6%) of total equity investments, Algoma 5.0% (2021 – 4.4%) and The Bank of Nova Scotia 5.4% (2021 – 6.1%). E-L Financial, Algoma and the Company are related parties. 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 12 to the financial statements in this Annual Report and in the schedule of investment portfolio beginning on page 32.

E-L Financial operates as an investment and insurance holding company with two operating segments, E-L Corporate and The Empire Life Insurance Company ("Empire Life"). E-L Corporate's operations include the oversight of investments in global equities held through direct and indirect holdings of common shares, investment funds, closed-end investment companies and private companies.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

E-L Financial has a 54.9% (2021 - 52.7%) interest in a closed-end investment corporation, United Corporations Limited ("United"), which is an investment vehicle for long-term growth through investments in common equities. In addition, E-L Financial has a 37.4% interest in Algoma and a 24.7% (2021 - 24.1%) interest in Economic. E-L Financial also owns 99.4% of Empire Life which underwrites life and health insurance policies and provides segregated funds, mutual funds and annuity products in Canada. Each of E-L Financial, Empire Life, United and Algoma are related parties and are reporting issuers which trade on the Toronto Stock Exchange and have profiles on SEDAR.

The balance of Economic's investment portfolio is managed by Neuberger Berman Canada ULC ("Neuberger Berman Canada"), an investment management firm headquartered in Toronto. Neuberger Berman Canada manages the portfolio by investing in global equities following a quality value investment style. Neuberger Berman Canada is a business of Neuberger Berman. Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager headquartered in New York. The firm manages a range of strategies including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds on behalf of institutions, advisors and individual investors globally. With offices in 25 countries, Neuberger Berman's diverse team has over 2,400 professionals.

At December 31, 2022, approximately 50.6% (2021 – 48.6%) of the investment portfolio was held in long-term investments and 49.4% (2021 - 51.4%) was managed by Neuberger Berman Canada. 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 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", "growth in net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meanings in GAAP (generally accepted accounting principles) and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to the Company's 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 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 to be distributed on Common Shares.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	December 31 2022	December 31 2021
Net assets	\$ 1,008,877	\$ 1,098,092
Common Shares outstanding	5,464,628	5,585,535
Net equity value per Common Share	\$ 184.62	\$ 196.60

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 December 31		Year ended December 31	
	2022	2021	2022	2021
Net (loss) income	\$ 81,161	\$ 34,556	\$ (17,459)	\$ 211,808
Add (deduct):				
Other net fair value changes in investments	(85,062)	(27,164)	59,786	(180,420)
Tax on other net fair value changes in investments	11,130	3,599	(8,062)	23,838
Net change in refundable dividend taxes on hand	4	20	7	16
Net investment income ¹	\$ 7,233	\$ 11,011	\$ 34,272	\$ 55,242
Weighted average Common Shares outstanding	5,464,628	5,585,787	5,547,739	5,586,384
Net investment income per Common Share ¹	\$ 1.33	\$ 1.97	\$ 6.18	\$ 9.89

¹ On an after-tax basis.

Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$184.62 at December 31, 2022 from \$196.60 at the prior year end.

With dividends reinvested at month-end net equity values, the Company's net equity value growth was negative 1.0% in 2022, compared to positive 23.5% during 2021.

Long-term investments had a total return, including dividends, of 1.8% return in 2022 compared to 32.0% during 2021. On a pre-tax basis, the shares of E-L Financial had a return of 2.1% during 2022 (2021 – 30.5%), the shares of Algoma had a return of 11.0% (2021 – 27.2%), and the shares of the Bank of Nova Scotia had a negative return of 21.4% (2021 – positive 35.4%).

The global investment portfolio had a pre-tax return, gross of fees, of negative 4.1% in 2022 compared to positive 21.8% for 2021.

As the Company is a taxable Canadian corporation, the Company's net equity value is net of a current income tax provision on net investment income and realized gains (losses) on investments, and net of a deferred income tax provision on its unrealized appreciation of investments.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Equity Value per Common Share (continued)

In Canadian dollar terms, total returns (capital gains (losses) plus dividends), for Economic's net equity value and stock market indices, were as follows:

	Year ended Dec. 31, 2022	Year ended Dec. 31, 2021
		(%)
Economic net equity value	(1.0)	23.5
S&P/TSX Composite Index	(5.8)	25.1
MSCI All Country World Index	(12.2)	17.9
S&P 500 Index	(12.5)	28.2

Growth in Net Equity Value ("NAV")

Set out below is a table that shows annual growth in NAV in each of the past 10 calendar years:

Annual growth in NAV*

	NAV per Common Share	Annual Growth %
2013	\$ 123.60	48.8
2014	122.43	4.5
2015	132.62	9.5
2016	138.26	5.4
2017	151.98	11.8
2018	142.92	(4.7)
2019	160.91	14.2
2020	163.93	3.9
2021	196.60	23.5
2022	184.62	(1.0)

Compound annual growth*

2013 - 2022 - 10 years 10.7

*This chart was drawn from the individual annual reports and any NAV amounts prior to 2014 have not been restated for any subsequent changes in accounting policies. Growth in NAV is the percentage change in NAVs including dividends reinvested at month-end NAVs.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results - 2022

Net income

The Company reported a net loss of \$17,459,000 in 2022 compared to net income of \$211,808,000 in 2021. Earnings per share decreased to a net loss of \$3.15 in 2022 compared to net income of \$37.92 for 2021.

The other net fair value changes in investments was a net loss of \$59,786,000 in 2022 compared to a net gain of \$180,420,000 for 2021.

The other net fair value changes for long-term investments was a loss of \$13,313,000 in 2022 compared to a gain of \$95,836,000 for 2021. The Company's year-to-date long-term investment loss was comprised primarily of losses in The Bank of Nova Scotia of \$11,944,000 and E-L Financial of \$7,086,000, offset by gains in Algoma of \$3,454,000.

The global investment portfolio had an other net fair value loss of \$46,473,000 in 2022 compared to a net gain of \$84,584,000 in 2021.

The 2022 net loss for the global investment portfolio included net fair value investment losses from North America of \$30,098,000, Emerging Markets \$9,217,000, Europe \$6,167,000, the United Kingdom \$3,099,000 offset by investment gains in Australia of \$1,082,000 and Japan of \$1,026,000. During the quarter and year-to-date, foreign currency movements had a significant impact on total net fair value losses. During the year, the United States dollar appreciated 6.8% relative to the Canadian dollar. This partly offsets negative total net fair value investment losses for United States dollar-denominated investments.

The Company reported a net realized loss for the year ended December 31, 2022 of \$78,291,000, all of which relates to the global investment portfolio, compared to a realized gain of \$193,428,000 in 2021. The largest contributors to 2022 net realized losses included Tesla, Inc., Alibaba Group Holding Limited, and Taiwan Semiconductor Manufacturing Company Limited with realized losses of \$3,474,000, \$1,770,000, and \$1,504,000 respectively.

Net investment income

The Company's net investment income in 2022 decreased to \$34,272,000 compared to \$55,242,000 in 2021, a decrease of \$20,970,000. On a per Common Share basis, net investment income for the year decreased to \$6.18 in 2022 compared to \$9.89 in 2021.

Foreign dividend income in 2022 increased to \$18,455,000 from \$9,095,000 in 2021. On December 20, 2021, the Company appointed Neuberger Berman Canada to provide portfolio services, replacing Burgundy Investment Management Ltd., which impacted the dividend yield of the global investment portfolio. In general, foreign dividend income is impacted by changes in the composition of the investment portfolio, variability in foreign exchange rates and dividend yields.

Canadian dividend income in 2022 decreased to \$24,015,000 from \$51,680,000 in 2021. During the first quarter of 2022, the Company received a special dividend of \$9,655,000 from its investment in E-L Financial. In the prior year, the Company received a special dividend from E-L Financial of \$30,896,000 or \$80 per E-L Financial share. The Company also received additional distributions from its indirect investment in Algoma.

The expenses of the Company decreased 36.0% to \$2,815,000 from \$4,397,000 in 2021. The majority of the decreases relate to lower investment management fees resulting from the change in the external investment manager. Professional fees include fees related to the substantial issuer bid mentioned further in this Annual Report. Interest expense was incurred as a result of the loan payable financing that was utilized for the substantial issuer bid that occurred at the end of the third quarter. The Company's management expense ratio decreased to 0.28% for the current year from 0.43% of average net assets for the prior year. The management expense ratio is determined using total expenses as an annualized percentage of average monthly net asset values during the period. There are no investment management or administrative fees charged on the Company's long-term investments.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results - Fourth Quarter, 2022

The Company's net equity value per Common Share increased to \$184.62 at December 31, 2022 from \$170.07 at September 30, 2022. With dividends reinvested at month-end net equity values, the Company's net equity value return was 8.7% in the fourth quarter of 2022 compared to 3.3% for the same period in 2021.

