Economic Investment Trust Limited

2008 Annual Report

Economic Investment Trust Limited

THE YEAR AT A GLANCE
82nd Annual Report

	2008 [1]	2007 [1]
Net equity value per Common Share [2]	**$ 73.50**	$ 113.22
Net investment income per Common Share [2]	**$ 1.53**	$ 1.41
Decrease in net assets from operations per Common Share	**$ (39.18)**	$ (8.48)
Dividends per Common Share	**$ 0.60**	$ 0.60
Net assets	**$ 413,157**	$ 636,214
Investment income	**$ 14,809**	$ 13,374
Net investment income	**$ 8,602**	$ 7,958
Number of Common Shares outstanding at year end	**5,615,535**	5,615,535

[1] In thousands of Canadian dollars, except number of Common Shares outstanding and per share amounts.
[2] See Management's Discussion and Analysis for Use of Non-GAAP Measures.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders will be held at 11:45 a.m. on Thursday, April 2, 2009, in the Meeting Room of The Dominion of Canada General Insurance Company, 4th Floor, 165 University Avenue, Toronto. All shareholders are invited to attend.

BOARD OF DIRECTORS

IRVING R. GERSTEIN	President Glenoak Capital
DUNCAN N. R. JACKMAN	Chairman, President and Chief Executive Officer E-L Financial Corporation Limited
R.B. MATTHEWS	President Manitou Capital Corporation
J. MICHAEL ROLLAND	President and Chief Executive Officer Borealis Infrastructure Management Inc.
MARK M. TAYLOR	Executive Vice-President and Chief Financial Officer E-L Financial Corporation Limited

HONORARY DIRECTORS

WILLIAM J. CORCORAN	Vice-Chairman Jarislowsky Fraser Limited
THE HONOURABLE HENRY N. R. JACKMAN	Honorary Chairman The Empire Life Insurance Company

OFFICERS

DUNCAN N. R. JACKMAN	Chairman and President
RICHARD B. CARTY	Corporate Secretary
FRANK J. GLOSNEK	Treasurer

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 position and results of operations for the years ended December 31, 2008 and 2007. This MD&A should be read in conjunction with the December 31, 2008 year-end financial statements of Economic Investment Trust Limited ("Economic" or the "Company") which form part of this Annual Report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian dollars.

The 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 disclosure will occur, or if they do, that any benefits may be derived from them.

Investment Strategy

Economic is a closed-end investment corporation, the shares of which trade on the Toronto Stock Exchange (EVT, EVT.PR.A). Economic has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest bearing short-term securities pending the selection of suitable equity investments.

The objective of the Company is to earn an above average rate of return primarily through long-term capital appreciation and dividend income. The equity investments in the portfolio currently reflect investment opportunities all over the world.

The investment portfolio of the Company is comprised of a mix of high and low yielding foreign and Canadian investments. Net investment income, net realized gain (loss) on investments, net change in unrealized appreciation of investments and Net equity value per Common Share will vary significantly from period to period depending on the selection of the global equities which move with the constantly changing economic environment and market conditions.

The majority of the foreign portion of the investment portfolio is managed by Sanford C. Bernstein & Co. LLC ("Bernstein"), a wholly owned subsidiary of Alliance Bernstein L.P. Bernstein is a global investment manager that commenced operations in 1967. As part of its mandate, Bernstein is allowed to hedge the foreign currency exposure of any non-Canadian investment that it manages.

At December 31, 2008, the Company managed all of the Canadian equities in the portfolio, except for Petro-Canada which is part of the Bernstein portfolio. These Company-managed investments comprise 54.2% (2007 - 46.9%) of the investment portfolio. The performance of this portion of the portfolio is primarily derived from investments in E-L Financial Corporation Limited and, to a lesser extent, Algoma Central Corporation and The Bank of Nova Scotia. E-L Financial Corporation Limited, Algoma Central Corporation and the Company can be significantly influenced by the same party. In management's view, these long-term investments are consistent with the Company's investment strategy and contribute to achieving the investment objective. Further related party information is provided in Note 8 to the financial statements and in the Statement of Investments.

As the Company's investment philosophy is focused on 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Use of Non-GAAP Measures

This MD&A contains references to "Net equity value per Common Share" and "Net investment income per Common Share". These terms do not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

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

	December 31 2008	December 31 2007
Net assets, at fair value	$ 413,157	$ 636,214
Deduct:		
Cost of redemption of Preferred Shares Series A	404	404
Net equity value	$ 412,753	$ 635,810
Common Shares outstanding	5,615,535	5,615,535
Net equity value per Common Share	$ 73.50	$ 113.22

Net investment income per Common Share is calculated as follows:

	Three months ended December 31		Year ended December 31	
	2008	2007	2008	2007
Decrease in net assets from operations per Common Share	$ (17.16)	$ (7.02)	$ (39.18)	$ (8.48)
Add: Net loss on investments per Common Share	17.34	7.30	40.71	9.89
Net investment income per Common Share	$ 0.18	$ 0.28	$ 1.53	$ 1.41

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Market Review

In Canadian dollar terms, in 2008, the S&P/TSX Composite Index decreased 33.0%, the MSCI World Index declined 26.5% and the S&P 500 Index decreased 21.9%. Comparatively, in 2007, the S&P/TSX Composite Index increased 9.8%, the MSCI World Index decreased 7.5% and the S&P 500 Index declined 10.6%. The return on global investments was adversely impacted by the worldwide financial crisis and fears of recession. In this economic environment, the global equity portfolio managed by Bernstein declined by 45.0% in 2008 compared to a decrease of 8.6% in 2007.

The Company's Net equity value per Common Share decreased to $73.50 at December 31, 2008 from $113.22 at the prior year end. With dividends reinvested at month-end net equity values, the Company's net equity value return decreased 34.7% in 2008, compared to a decline of 6.9% in 2007.

Change in Note Disclosure

Effective January 1, 2008, the Company adopted Section 1535, "Capital Disclosures", as issued by The Canadian Institute of Chartered Accountants. This standard requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This disclosure is provided in Note 10 to these financial statements.

The Company also adopted Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". These standards replace Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing disclosure requirements, and carrying forward unchanged, presentation requirements. These new standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. These standards impact the Company's disclosures provided but do not affect the Company's results of operations or financial statements. These disclosures are provided in Note 7 to these financial statements.

Operating Results - 2008

Net investment income

The net investment income of the Company increased to $8,602,000 in 2008 from $7,958,000 in 2007, an increase of 8.1%. This result is primarily attributable to an increase in both foreign and Canadian dividends in 2008 as compared to 2007. These dividend increases were offset, in part, by an increase in the provision for income taxes. As a result of large realized losses on investments during the year, the Company could not utilize its foreign withholding taxes as a credit against Canadian income taxes. Instead these foreign withholding taxes were taken as a deduction in the calculation of taxable income. The increased income tax impact for the year related to these foreign withholding taxes was approximately $1,004,000.

The operating expenses of the Company decreased to $1,956,000 in 2008 from $2,367,000 in 2007. The majority of the expenses, including investment management and administrative costs and custody fees, are market based and will decrease in a fiscal year where equity markets decline. Despite the decrease in operating expenses of the Company, the management expense ratio remained at 0.35% of average net assets for the current and prior year. There are no investment management or administrative fees charged on the internally managed investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net gain (loss) on investments

The Company realized a net loss on the sale of investments, including losses on the maturity of forward foreign currency contracts, of $43,539,000 in 2008 compared to a net gain of $33,335,000 in 2007. The large decrease from the prior year reflects equity losses realized in the worldwide financial services sector and companies impacted by the global recession. The most significant equity losses in the year resulted from the sale of Fortis Group, Freddie Mac and Fannie Mae. Also a realized loss of approximately $12,596,000 resulted from the maturity of forward foreign currency contracts, compared to a gain of $12,927,000 in the prior year. The Company has carried back these losses against prior years' gains and has recognized a recovery of prior years' income taxes paid of $9,564,000.