On a pre-tax basis, the shares of E-L Financial had a return of 5.2% during the fourth quarter of 2022 compared to a negative return of 2.5% in 2021, the shares of Algoma had a return of 14.2% (2021 – 2.1%) and the shares of The Bank of Nova Scotia had a return of 2.5% (2021 – 16.0%), respectively.

The global investment portfolio had a pre-tax return, gross of fees, for the fourth quarter of 2022 of 11% versus 7.1% for the fourth quarter of 2021.

In Canadian dollar terms, in the fourth quarter of 2022, the S&P/TSX Composite Index increased 6.0%, the MSCI All Country World Index increased 7.8% and the S&P 500 Index increased 6.3%.

Three-Year Results

A summary of various financial data for each of the last three years is as follows (in thousands of dollars, except per share amounts):

	2022	2021	2020
Other net fair value changes in investments ¹	\$ (51,724)	\$ 156,582	\$ 497
Other net fair value changes in investments per Common Share ¹	(9.33)	28.03	0.10
Total assets	1,099,261	1,195,545	991,854
Net investment income ^{1,2}	34,272	55,242	29,521
Net investment income per Common Share ²	6.18	9.89	5.27
Dividends per Common Share:			
Quarterly	1.20	1.20	1.20
Additional	8.69	4.07	1.52

¹ On an after-tax basis.

² See Use of Non-GAAP Measures.

Economic's investment portfolio is affected by equity markets, stock selection and currency movements.

In 2022, the Company's investment portfolio was affected by negative equity market returns. The global investment portfolio had a total return of negative 4.1% which was partly offset by a positive return of 1.8% for the long-term investments.

In 2021, the performance of Economic was favourably affected by the global investment portfolio that had a total return of 21.8%. This positive return was impacted by a 32.0% return from long-term investments.

In 2020, the performance of Economic was favourably affected by the global investment portfolio that had a total return of 7.4%. In addition, Economic was impacted by a nil% return from long-term investments. In particular, negative returns in E-L Financial, and The Bank of Nova Scotia were offset by strong returns in Algoma.

The fluctuations in net investment income are due primarily to changes in dividend income that is earned by the Company, net of management fees.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Review - 2022 and 2021

The following tables summarize various financial results on a quarterly basis for the current and prior year:

	2022			
	Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Net investment income ^{1,2}	\$ 14,962	\$ 6,992	\$ 5,085	\$ 7,233
Other net fair value changes in investments ¹	(31,344)	(92,965)	(1,347)	73,932
Per Common Share:				
Net investment income ^{1,2}	\$ 2.68	\$ 1.25	\$ 0.92	\$ 1.33
Other net fair value changes in investments ¹	(5.61)	(16.66)	(0.27)	13.21
Net income	(3.03)	(15.31)	0.65	14.54
	2021			
	Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Net investment income ^{1,2}	\$ 6,072	\$ 3,853	\$ 34,306	\$ 11,011
Other net fair value changes in investments ¹	92,206	24,905	15,906	23,565
Per Common Share:				
Net investment income ^{1,2}	\$ 1.09	\$ 0.69	\$ 6.14	\$ 1.97
Other net fair value changes in investments ¹	16.50	4.45	2.86	4.22
Net income	17.58	5.13	9.02	6.19

¹On an after-tax basis

² See Use of Non-GAAP Measures.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. On occasion, the Company will receive special dividends on certain investments. In the first quarter of 2022, the Company received a special dividend from E-L Financial of \$9,655,000. In the third quarter of 2021, the Company also received a special dividend from E-L Financial for \$30,896,000. There is no guarantee that the Company will receive dividend income on its investments at current dividend payout levels.

Overall returns are determined by the performance of the Company's long-term investments and the performance of the global investment 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.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian securities laws is recorded, processed, summarized and reported within the specified time periods, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of the Company's disclosure controls and procedures as at December 31, 2022. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at December 31, 2022.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Under the supervision of management, an evaluation of the Company's internal control over financial reporting was carried out as at December 31, 2022. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2022. No changes were made in the Company's internal control over financial reporting during the year ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risks

As the Company is a closed-end investment corporation, Economic faces various risks arising from its investments. Under the supervision of the Board of Directors, management has developed policies to identify and monitor these risks. Note 4 to the December 31, 2022 financial statements provide disclosures surrounding risks arising from its financial instruments. These risks include market, liquidity, credit and certain concentration risks.

Market risk

The most significant risk that is faced by Economic is market risk which represents exposures to changes in the fair value of its investment portfolio. As the Company's investment portfolio is represented by Canadian and global equities, the value of its investments will vary from day to day depending on a number of market factors including economic conditions, global events, market news, and on the performance of the issuers of the securities in which the Company invests. Changes in foreign currency exchange rates will also affect the value of investments of non-Canadian dollar securities.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of December 31, 2022, 31% (2021 – 31%) of the investment portfolio including cash and cash equivalents was denominated in U.S. dollars, 4% (2021 – 4%) Euro and 3% (2021 – 3%) Japanese yen.

Concentration risk

Concentration risk exists when a significant portion of the equity investment portfolio is invested in a small number of companies or geographical areas. Concentration reduces the diversification of the investment portfolio and may result in greater volatility. At December 31, 2022, the Company's carrying value of its direct and indirect investment in E-L Financial of \$411,975,000 (2021 - \$419,061,000) represents 38.4% (2021 – 36.6%) of Economic's total equity investments. E-L Financial is subject to market risks as its investing activities are influenced by market price and interest rate risk. E-L Financial's subsidiary, Empire Life, is impacted by a number of risks including investment, insurance, operational, competition, regulatory and other risks.

Credit risk

Economic participates in securities lending which could expose the Company to the risk of counterparty failure. RBC Investor Treasury Services ("RBCITS"), the Company's custodian, acts as lending agent. RBCITS is responsible to return the borrowed securities to the Company when required, and RBCITS indemnifies the Company in the event of borrower default. The Company has recourse to the Royal Bank of Canada in the event of a failure to indemnify by RBCITS.

The Company's exposure to risks is also addressed in the Company's Annual Information Form. Further information on risks related to E-L Financial are disclosed in its Annual Information Form available on www.sedar.com.

Share Data

At December 31, 2022, there are 5,464,628 (2021 - 5,585,535) Common Shares issued and outstanding and each share is entitled to one vote.

Substantial issuer bid

On August 16, 2022 the Company announced its intention to commence a substantial issuer bid ("SIB") pursuant to which the Company offered to purchase up to \$20,000,000 of its outstanding Common Shares for cash.

As of September 27, 2022 the Company had taken up and paid for 103,007 Common Shares at a price of \$140.00 per Share. The Common Shares acquired under the SIB represent an aggregate purchase price of \$14,421,000.

As required by securities legislation, the normal course issuer bid ("NCIB") was suspended during the SIB.

Normal Course Issuer Bid

On March 4, 2022, the Company obtained approval from the TSX to renew the NCIB to purchase up to 279,276 Common Shares between March 9, 2022 and March 8, 2023. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to 1,000 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase.

For the year ended December 31, 2022, 17,900 (2021 - 2,200) shares were purchased under the NCIB at an average price of \$119.46 (2021 - \$118.64) per share for a total consideration of \$2,139,000 (2021 - \$261,000).

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

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

An additional dividend of \$4.98 per Common Share will be paid in the first quarter of fiscal 2023 along with the \$0.30 quarterly dividend.

The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

The Company has a \$30,000,000 operating credit facility with a Canadian chartered bank. The credit facility is secured by equity investments from the Company's investment portfolio. The Company is able to borrow funds in an amount up to 50% of the fair value of investments pledged. As of December 31, 2022 the Company has drawn \$14,500,000 on this facility. The Company repaid \$14,500,000 of this facility during January 2023.

Related Party Transactions

The Company has investments in related parties (see Schedule of Investment Portfolio) with a fair value at December 31, 2022 of \$543,594,000 (2021 - \$556,908,000) representing 50.6% (2021 - 48.6%) of the total investments. Dividends from these companies for the year ended December 31, 2022 amounted to \$23,351,000 (2021 - \$51,583,000).

E-L Financial holds a 24.7% (2021 - 24.1%) interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment manager and are paid monthly. The total fees for the year ended December 31, 2022 amounted to \$592,000 (2021 - \$621,000).