The Company's unrealized appreciation of investments decreased in 2008 by $184,746,000 to $81,638,000 at December 31, 2008 from $266,384,000 at the prior year end. Unrealized decreases occurred across most investment sectors during the year as a result of the global financial crisis and general economic slowdown. The decrease in unrealized appreciation also reflects the decline in the fair value of the Company's largest direct investment, E-L Financial Corporation Limited, which decreased approximately $47,047,000 or 25.0% during the year.

Operating Results - Fourth Quarter, 2008

Global stock markets posted generally large negative returns during the quarter ended December 31, 2008 as most sectors experienced considerable declines reflecting the deepening financial crisis and rapidly deteriorating prospects. In Canadian dollar terms, in the fourth quarter of 2008, the S&P/TSX Composite Index decreased 22.7%, the MSCI World Index declined 9.6% and the S&P 500 Index decreased 9.8%.

The Company's Net equity value per Common Share decreased to $73.50 at December 31, 2008 from $90.80 at September 30, 2008. With dividends reinvested at month-end net equity values, the Company's net equity value return decreased 18.9% in the fourth quarter of 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Three Year Results

A summary of various financial data for each of the last three years is as follows:

	2008	2007	2006
	(In thousands of dollars, except per share amounts)		
Net realized and unrealized gain (loss) on investments	**$(228,604)**	**$** (55,538)	$127,714
Net realized and unrealized gain (loss) on investments per Common Share	**(40.71)**	(9.89)	22.74
Total assets	**429,128**	681,284	766,508
Investment income	**14,809**	13,374	12,433
Net investment income	**8,602**	7,958	7,275
Net investment income per Common Share	**1.53**	1.41	1.29
Cash dividends per Common Share	**0.60**	0.60	0.60
Cash dividends per Preferred Share Series A	**2.50**	2.50	2.50

The value of Economic's global investment portfolio is impacted by stock selection, equity markets and currency movements. In fiscal 2008, the performance of Economic was negatively impacted by a decline in global markets as a result of the worldwide financial crisis and fears of recession. Furthermore, the value of the Company's largest equity investment, E-L Financial Corporation Limited, was also negatively impacted by related declines experienced in the global financial services sector.

The fluctuations in investment income and net investment income are due to changes in dividend income that is earned by the Company. The dividend income is determined by the dividend policies of the corporations that are held as investments in our global investment portfolio.

During the third quarter, the Company suspended its securities lending activities due to concerns of potential counterparty risk in the current economic environment.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Quarterly Review - Fiscal 2008 and 2007

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

	2008			
	Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Investment income	$ 3,512	$ 5,876	$ 2,489	$ 2,932
Net investment income	2,178	3,811	1,586	1,027
Net loss on investments	(44,736)	(6,146)	(80,298)	(97,424)
Per Common Share [1]				
Net investment income	$ 0.39	$ 0.67	$ 0.29	$ 0.18
Net loss on investments	(7.97)	(1.09)	(14.31)	(17.34)
Decrease in net assets from operations	$ (7.58)	$ (0.42)	$ (14.02)	$ (17.16)

	2007			
	Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Investment income	$ 2,900	$ 4,916	$ 2,979	$ 2,579
Net investment income	1,640	2,951	1,789	1,578
Net gain (loss) on investments	10,312	7,648	(32,505)	(40,993)
Per Common Share [1]				
Net investment income	$ 0.29	$ 0.53	$ 0.31	$ 0.28
Net gain (loss) on investments	1.84	1.35	(5.78)	(7.30)
Increase (decrease) in net assets from operations	$ 2.13	$ 1.88	$ (5.47)	$ (7.02)

[1] The Net investment income per Common Share is net of dividends paid on the Preferred Shares Series A during the period.

The investment income is primarily derived from dividend income that is earned by the Company. While North American investments generally pay regular quarterly dividends, investments outside of North America pay less frequently. Generally, dividends earned on investments outside of North America peak in the second quarter of the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 of December 31, 2008. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at December 31, 2008.