The ultimate controlling party of the Company and of these related parties is The Honourable Henry N.R. Jackman together with a trust created in 1969 by his father, Henry R. Jackman.

Critical Accounting Estimates

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and earnings. Note 2 to the financial statements describes the significant accounting policies and note 3 contains critical accounting estimates and judgments. In measuring the fair value of investments, management exercises judgment in the selection of fair value inputs and in determining their significance to the fair value estimate.

Significant Developments

The Russian war with Ukraine and the resulting sanctions have negatively impacted global economic growth forecasts. Further, the novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts. These factors have led to higher levels of inflation and have created increased uncertainty and volatility, which impact the Company's investment portfolios.

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.

Economic Investment Trust Limited

FINANCIAL HIGHLIGHTS

For each of the years in the five-year period ended December 31, 2022:

	2022	2021	2020	2019	2018
	(per Common Share)				
NET EQUITY VALUE, beginning of year ¹	\$ 196.60	\$ 163.93	\$ 160.91	\$ 142.92	\$ 151.98
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income ¹	6.18	9.89	5.27	2.72	2.22
Other net fair value changes in investments	(9.33)	28.03	0.10	17.49	(9.28)
Net change in refundable dividend taxes on hand	—	—	0.01	—	—
	(3.15)	37.92	5.38	20.21	(7.06)
CASH DIVIDENDS TO COMMON SHAREHOLDERS					
Quarterly	(1.20)	(1.20)	(1.20)	(1.20)	(1.20)
Additional	(8.69)	(4.07)	(1.52)	(1.02)	(0.80)
	(9.89)	(5.27)	(2.72)	(2.22)	(2.00)
ACQUISITION OF COMMON SHARES	1.06	0.02	0.36	—	—
NET EQUITY VALUE, end of year ¹	\$ 184.62	\$ 196.60	\$ 163.93	\$ 160.91	\$ 142.92

¹ Net equity value and net investment income per Common Share are Non-GAAP measures. See Management's Discussion and Analysis on page 4.

Economic Investment Trust Limited

MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgment. The significant accounting policies which management believes are appropriate for the Company are described in Note 2 to the financial statements. Financial information disclosed elsewhere in the Annual Report is consistent with the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Board of Directors carries out its responsibilities principally through the Audit Committee. The Audit Committee reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditor prior to recommending the audited financial statements and related disclosure for approval by the Board of Directors.

The shareholders of the Company appointed the external auditor, PricewaterhouseCoopers LLP. The external auditor audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on the following page.



Duncan N.R. Jackman
Chairman and President



Frank J. Glosnek
Treasurer

February 8, 2023

Economic Investment Trust Limited

Independent Auditor's Report

To the Shareholders of Economic Investment Trust Limited

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Economic Investment Trust Limited (the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of comprehensive income for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Economic Investment Trust Limited

Key audit matter	How our audit addressed the key audit matter
<p>Fair value of investments in private companies</p> <p><i>Refer to Note 2 – Summary of significant accounting policies, Fair value measurement, Note 3 – Critical accounting estimates and judgments, Fair value of investments in private companies and Note 5 – Financial instruments to the financial statements.</i></p> <p>As at December 31, 2022, Level 3 equity investments in private companies were \$159,583,000. These investments are measured at fair value. The Company utilizes the adjusted net asset method to measure the fair value of investments in private companies. This method estimates the fair values of the underlying net assets of the private companies by referencing the net assets and liabilities of those companies and considers adjustments for characteristics such as a minority marketability discount and control block premiums. These adjustments are unobservable inputs for fair value measurement. Determining unobservable inputs requires the use of significant management judgment. We considered this a key audit matter due to the significant judgment applied by management in determining the fair value estimates of the investments in private companies. This led to a high degree of auditor judgment in performing procedures relating to the valuation of the investments in private companies. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.</p>	<p>Our approach to addressing the matter involved testing how management determined the fair value estimates, which included the following procedures, among others:</p> <ul style="list-style-type: none"> ● Evaluated the appropriateness of the adjusted net asset method being applied by management. ● Agreed the net assets of the private companies to the underlying private companies audited financial statements. ● Professionals with specialized skill and knowledge in the field of valuation assisted with evaluating the methodology applied by management in fair valuing the minority interests in the private companies by assessing whether management’s method appropriately applies a minority marketability discount and control block premiums. ● Evaluated the minority marketability discount and control block premiums for reasonableness by examining underlying support and considering whether this was consistent with evidence obtained in other areas of the audit.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Economic Investment Trust Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert D'Aroffi.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 8, 2023

Economic Investment Trust Limited

STATEMENTS OF FINANCIAL POSITION

	As at December 31	
	2022	2021
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 12,831	\$ 46,110
Investments (cost - \$493,538; 2021 \$584,771) (Notes 4, 6 and 12)	1,073,307	1,146,035
Dividends and interest receivable	1,632	1,512
Income taxes receivable	9,709	—
Other assets	1,782	888
	<u>1,099,261</u>	<u>1,194,545</u>
LIABILITIES		
Accrued expenses	284	151
Income taxes payable	—	23,055
Loan payable (Note 15)	14,500	—
Deferred tax liabilities (Note 8)	75,600	73,247
	<u>90,384</u>	<u>96,453</u>
Net assets	<u>\$ 1,008,877</u>	<u>\$ 1,098,092</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	\$ 199,191	\$ 203,598
Retained earnings	809,686	894,494
Total shareholders' equity	<u>\$ 1,008,877</u>	<u>\$ 1,098,092</u>

APPROVED BY THE BOARD:



DUNCAN N.R. JACKMAN

Director



JONATHAN SIMMONS

Director

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31	
	2022	2021
	(000's)	
INCOME		
Dividends		
Foreign	\$ 18,455	\$ 9,095
Canadian (Note 12)	24,015	51,680
	<u>42,470</u>	<u>60,775</u>
Interest and securities lending income	306	152
Other net fair value changes in investments (Note 9)	(59,786)	180,420
	<u>(17,010)</u>	<u>241,347</u>
EXPENSES		
Investment management and administrative costs (Note 12)	1,222	3,418
Professional fees	488	107
Directors' remuneration (Note 12)	381	376
Office and miscellaneous	306	254
Interest	219	—
Transfer, registrar and custody fees	199	242
	<u>2,815</u>	<u>4,397</u>
INCOME (LOSS) BEFORE INCOME TAXES	(19,825)	236,950
Provision for (recovery of) income taxes (Note 8)	(2,366)	25,142
NET INCOME (LOSS)	\$ (17,459)	\$ 211,808
EARNINGS (LOSS) PER COMMON SHARE		
- BASIC AND DILUTED (Note 13)	<u>\$ (3.15)</u>	<u>\$ 37.92</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Retained earnings	Total
	(000's)			
At January 1, 2022	\$ 203,598	\$ —	\$ 894,494	\$ 1,098,092
Net loss	—	—	(17,459)	(17,459)
Dividends (Note 11)	—	—	(55,196)	(55,196)
Repurchase and cancellation of common shares (Note 11)	(4,407)	—	(12,153)	(16,560)
At December 31, 2022	\$ 199,191	\$ —	\$ 809,686	\$ 1,008,877
At January 1, 2021	\$ 203,678	\$ 10	\$ 712,303	\$ 915,991
Net income	—	—	211,808	211,808
Dividends (Note 11)	—	—	(29,446)	(29,446)
Repurchase and cancellation of common shares (Note 11)	(80)	(10)	(171)	(261)
At December 31, 2021	\$ 203,598	\$ —	\$ 894,494	\$ 1,098,092

STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2022	2021
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income (loss)	\$ (17,459)	\$ 211,808
Adjustments for:		
Other net fair value changes in investments	59,786	(180,420)
Net sales of short-term investments	—	15,291
Purchases of investments	(346,454)	(616,037)
Proceeds from sale of investments	359,396	607,186
Dividends and interest receivable	(120)	5,198
Deferred taxes	2,353	(1,799)
Net change in other assets and liabilities	(33,525)	23,344
	23,977	64,571
Financing		
Increase in loan payable	20,000	—
Repayment of loan payable	(5,500)	—
Dividends paid to shareholders	(55,196)	(29,446)
Repurchase of common shares	(16,560)	(261)
Net increase (decrease) in cash and cash equivalents	(33,279)	34,864
Cash and cash equivalents at beginning of the year	46,110	11,246
Cash and cash equivalents at end of the year (Note 7)	\$ 12,831	\$ 46,110
Additional information for operating activities:		
Interest received	\$ 194	\$ 50
Dividends received, net of withholding taxes	40,751	64,886
Income taxes paid, net of refunds	26,055	2,203

(See accompanying notes)

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022

1. Description of business

Economic Investment Trust Limited (“Economic” or the “Company”) is a closed-end investment corporation. The head office, principal address and registered office of the Company is located at 165 University Avenue, Toronto, Ontario, M5H 3B8.