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 GAAP. Under the supervision of management, an evaluation of the Company's internal control over financial reporting was carried out as at December 31, 2008. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2008. No changes were made in the Company's internal control over financial reporting during the year ended December 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Risks

The Company faces various risks arising from its financial instruments. Under the supervision of the Board of Directors, management has developed policies to identify 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 may be, from time to time, exposed to credit risk associated with its securities lending program with its custodian, RBC Dexia Investor Services Trust ("RBC Dexia"), as its lending agent. The Company may also be, from time to time, exposed to counterparty risk associated with forward foreign currency contracts. The Company reviews the credit worthiness of the counterparties on an ongoing basis. At the year end, the Company had no exposure to these types of arrangements.

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.

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 foreign currency risk, interest rate risk and other price risk.

The Company is not subject to significant interest rate risk, as its only fixed-interest investments are short term in nature. The Company's exposure to foreign currency risk may be mitigated by the use of forward foreign currency contracts by the investment manager. The other price risk of the portfolio is the volatility and risk of capital loss, associated with investments in equities, which is partly mitigated through diversification.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Concentration risk

Concentration risk exists when a significant portion of the investment portfolio is invested in a small number of companies. Concentration reduces the diversification of the investment portfolio and may result in greater volatility. At December 31, 2008, the Company's fair value of its direct and indirect investment in E-L Financial Corporation Limited of $173,385,000 (2007 - $230,537,000) represents 42.8% (2007 - 34.3%) of Economic's equity investments.

The Company's exposure to risks is also addressed in the Company's Annual Information Form.

Share Data

At December 31, 2008, there are 5,615,535 Common Shares issued and outstanding and each share is entitled to one vote. There are 7,700 5% Cumulative Preferred Shares Series A issued and outstanding.

Liquidity and Capital Resources

Quarterly dividends were paid on the Common Shares and Preferred Shares Series A. The quarterly per share dividend was $0.15 on the Common Shares and $0.625 on the Preferred Shares Series A. The payment of the Company's quarterly dividends is funded by net investment income. For the year ended December 31, 2008, net investment income was $8,602,000 as compared to dividend payments of $3,389,000.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board of the CICA confirmed that IFRS will replace Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. As a result, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which current and comparative information will be prepared on an IFRS basis. In light of these requirements, the Company has developed an IFRS transition project plan.

The Company's project plan includes four phases: analysis, design and planning, solution development and implementation. The project timeline anticipates completing the analysis phase in early 2009, with design and planning, and solution development commencing in the latter part of 2009. Preliminary implementation will commence in 2010.

To date, management has attended courses and seminars in order to acquire IFRS financial reporting expertise and to assist in the comparison of current Canadian GAAP to IFRS standards. Management has also communicated to the Audit Committee of the Board, on a quarterly basis, progress in the project plan.

Management currently anticipates that business activities will not change materially as the key performance indicator for an investment company, Net equity value per Common Share, will remain unchanged on the conversion to IFRS. Management also understands that, at the present time, Canadian GAAP has substantially converged with IFRS, in particular with respect to the valuation of investments.

Management believes that the Company may have to change its accounting systems to capture information related to additional disclosures under IFRS.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The Company anticipates that analysis and related changes will take place in 2009 and onwards with respect to internal control over financial reporting as well as disclosure controls and procedures.

At this point in the project, the Company is not able to reasonably estimate the detailed financial reporting impact of the transition to IFRS. As material decisions are determined throughout the transition project plan, these decisions will be communicated externally in quarterly and / or annual communications to shareholders.

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.

Duncan N.R. Jackman
Chairman and President

February 5, 2009

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended December 31, 2008:

DATA PER COMMON SHARE	**2008**	2007	2006	2005	2004
NET EQUITY VALUE, beginning of year	**$ 113.22**	$ 122.23[1]	$ 99.49	$ 81.52	$ 72.37
INCOME (DECREASE) IN NET ASSETS FROM OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	**1.53**	1.41	1.30	1.02	1.55
Net gain (loss) on investments	**(40.71)**	(9.89)	22.74	17.47	8.71
	(39.18)	(8.48)	24.04	18.49	10.26
CASH DIVIDENDS TO SHAREHOLDERS					
Common Shares	**(0.60)**	(0.60)	(0.60)	(0.60)	(0.60)
Preferred Shares Series A	**(0.00)**	(0.00)	(0.01)	(0.01)	(0.01)
	(0.60)	(0.60)	(0.61)	(0.61)	(0.61)
TAXATION CHANGES					
Net decrease (increase) in refundable dividend tax on hand	**0.06**	0.07	0.11	0.09	(0.50)
NET EQUITY VALUE, end of year	**$ 73.50**	$ 113.22	$123.03[1]	$ 99.49	$ 81.52

[1] The net equity value at the beginning of fiscal 2007 reflects the change in accounting policy, adopted January 1, 2007, from the valuation of investments at closing market prices to closing bid prices.

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 Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgement. 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 auditors prior to recommending the audited financial statements and related disclosure for approval by the Board.

The shareholders of the Company appointed the external auditors, PricewaterhouseCoopers LLP. The external auditors 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 this page.

Duncan N.R. Jackman	Frank J. Glosnek
Chairman and President	Treasurer

February 5, 2009

AUDITORS' REPORT

To the Shareholders of
Economic Investment Trust Limited:

We have audited the accompanying statement of net assets of Economic Investment Trust Limited as at December 31, 2008 and 2007, the statement of investments as at December 31, 2008 and the statements of operations, retained earnings and changes in net assets for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

February 5, 2009
Toronto, Canada

Chartered Accountants, Licensed Public Accountants

STATEMENT OF NET ASSETS

	December 31 2008	December 31 2007
	(000's)	
ASSETS		
Investments, at fair value (cost - $311,414; 2007 - $364,062) (Note 8)	**$ 405,487**	$ 674,449
Cash	**8,941**	5,519
Receivable in respect of investments sold	**2,684**	575
Accrued income on investments	**507**	618
Income taxes receivable	**11,381**	—
Other assets	**128**	123
	429,128	681,284
LIABILITIES		
Accounts payable and accrued liabilities	**205**	337
Payable in respect of investments purchased	**3,236**	505
Income taxes payable	**—**	11
Future income taxes (Note 3)	**12,530**	44,217
	15,971	45,070
Net assets, at fair value	**$ 413,157**	$ 636,214
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	**$ 205,076**	$ 205,076
Contributed surplus (Note 6)	**1,492**	1,492
Unrealized appreciation of investments (Note 4)	**81,638**	266,384
Retained earnings	**124,951**	163,262
Total shareholders' equity	**$ 413,157**	$ 636,214

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN Director

R.B. MATTHEWS Director

(See accompanying notes)

STATEMENT OF OPERATIONS

	Year ended December 31 2008	2007
	(000's)	
INVESTMENT INCOME		
Dividends:		
Foreign	**$ 11,575**	$ 10,418
Canadian (Note 8)	**2,898**	2,569
	14,473	12,987
Interest, including securities lending income (Note 9)	**336**	387
	14,809	13,374
Expenses:		
Investment management and administrative costs (Note 8)	**1,278**	1,760
Directors' and officers' remuneration	**134**	95
Office and miscellaneous	**221**	167
Transfer, registrar and custody fees	**273**	301
Professional fees	**50**	44
	1,956	2,367
Investment income before income taxes	**12,853**	11,007
Provision for income taxes (Note 3)	**4,251**	3,049
NET INVESTMENT INCOME	**8,602**	7,958
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized gain (loss) on investments (Note 5)	**(43,539)**	33,335
Net change in unrealized appreciation of investments (Note 4)	**(184,746)**	(88,537)
Transaction costs on purchase and sale of investments	**(319)**	(336)
NET LOSS ON INVESTMENTS	**(228,604)**	(55,538)
DECREASE IN NET ASSETS FROM OPERATIONS	**$ (220,002)**	$ (47,580)
DECREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	**$ (39.18)**	$ (8.48)