Economic trades 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 financial statements are presented in Canadian dollars which is the functional and presentation currency. These financial statements were approved by the Company’s Board of Directors on February 8, 2023.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss (“FVTPL”).

Investment entity

The Company has determined that it meets the definition of an investment entity and as a result, it measures its investment in an associate at FVTPL. An investment entity is an entity that (i) obtains funds from one or more investors for the purposes of providing them with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Financial instruments

The Company classifies its investments based on both the Company’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the Company’s business model objective. Consequently, all investments are classified and measured at fair value through profit or loss.

All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract’s effective interest rate. The cost of each investment and realized and unrealized gains and losses from investment transactions are determined on an average cost basis, and are presented in the statement of comprehensive income within Other net fair value changes in investments in the period in which they arise.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Interest income from short-term investments is recognized at the effective interest rate. Dividends are recognized as income on the ex-dividend date.

Purchases and sales of financial assets are recognized at their trade date. Receivables in respect to investments sold and payables in respect to investments purchased represent unsettled investment transactions.

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For publicly listed investments, the Company uses the last traded market price where this price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The investments in private companies that are not listed on a stock exchange are measured using the adjusted net asset method. This method estimates the fair values of the underlying net assets and liabilities of the private companies and considers adjustments for characteristics such as a minority marketability discount and control block premiums. The changes in fair value of each private company are included in Other net fair value changes in investments in the statement of comprehensive income.

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to financial assets and liabilities are included as a component of the Other net fair value change in investments in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and short term, highly liquid instruments with maturities of three months or less from the date of acquisition.

Short-term investments

Short-term investments include short-term, highly liquid instruments with maturities of greater than three months but less than a year from the date of acquisition.

Securities lending income

Securities lending income is recognized as earned.

Comprehensive income

The Company does not have any other comprehensive income and therefore comprehensive income equals net income which it reports in its statement of comprehensive income.

Earnings per share ("EPS")

Basic and diluted EPS is calculated by dividing the net income attributed to common shareholders of the Company by the weighted average number of Common Shares outstanding for the period. Refer to Note 13 for the calculation.

Income taxes

Income tax comprises both current and deferred tax. Income tax is recognized in the statement of income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and liabilities are recorded for the expected future income tax consequences of events that have been reflected in the statements or income tax returns.

Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases for assets and liabilities and for certain carry-forward items.

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

2. Summary of significant accounting policies (continued)

Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates, on the date of the enactment or substantive enactment.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

The Company currently incurs withholding taxes imposed by certain countries on investment income. Such income is recorded on a gross basis and the related withholding taxes are reflected within the Provision for income taxes in the statement of comprehensive income. Withholding taxes recoverable are included as a component of other assets in the Statement of financial position.

Future Accounting Changes

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements.

3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Company has made in preparing the financial statements:

Fair value of investments in private companies

The fair value of investments in private companies is measured using the adjusted net asset method which estimates the fair value of the underlying net assets and liabilities of the private companies. Refer to Note 5 for further details.

Deferred taxes

Estimates and assumptions are used primarily in the determination of the Company's deferred tax liabilities, as the income tax rates used in determining the liability is dependent on an assumption as to when a deferred tax liability is expected to be realized.

4. Risks associated with financial instruments

The Company faces various risks arising from its financial instruments. Under the supervision of the Board of Directors, management has developed policies to identify, measure and monitor these risks. These risks and their management are described below:

Credit risk

Credit risk is the risk of financial loss resulting from a counterparty's failure to discharge an obligation. The Company has a securities lending agreement with its custodian, RBC Investor & Treasury Services ("RBCITS"), whereby RBCITS lends securities to borrowers for a fee, which is shared with the Company. RBCITS receives fixed income and equities as collateral from borrowers, of at least 105% of the value of the securities loaned. In the event that the loaned securities are not returned to the Company by the borrower, RBCITS is responsible to restore the securities or pay to the Company the market value of the loaned securities. If the collateral is not adequate to pay the market value to the Company, RBCITS indemnifies the Company for the difference. The Company has recourse to the Royal Bank of Canada should RBCITS fail to discharge its obligations to the Company. At December 31, 2022 the Company had loaned securities with a fair value of approximately \$117,155,000 (2021 - \$nil) and RBCITS received approximately \$123,025,000 (2021 - \$nil) in collateral. There was no significant exposure to credit risk to other receivable balances because of their short-term nature.

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

4. Risks associated with financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Sufficient liquidity is maintained by regular monitoring of cash flow requirements. All liabilities, other than deferred tax liabilities, are due on demand or settle within three months of the year end.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which includes interest rate risk, foreign currency risk and other price risk.

The Company is not subject to significant interest rate risk, as its only fixed-interest investments and loan payable are short term in nature.

Currency risk arises from financial instruments denominated in foreign currencies. IFRS 7 - "Financial Instrument Disclosures" considers the foreign exchange exposures relating to non-monetary financial instruments to be a component of other price risk. The Company's distribution of underlying currency risk exposure of investments is as follows:

	2022	2021
	(000's)	
Canadian dollar	\$ 559,910	\$ 575,113
U.S. dollar	330,377	363,581
European Union euro	44,742	46,307
Japanese yen	27,548	31,584
British pound sterling	25,114	23,585
Hong Kong dollar	16,117	23,305
Swiss franc	11,999	14,019
Other	57,500	68,541
Investments	<u>\$ 1,073,307</u>	<u>\$ 1,146,035</u>

The Company is exposed to other price risk through its investment in equity securities. These risks are mitigated by using an investment manager that manages a diversified portfolio of securities.

A 10% fluctuation in global equity market prices, assuming all other factors are constant, would have an after-tax impact of approximately \$93,109,000 (2021 - \$99,419,000) on net income.

At December 31, 2022, cash and cash equivalents included the Canadian dollar equivalent of approximately \$136,000 (2021 - \$113,000) U.S. dollars, nil (2021 - 2,203,000) Norwegian krone and \$nil (2021 - \$290,000) Taiwanese dollars.

Concentration risk

Concentration risk exists when a significant portion of the investment portfolio is invested in a small number of companies or geographical areas. Concentration reduces the diversification of the investment portfolio and may result in greater volatility. At December 31, 2022, the Company's fair value of its direct and indirect investment in E-L Financial of \$411,975,000 (2021 - \$419,061,000) represented 38.4% (2021 - 36.6%) of Economic's total equity investments.

5. Financial instruments

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).

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

5. Financial instruments (continued)

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes 'observable' requires judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Company utilizes the adjusted net asset method to derive the fair value of investments in private companies by reference to the fair value of its net assets and liabilities, along with assessing a minority marketability discount and control block premiums, if any. These adjustments are unobservable inputs for fair value measurement. The adjusted net asset method has been determined most appropriate for an investment whose value is mainly derived from the holding of assets rather than from deploying those assets as part of a broader business. The Company identified a range of possible valuations which market participants could apply to the private companies. This analysis resulted in a range of plus or minus 10% of the fair value of the underlying net assets with a best estimate adjustment of zero. Taking this into account, the Company applied no minority marketability discount or control premium to the net asset value estimate of the private companies. If the minority marketability discount was 10%, or if the premium was 10%, with all other variables remaining constant, net assets would have decreased or increased on an after-tax-basis by approximately \$13,844,000 (2021 - \$14,699,000).

At December 31, 2022, the Company had \$913,724,000 (2021 - \$976,589,000) of Level 1 and \$159,583,000 (2021 - \$169,446,000) of Level 3 equity investments. There were no transfers between Level 1, 2 or 3 equity investments during the current or prior year.

The fair value change in private company investments was a decrease of \$9,863,000 (2021 - an increase of \$33,421,000) recognized in the statement of comprehensive income. There were no purchases, sales, issues or settlements of these investments during either year.

The carrying values of cash and cash equivalents, receivables and payables in respect of investments sold or purchased, dividends and interest receivable and loan payable and accrued expenses, approximate their fair values due to their short-term nature.

6. Investment in associate

The Company has the following investment in an associate.

TGV Holdings Limited ("TGV") is a private investment company incorporated in Canada. The principal address of TGV is located at 165 University Avenue, Toronto, ON, M5H 3B8. TGV is an investment vehicle for long-term growth through investments in common equities and is consistent with the Company's investment strategy and contributes to achieving the investment objective. TGV is exposed to other price risk and concentration risk primarily through indirect investments in The Bank of Nova Scotia.

	Ownership interest %	Carrying value	
		2022	2021
		(000's)	
TGV Holdings Limited	47.7%	\$ 13,189	\$ 16,245

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

7. Cash and cash equivalents

Components of cash and cash equivalents are as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
Cash	<u>\$ 12,831</u>	<u>\$ 46,110</u>

The following table presents cash and cash equivalents classified by the fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total fair value</u>
	(000's)			
December 31, 2022	\$ 12,831	\$ —	\$ —	\$ 12,831
December 31, 2021	46,110	—	—	46,110

8. Income taxes

The Company is a public corporation under the Income Tax Act and is subject to tax at normal corporate rates on its taxable net realized gains (losses) (Note 10) and on investment income other than taxable dividends received from corporations resident in Canada. Income taxes are assessed on income (loss) before income taxes. The current enacted corporate income tax rate as it impacts the Company stands at 26.5%. The effective tax rate varies from the combined statutory rate as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
Income taxes at statutory rate	\$ (5,254)	\$ 62,792
Variance as a result of:		
Non-taxable portion of (gains) losses	7,922	(23,906)
Tax-paid dividends	(6,364)	(13,695)
Other	1,330	(49)
Provision for (recovery of) income taxes	<u>\$ (2,366)</u>	<u>\$ 25,142</u>

The Company's provision for income taxes includes provisions for current and deferred income taxes as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
Current	\$ (4,719)	\$ 26,941
Deferred	2,353	(1,799)
Provision for (recovery of) income taxes	<u>\$ (2,366)</u>	<u>\$ 25,142</u>

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

8. Income taxes (continued)

Deferred tax liabilities are non-current and arise from the timing of the inclusion of accrued dividends for income tax purposes and from differences between the carrying value and the tax cost of the investments. Details of the deferred tax liabilities are as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
Unrealized appreciation of investments	\$ 75,383	\$ 73,072
Accrued dividends receivable	217	175
Deferred tax liabilities	<u>\$ 75,600</u>	<u>\$ 73,247</u>

Deferred tax expense included in net income represents movements related to the following items:

	<u>2022</u>	<u>2021</u>
	(000's)	
Investments	\$ 2,311	\$ (1,789)
Accrued dividends	42	(10)
Deferred income taxes	<u>\$ 2,353</u>	<u>\$ (1,799)</u>

During the year ended December 31, 2022, the Company paid income tax balances totaling \$26,075,000 (2021 - \$2,914,000) and received income tax refunds totaling \$20,000 (2021 - \$711,000). These items are classified as cash flows from operating activities in the cash flow statement.

The Company is also subject to a special tax of up to approximately 38% on taxable dividends received from corporations resident in Canada. This tax is refundable on payment of taxable dividends to shareholders at the rate of approximately 38% of such dividends paid. The accumulated amount of refundable dividend tax at December 31, 2022 amounts to approximately \$55,000 (2021 - \$48,000).

9. Other net fair value changes in investments

The Other net fair value changes in investments is comprised as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
Net realized gains (losses)	\$ (78,291)	\$ 193,428
Net change in unrealized appreciation	18,505	(13,008)
	<u>\$ (59,786)</u>	<u>\$ 180,420</u>

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

10. Net realized gain

The following are the details of the net realized gain during the years indicated:

	2022	2021
	(000's)	
Proceeds on sales of investments	\$ 359,396	\$ 607,186
Cost of investments, beginning of year	584,771	382,492
Cost of investments purchased during year	346,454	616,037
	<u>931,225</u>	<u>998,529</u>
Cost of investments, end of year	493,538	584,771
Cost of investments, sold during year	437,687	413,758
Net realized gain (loss)	<u>\$ (78,291)</u>	<u>\$ 193,428</u>

11. Share capital and share premium

The Company's Articles of Continuance provide for an authorized capital of 200,000 Preferred Shares, issuable in series, and an unlimited number of Common Shares. Of the 200,000 Preferred Shares so authorized, 100,000 are designated as 5% Cumulative Preferred Shares Series A ("Preferred Shares Series A").

The capital stock account of the Company is as follows:

	Authorized	Issued and Outstanding	2022	2021
	(000's)			
Common Shares				
Issued and outstanding	unlimited	5,464,628	\$ 199,191	
Common Shares				
Issued and outstanding	unlimited	5,585,535		\$ 203,598
			2022	2021
	Number of shares	Amount	Number of shares	Amount
	(000's)		(000's)	
Common shares, beginning of year	5,585,535	\$ 203,598	5,587,735	\$ 203,678
Repurchase and cancellation of shares	(120,907)	(4,407)	(2,200)	(80)
Common shares, end of year	<u>5,464,628</u>	<u>\$ 199,191</u>	<u>5,585,535</u>	<u>\$ 203,598</u>

On August 16, 2022 the Company announced its intention to commence a substantial issuer bid ("SIB") pursuant to which the Company offered to purchase up to \$20,000,000 of its outstanding Common Shares for cash. As of December 31, 2022 the Company had taken up and paid for 103,007 Common Shares at a price of \$140.00 per Share. The Common Shares acquired under the SIB represent an aggregate purchase price of \$14,421,000. As required by securities legislation, the NCIB was suspended during the SIB.

On March 4, 2022, the Company obtained approval from the TSX to renew its normal course issuer bid ("NCIB") to purchase up to 279,276 Common Shares between March 9, 2022 and March 8, 2023. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to 1,000 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase.

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

11. Share capital and share premium (continued)

For the year ended December 31, 2022, 17,900 (2021 - 2,200) shares were purchased under the NCIB at an average price of \$119.46 (2021 - \$118.64) per share for a total consideration of \$2,139,000 (2021 - \$261,000). The total amount paid to purchase the shares is allocated to share capital, share premium, and retained earnings in the statements of changes in equity. The amount allocated to share capital is based on the average cost per Common Share and amounts paid above the average cost are allocated to share premium and retained earnings.

Dividends during the year were paid as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
On Common Shares:		
Quarterly - \$0.30 (2021 - \$0.30) quarterly per share	\$ 6,658	\$ 6,704
Additional - \$8.69 (2021 - \$4.07) per share	<u>48,538</u>	<u>22,742</u>
Total	<u>\$ 55,196</u>	<u>\$ 29,446</u>

The Company's dividend policy is to distribute annual net investment income. The distributions are composed of quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year. During the year, the Company paid quarterly dividends totaling \$1.20 (2021 - \$1.20) per Common Share and an additional dividend of \$8.69 (2021 - \$4.07) per Common Share.

An additional dividend of \$4.98 per Common Share, and the \$0.30 regular quarterly dividend, were declared by the Board of Directors at its meeting on February 8, 2023, with a record and payable date of March 15, 2023 and March 31, 2023, respectively.

The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

12. Related party information

The Company has investments in related parties (see Schedule of Investment Portfolio) with a fair value at December 31, 2022 of \$543,594,000 (2021 - \$556,908,000) representing 50.6% (2021 - 48.6%) of the total investments. Dividends from these companies for the year ended December 31, 2022 amounted to \$23,351,000 (2021 - \$51,583,000).

E-L Financial holds a 24.7% (2021 - 24.1%) interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment manager and are paid monthly. The total fees for the year ended December 31, 2022 amounted to \$592,000 (2021 - \$621,000).

The ultimate controlling party of the Company and of these related parties is The Honourable Henry N.R. Jackman together with a trust created in 1969 by his father, Henry R. Jackman.

Compensation of key management personnel

Key management personnel comprise the directors of the Company and their remuneration is as follows:

	<u>2022</u>	<u>2021</u>
	(000's)	
Directors' compensation and other short-term benefits	<u>\$ 381</u>	<u>\$ 376</u>

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2022 (continued)

13. Earnings per share (“EPS”)

Basic and diluted EPS

EPS is calculated as follows (in thousands of dollars, except for weighted average number of Common Shares outstanding and per Common Share amounts):

	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ (17,459)	\$ 211,808
Weighted average number of Common Shares outstanding	5,547,739	5,586,384
Basic and diluted earnings (loss) per Common Share	\$ (3.15)	\$ 37.92

14. Capital

The Company’s capital comprises shareholders’ equity, which is invested, directly and indirectly, in 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 Company’s strategy 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 Company monitors its capital via its assessment of shareholders’ equity.

15. Loan payable

On September 26, 2022, the Company drew \$20,000,000 from its operating facility with a Canadian chartered bank. On September 28, 2022, the Company paid down \$5,500,000 from its operating facility. The facility has a borrowing limit of \$30,000,000 and the Company has granted the bank a security interest in certain equity investments. The Company is able to borrow funds in an amount up to 50% of the fair value of investments pledged. As at December 31, 2022 the security interest in the equity investments granted to the bank would be limited to \$29,000,000. Interest accrues at the prime rate of the bank minus 25 basis points and the loan is payable on demand. During January 2023, the Company repaid the outstanding balance on this facility.

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2022

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	Canada			
2,126,380	Algoma Central Corporation ¹	\$ 2,973	\$ 38,743	
8,076	Canadian National Railway Company	1,256	1,300	
41,000	Canadian Natural Resources Limited	2,066	3,083	
17,900	Canadian Utilities Limited	641	656	
386,206	E-L Financial Corporation Limited ¹	26,116	345,268	
33,101	Ecando Investments Limited			
	Classes A, B and Common ^{1, 2, 3}	4,139	67,501	
176,414	The Fulcrum Investment Company			
	Limited ^{1, 2}	464	32,993	
3,900	George Weston Limited	574	655	
12,700	Imperial Oil Limited	536	838	
6,200	Loblaw Companies Ltd.	635	742	
53,437	Manulife Financial Corporation	1,197	1,291	
8,900	Metro Inc.	587	667	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and Common ^{1, 2, 4}	2,115	45,900	
22,415	Rogers Communications, Inc. Class B	1,196	1,420	
30,800	Royal Bank of Canada	3,995	3,921	
37,962	Shopify Inc. Class A	1,600	1,785	
4,837	TGV Holdings Limited Class B ^{1, 2, 4, 5}	318	13,189	
14,359	Toronto Dominion Bank	1,203	1,259	
		<u>51,614</u>	<u>561,211</u>	52.3
	United States			
33,150	Abbvie Inc.	5,548	7,256	
36,686	Aflac Inc.	2,910	3,575	
7,258	Airbnb, Inc. Class A	1,094	840	
49,200	Alphabet Inc. Class A	3,495	5,879	
27,377	Alphabet Inc. Class C	3,779	3,290	
77,140	Altria Group, Inc.	4,559	4,776	
38,430	American Electric Power Company, Inc.	4,287	4,942	
3,960	American Financial Group, Inc.	708	736	
7,129	Ameriprise Financial, Inc.	2,476	3,006	
69,292	Apple Inc.	15,135	12,194	
20,537	Applied Materials, Inc.	2,477	2,709	
1,104	Autozone, Inc.	2,104	3,688	
22,540	Berkshire Hathaway Inc. Class B	6,684	9,430	
19,780	Blackstone Inc.	2,476	1,988	
1,103	Booking Holdings Inc.	3,112	3,011	
13,776	Bristol Myers Squibb Company	1,333	1,342	
8,893	Broadcom Inc.	6,731	6,735	
9,654	Cboe Global Markets Inc.	1,434	1,641	
12,499	CBRE Group, Inc. Class A	1,223	1,303	
695	Chipotle Mexican Grill, Inc.	1,280	1,306	
7,144	Cigna Corporation	2,833	3,206	
2,618	Cintas Cp	1,260	1,601	
44,225	Cisco Systems, Inc.	2,465	2,854	
38,697	Citigroup Inc.	2,453	2,371	
14,924	Coca Cola Co. (The)	1,160	1,286	
10,092	Comcast Corporation Class A	488	478	
41,000	ConocoPhillips	3,683	6,553	
8,900	Crown Castle Inc.	1,622	1,635	
50,144	CSX Corporation	2,349	2,104	
35,700	CVS Health Corporation	4,592	4,506	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2022

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
United States (continued)				
14,928	D.R. Horton, Inc.	\$ 1,350	\$ 1,802	
34,560	Devon Energy Corporation	1,736	2,879	
17,541	Dollar General Corporation	4,454	5,850	
3,263	Dollar Tree Inc.	585	625	
12,980	DTE Energy Company	1,990	2,066	
31,905	Duke Energy Corporation	4,262	4,450	
17,517	Electronic Arts Inc.	2,875	2,899	
7,710	Elevance Health Inc.	4,366	5,357	
15,134	Emerson Electric Co.	1,799	1,969	
23,650	EOG Resources, Inc.	2,543	4,149	
61,740	Exxon Mobile Corporation	4,833	9,223	
36,570	Firstenergy Corp.	1,888	2,077	
277,044	Ford Motor Company	4,965	4,364	
18,529	Gaming and Leisure Properties, Inc.	1,266	1,307	
11,520	General Dynamics Corporation	3,042	3,871	
6,790	Genuine Parts Company	1,158	1,596	
11,847	Gilead Sciences, Inc.	1,258	1,378	
11,004	Goldman Sachs Group, Inc. (The)	5,215	5,118	
21,750	Hartford Financial Services Group, Inc. (The)	1,907	2,234	
6,146	HCA Healthcare, Inc.	1,723	1,997	
31,324	Interpublic Group of Companies, Inc. (The)..	1,242	1,413	
34,430	Johnson & Johnson	4,046	8,238	
16,457	JPMorgan Chase & Co	2,461	2,989	
7,155	Keysight Technologies Inc.	1,295	1,658	
3,506	KLA Corporation	1,680	1,790	
4,974	Lam Research Corporation	2,513	2,831	
12,556	Lennar Corporation Class A	1,322	1,539	
13,550	LKQ Corporation	985	980	
11,178	LyondellBasell Industries N.V. Cl A	1,234	1,257	
4,480	Marriott International, Inc.	869	903	
1,379	MercadoLibre Inc.	1,280	1,581	
10,494	Merck & Co. Inc. New	1,263	1,577	
15,487	Microchip Technology Incorporated	1,292	1,474	
35,148	Microsoft Corporation	3,968	11,416	
14,786	Morgan Stanley	1,773	1,703	
4,664	Motorola Solutions Inc	1,278	1,628	
33,389	Nike Inc. Class B	4,396	5,291	
15,150	Nucor Corporation	2,096	2,705	
22,630	NVIDIA Corporation	4,541	4,479	
10,610	Omnicom Group Inc.	987	1,172	
13,007	ON Semiconductor Corporation	1,165	1,099	
23,510	Oneok, Inc.	1,785	2,092	
33,860	Oracle Corporation	1,608	3,749	
5,330	Owens Corning	618	616	
28,204	Paychex, Inc.	4,381	4,414	
17,896	Pfizer Inc.	1,276	1,242	
53,447	Philip Morris International Inc.	6,431	7,326	
53,960	PPL Corporation	2,031	2,135	
10,566	Principal Financial Group	1,250	1,201	
37,200	Procter & Gamble Company (The)	6,119	7,636	
7,729	Qualcomm Incorporation	1,243	1,151	
7,578	Quest Diagnostics Incorporated	1,351	1,606	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2022

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	United States (continued)			
11,350	Raymond James Financial, Inc.....	\$ 1,415	\$ 1,643	
48,872	Regions Financial Corporation	1,315	1,427	
9,433	Simon Property Group, Inc.	1,233	1,501	
2,660	Snap-On Inc.....	735	823	
14,195	Starbucks Corporation	1,585	1,907	
22,287	Steel Dynamics, Inc.	2,027	2,949	
20,220	Texas Instruments Incorporated	4,953	4,525	
8,180	Hershey Company (The)	1,999	2,566	
66,370	Williams Companies, Inc. (The).....	2,206	2,957	
3,633	Thermo Fisher Scientific Inc.	2,741	2,710	
34,495	Trade Desk, Inc. (The).....	2,484	2,094	
1,130	Ulta Beauty, Inc.....	566	718	
11,117	Union Pacific Corporation	3,526	3,118	
21,629	United Parcel Service, Inc.	5,564	5,093	
14,099	Unitedhealth Group Incorporated	8,950	10,124	
8,254	Waste Management Inc.....	1,730	1,754	
19,080	Weyerhaeuser Company	834	801	
9,390	W.P. Carey Inc.	960	994	
2,170	W.W. Grainger, Inc.....	1,429	1,635	
30,251	Yum China Holdings, Inc.	2,022	2,239	
		<u>267,018</u>	<u>313,919</u>	<u>29.2</u>
	Total North America.....	<u>318,631</u>	<u>875,129</u>	<u>81.5</u>
	Europe, excluding United Kingdom			
48,873	ABB Ltd.....	1,779	2,011	
10,611	Accenture plc Class A.....	4,373	3,835	
40,630	ArcelorMittal S.A.	1,192	1,444	
3,681	Asml Holding N.V.	2,493	2,681	
367,022	Banco Bilbao Vizcaya Argentaria, S.A.	2,412	2,990	
11,659	Bayerische Motoren Werke AG	1,220	1,406	
320,584	CaixaBank S.A.....	1,287	1,702	
686	Capgemini SE.....	159	155	
20,550	Chubb Limited.....	5,104	6,140	
45,196	Compagnie de Saint-Gobain S.A.....	2,375	2,983	
48,472	Crédit Agricole S.A.....	663	689	
18,963	Danone	1,302	1,350	
104,604	Deutsche Post AG	5,033	5,320	
19,253	Equinor ASA.....	853	931	
91,496	Iberdrola, S.A.....	1,288	1,446	
77,389	Infineon Technologies AG	2,440	3,181	
100,836	Ing Groep N.V.	1,221	1,660	
19,668	Julius Baer Group Ltd.	1,258	1,553	
3,327	Linde Public Limited Company	1,244	1,470	
32,849	Mercedes-Benz Group AG.....	2,878	2,916	
24,300	Nestle S.A.	2,162	3,817	
363,698	Nordea Bank Abp.....	4,872	5,280	
15,462	Novo Nordisk A/S.....	2,180	2,837	
8,858	Roche Holding AG Genussscheine	2,400	3,773	
614	Roche Holding AG	332	323	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2022

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	Europe, excluding United Kingdom (cont'd)			
7,771	Sanofi.....	\$ 970	\$ 1,009	
41,778	Societe Generale.....	1,194	1,418	
27,274	STMicroelectronics N.V.....	1,275	1,301	
7,424	Swatch Group AG (The).....	539	523	
81,500	TotalEnergies SE.....	5,155	6,911	
30,996	Vinci SE.....	3,855	4,181	
		65,507	77,234	7.2
	Emerging Markets			
334,800	Ambev Sa.....	1,315	1,245	
1,639,501	América Móvil, S.A.B. De C.V.....	2,082	2,014	
94,800	Arca Continental Sab De C.V.....	766	1,042	
21,582	Arch Capital Group Ltd.....	1,286	1,835	
3,738,000	Bank Of China Ltd.....	1,862	1,844	
170,200	BB Suguros Participacoes.....	810	1,470	
4,500	BGF Retail Co., Ltd.....	743	1,021	
366,000	China Medical System Holdings Limited.....	738	781	
966,000	China Pharmaceutical Group.....	1,410	1,376	
544,000	China Resources Land Ltd.....	2,583	3,378	
259,500	China Shenhua Energy Company Limited....	782	1,016	
119,000	Chunghwa Telecom Co., Ltd.....	631	593	
302,500	CK Asset Holdings Limited.....	2,515	2,525	
115,900	Coca-Cola Femsa S.A.B. De C.V.....	915	1,062	
36,100	DBS Group Holdings Ltd.....	1,127	1,237	
247,000	Far Eastone Telecommunications Co., Ltd. ...	713	718	
24,259	Grindrod Limited.....	17	19	
39,195	Gruma, S.A.B. De C.V.....	621	710	
213,600	Grupo Bimbo, Sab De C.V.....	766	1,222	
189,024	Grupo Financiero Barnote Sab De C.V.....	1,597	1,838	
762	Hyundai Mobis Co., Ltd.....	165	165	
4,929	Hyundai Motor Co Ltd 2nd Preferred.....	543	393	
5,275	Hyundai Motor Co Ltd. Preferred.....	564	421	
244,000	Industrial and Commercial Bank of China Limited.....	162	170	
7,347	Kia Motors Corporation.....	493	470	
33,187	LG Corporation.....	2,492	2,794	
256,000	Lite-On Technology Corporation.....	730	721	
38,700	Magnit PJSC.....	760	1	
90,000	Mediatek Inc.....	2,616	2,482	
58,803	Momentum Metropolitan Hldgs.....	74	81	
113,102	MTN Group Limited.....	1,154	1,149	
59,000	NetEase, Inc.....	1,146	1,173	
224,600	OUTsurance Holdings Limited.....	436	565	
17,003	Pinduoduo Inc.....	1,521	1,878	
224,500	Ping An Insurance (Group) Company of China, Ltd.....	1,289	2,014	
5,454	Posco.....	1,248	1,626	
32,207	Remgro Limited.....	322	342	
1,885,000	Sino Biopharmaceutical Limited.....	1,244	1,496	
38,215	Standard Bank Group Limited.....	501	512	
63,000	Taiwan Semiconductor Manufacturing Company Limited.....	1,312	1,247	
5,900	Tencent Holdings Limited.....	329	342	
758,000	United Microelectronics Corporation.....	1,254	1,361	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2022

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	Emerging Markets (continued)			
332,300	Vale S.A.	\$ 6,075	\$ 7,567	
424,151	Wal-Mart de México SAB de CV	2,162	2,022	
		<u>51,871</u>	<u>57,938</u>	5.4
	Japan			
102,500	Astellas Pharma Inc.	2,125	2,112	
99,900	Canon Inc.	3,071	2,930	
72,900	Itochu Corporation	2,757	3,104	
83,600	KDDI Corporation	3,190	3,419	
59,100	Mitsui & Co., Ltd.	1,747	2,339	
66,400	Nippon Telegraph And Telephone Corporation	2,392	2,565	
112,400	ORIX Corporation	2,384	2,445	
17,800	Sompo Holdings, Inc.	1,017	1,071	
129,400	Takeda Pharmaceutical Company Limited ...	4,624	5,463	
72,300	Tokio Marine Holdings, Inc.	1,743	2,099	
		<u>25,051</u>	<u>27,548</u>	2.6
	United Kingdom			
73,461	Anglo American plc.	3,469	3,881	
1,975	Ashtead Group plc	164	152	
272,246	BAE Systems plc	2,937	3,804	
1,016,931	Barclays Plc.	2,491	2,631	
53,930	British American Tobacco plc.	2,852	2,889	
58,500	Evrast plc.	605	—	
30,631	Experian plc.	1,271	1,406	
3,334,212	Lloyds Banking Group plc.	2,560	2,471	
16,568	Next plc.	1,314	1,570	
57,825	RELX plc.	2,322	2,159	
		<u>19,987</u>	<u>20,963</u>	2.0
	Australia			
122,552	BHP Billiton Ltd. NPV	4,363	5,142	
86,800	BHP Group Limited.	2,809	3,641	
177,221	National Australia Bank Limited.	4,722	4,899	
24,935	Woodside Energy Group Ltd.	595	810	
		<u>12,490</u>	<u>14,493</u>	1.3
	Total investments	<u>\$ 493,538</u>	<u>\$1,073,307</u>	<u>100.0</u>

¹ These companies and Economic are related parties.

² Not listed on a stock exchange.

³ The net assets of Ecando Investments Limited are invested primarily in shares of E-L Financial Corporation Limited.

⁴ The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia.

⁵ Investment in associate (see Note 6).

Economic Investment Trust Limited

Economic Investment Trust Limited was the first closed-end investment trust formed in Canada in the 1920's. The trust was sponsored by the chartered accounting firm of George A. Touche & Company.

The initial capitalization consisted of 32,250 shares issued in 1927 at \$50 for a total of \$1,612,500. In addition, \$1,000,000 of 30 year 5% Collateral Trust Gold Bonds were issued in 1927, making the total amount of initial capital subscribed \$2,612,500.

FINANCIAL RECORD - 1928 - 2022 **(Unaudited)**

Year Ended March 31	Total Net Assets at Carrying Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Investment Income Available For Common Shares	Net Equity Value per Common Share=
1928	\$ 2,776,143	\$ 1,000,000	\$ —	\$ 1,776,143	\$ 59,836	\$ 0.81
1929	2,990,242	1,000,000	—	1,990,242	108,757	0.77
1930	3,064,552	1,000,000	—	2,064,552	132,219	0.76
1931	2,344,127	1,000,000	—	1,344,127	109,133	0.50
1932	1,412,796	990,000	—	422,796	69,803	0.16
1933	1,161,715	962,500	—	199,215	36,538	0.07
1934	1,808,188	959,500	—	848,688	29,378	0.31
1935	1,838,293	949,500	—	888,793	27,665	0.33
1936	2,353,313	949,500	—	1,403,813	39,181	0.52
1937	3,084,608	949,500	—	2,135,108	83,259	0.79
1938	2,028,005	1,000,000	—	1,028,005	89,611	0.38
1939	2,322,361	1,000,000	—	1,322,361	73,262	0.49
1940	2,779,329	1,000,000	—	1,779,329	64,964	0.66
1941	2,350,199	1,000,000	—	1,350,199	89,373	0.50
1942	2,145,074	1,000,000	—	1,145,074	86,242	0.42
1943	2,604,866	1,000,000	—	1,604,866	79,552	0.59
1944	2,889,930	1,000,000	—	1,889,930	91,189	0.70
1945	3,238,955	1,000,000	—	2,238,955	93,286	0.82
1946	3,896,005	1,000,000	—	2,896,005	83,594	1.07
1947	3,663,744	1,000,000	—	2,663,744	88,005	0.98
1948	3,522,969	1,000,000	—	2,522,969	103,576	0.93
1949	3,555,427	1,000,000	—	2,555,427	146,777	0.94
1950	3,835,291	1,000,000	—	2,835,291	164,712	1.04
1951	5,083,980	1,250,000	—	3,833,980	187,339	1.13
1952	5,242,547	1,250,000	—	3,992,547	224,680	1.18
Year End Dec. 31						
1953	5,197,984	1,250,000	—	3,947,984	189,902	1.16
1954	6,579,007	1,250,000	—	5,329,007	203,946	1.57
1955	8,972,261	2,000,000	—	6,972,261	244,543	1.71
1956	9,927,524	3,000,000	—	6,927,524	268,643	1.70
1957	8,299,244	2,940,000	—	5,359,244	267,456	1.30
1958	10,802,381	2,940,000	—	7,862,381	244,745	1.91
1959	11,125,555	2,920,000	—	8,205,555	250,593	1.99
1960	11,462,158	2,902,500	—	8,559,658	279,614	2.06
1961	15,222,285	2,509,500	—	12,712,785	348,260	2.41
1962	15,959,655	2,000,000	2,100,000	11,859,655	373,627	2.11
1963	17,633,299	2,000,000	2,100,000	13,533,299	395,390	2.41
1964	20,955,088	—	5,250,000	15,705,088	426,318	2.80
1965	21,897,735	—	5,250,000	16,647,735	457,768	2.97
1966	19,613,106	—	5,250,000	14,363,106	487,222	2.56
1967	23,076,097	—	5,128,462	17,947,635	540,082	3.20
1968	27,392,675	—	5,061,263	22,331,412	490,882	3.98
1969	25,942,615	—	5,061,263	20,881,352	518,281	3.72

Economic Investment Trust Limited

FINANCIAL RECORD - 1928 - 2022 (continued) (Unaudited)

Year Ended Dec 31	Total Net Assets at Carrying Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Investment Income Available For Common Shares	Net Equity Value per Common Share=
1970	\$ 24,365,591	\$ —	\$ 5,061,263	\$ 19,304,328	\$ 557,159	\$ 3.44
1971	27,254,532	—	5,056,013	22,198,519	540,382	3.95
1972	34,888,401	—	5,056,013	29,832,388	594,727	5.31
1973	32,612,656	—	5,056,013	27,556,643	621,910	4.91
1974	24,135,473	—	5,024,513	19,110,960	726,197	3.40
1975	26,585,662	—	4,870,950	21,714,712	863,375	3.87
1976	31,637,836	3,000,000	4,738,387	23,899,449	875,571	4.26
1977	36,995,088	3,000,000	4,685,677	29,309,411	901,695	5.22
1978	47,494,243	4,000,000	4,622,677	38,871,556	1,252,333	6.92
1979	57,999,880	4,000,000	4,526,340	49,473,540	1,324,406	8.81
1980	76,697,109	4,000,000	4,375,665	68,321,444	2,194,507	12.17
1981	64,064,872	4,000,000	4,239,165	55,825,707	1,639,037	9.94
1982	68,178,899	4,000,000	4,104,503	60,074,396	2,020,002	10.70
1983	89,218,448	4,000,000	3,973,253	81,245,195	1,999,146	14.47
1984	92,329,348	4,000,000	3,792,915	84,536,433	2,300,654	15.06
1985	110,213,106	4,000,000	3,588,690	102,624,416	2,255,834	18.28
1986	116,528,995	—	3,582,600	112,946,395	3,010,235	20.11
1987	107,137,081	—	3,388,350	103,748,731	3,262,872	18.48
1988	117,278,175	—	3,388,350	113,889,825	4,057,330	20.28
1989	138,902,425	—	3,209,850	135,692,575	11,033,069	24.16
1990	111,688,074	—	3,078,600	108,609,474	4,507,819	19.34
1991	121,167,500	—	2,947,350	118,220,150	3,686,237	21.05
1992	118,601,216	—	2,816,100	115,785,116	4,425,086	20.62
1993	160,510,602	—	2,684,850	157,825,752	4,132,163	28.11
1994	157,005,838	—	2,553,600	154,452,238	3,607,944	27.50
1995	173,784,673	—	2,411,850	171,372,823	3,707,690	30.52
1996	220,022,041	—	2,267,475	217,754,566	4,229,442	38.78
1997	315,642,038	—	2,151,975	313,490,063	4,496,004	55.82
1998	312,297,757	—	1,957,725	310,340,032	5,020,547	55.26
1999	335,118,175	—	1,847,475	333,270,700	4,053,649	59.35
2000	409,292,748	—	1,758,225	407,534,523	4,681,449	72.57
2001	374,087,462	—	1,600,725	372,486,737	5,039,506	66.33
2002	344,740,715	—	1,539,038	343,201,677	4,380,966	61.12
2003	407,910,297	—	1,528,538	406,381,759	4,658,868	72.37
2004	459,289,335	—	1,523,288	457,766,047	8,655,782	81.52
2005	560,240,525	—	1,523,288	558,717,237	5,671,936	99.49
2006	691,296,065	—	404,250	690,891,815	7,241,971	123.03
2007	636,213,949	—	404,250	635,809,699	7,938,813	113.22
2008	413,157,193	—	404,250	412,752,943	8,582,896	73.50
2009	484,281,125	—	—	484,281,125	6,032,950	86.24
2010	514,671,117	—	—	514,671,117	5,374,380	91.65
2011	420,120,642	—	—	420,120,642	6,446,173	74.81
2012	471,609,113	—	—	471,609,113	6,367,642	83.98
2013	694,064,708	—	—	694,064,708	42,951,106	123.60
2014	687,494,354	—	—	687,494,354	7,619,908	122.43
2015	744,706,000	—	—	744,706,000	8,129,097	132.62
2016	776,400,585	—	—	776,400,585	10,904,424	138.26

Economic Investment Trust Limited

FINANCIAL RECORD - 1928 - 2022 (continued) (Unaudited)

Year Ended Dec 31	Total Net Assets at Carrying Value*	Funded Debt	Preferred Shares Outstanding**	Net Equity Behind Common Shares	Net Investment Income Available For Common Shares	Net Equity Value per Common Share=
2017	\$ 853,473,765	\$ —	\$ —	\$ 853,473,765	\$ 11,256,055	\$ 151.98
2018	802,572,390	—	—	802,572,390	12,489,097	142.92
2019	903,616,098	—	—	903,616,098	15,262,344	160.91
2020	915,990,934	—	—	915,990,934	29,520,436	163.93
2021	1,098,091,923	—	—	1,098,091,923	55,242,096	196.60
2022	1,008,877,082	14,500,000	—	1,008,877,082	34,271,735	184.62

Net equity value per Common Share and net investment income available for Common Shares are non-GAAP measures.

This chart is drawn from the individual annual reports and has not been restated for any subsequent changes in accounting policies.

* Total assets at fair value less current liabilities exclusive of funded debt and preferred shares. For the years 1972 to 2000, total net assets include refundable capital gains taxes on hand.

** Preferred Shares at redemption price of \$52.50 per share.

= As of December 31, 2022 there were 5,464,628 common shares outstanding. The calculation of net equity value is restated to reflect the following:

Historical Stock Dividends								
Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price	Date	Stock dividend rate	Issue price
1951	5 for 2	Split	1988	1 for 63	\$ 64.26	1997	1 for 13.3767	\$ 160.52
1963	5 for 1	Split	1989	1 for 67	70.35	1998	1 for 29.0495	152.51
1982	1 for 8	\$ 50.08	1990	1 for 56	82.32	1999	1 for 35.8532	144.13
1983	1 for 7	49.07	1991	1 for 30	64.80	2000	1 for 30.4794	148.13
1984	1 for 20	60.00	1994	1 for 27.7	91.41	2001	1 for 5.81549	172.72
1985	1 for 22	59.40	1995	1 for 28.78	86.34	2001	2 for 1	Split
1986	1 for 31	69.75	1996	1 for 38.4246	96.83	2001	1 for 24.1111	69.44
1987	1 for 17	71.40	1997	1 for 37.6442	117.45			

Economic Investment Trust Limited

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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 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