(See accompanying notes)

STATEMENT OF RETAINED EARNINGS

	Year ended December 31 2008	2007
	(000's)	
RETAINED EARNINGS, BEGINNING OF YEAR	**$ 163,262**	$ 125,291
Add:		
Net investment income	**8,602**	7,958
Net realized gain (loss) on investments	**(43,539)**	33,335
Refundable dividend taxes recovered	**1,130**	1,130
	129,455	167,714
Deduct:		
Dividends (Note 6)	**3,389**	3,389
Transaction costs on purchase and sale of investments	**319**	336
Provision for refundable dividend taxes	**796**	727
	4,504	4,452
RETAINED EARNINGS, END OF YEAR	**$ 124,951**	$ 163,262

STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31 2008	2007
	(000's)	
DECREASE IN NET ASSETS FROM OPERATIONS	**$ (220,002)**	$ (47,580)
DIVIDENDS TO SHAREHOLDERS		
Preferred Shares Series A	**(20)**	(20)
Common Shares	**(3,369)**	(3,369)
	(3,389)	(3,389)
TAXATION CHANGES		
Net decrease in refundable dividend taxes on hand	**334**	403
DECREASE IN NET ASSETS	**(223,057)**	(50,566)
NET ASSETS, BEGINNING OF YEAR	**636,214**	686,780
NET ASSETS, END OF YEAR	**$ 413,157**	$ 636,214

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008

1. Description of business

Economic Investment Trust Limited ("Economic" or "the Company") is a closed-end investment corporation, incorporated under The Companies Act (Canada) by letters patent dated January 28, 1927 and continued under the Canada Business Corporations Act by Certificate of Continuance dated June 20, 1980.

Economic trades on the Toronto Stock Exchange (EVT, EVT.PR.A). Economic has always been an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

2. Summary of significant accounting policies

Carrying value of investments

The Company is an investment company as defined by accounting guideline AcG-18 "Investment Companies". Consequently, as required by AcG-18, the Company has measured all of its investments at fair value, and has presented them on this basis in these financial statements.

The fair values of investments listed on stock exchanges are based on closing bid prices. The fair values of investments not listed on stock exchanges have been determined by management based on the underlying fair values of the net assets represented by such investments.

These fair values, determined on the basis of closing bid prices of such investments, do not necessarily represent the realizable value of the total holdings. The actual realizable value could be more or less than the value indicated by those bid prices.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reported period. Actual results could differ from those estimates. Estimates and assumptions are used primarily in the determination of the Company's future income tax liabilities, as the income tax rates used in determining the liability is dependent on an assumption as to when a future income tax liability is expected to be realized.

Forward foreign currency contracts

The Company periodically utilizes forward foreign currency contracts to reduce currency exposure on foreign equity investments. Contracts are carried at fair value and, on maturity, the realized gain (loss) is included in net realized gain (loss) on investments.

Investment transactions

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are calculated on an average cost basis. Transaction costs on the purchase and sale of investments are recognized immediately in net gain (loss) on investments.

Dividend and interest income

Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.

Translation of foreign currency

- Monetary assets and liabilities and the fair value of investments denominated in foreign currencies, are converted into Canadian dollars at the rates of exchange established on each valuation date;
- Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions;

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (continued)

2. Summary of significant accounting policies (continued)

- Realized foreign currency exchange gains (losses) on investments are included in "net realized gain (loss) on investments" in the Statement of Operations; and
- Unrealized foreign currency exchange gains (losses) on investments are included in "net change in unrealized appreciation of investments" in the Statement of Operations.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years in which the capital gains (losses) are expected to be realized.

Financial instruments

Investments are carried at estimated fair value. The fair values of all other assets and liabilities approximate their carrying values due to their short-term maturity.

Significant disclosure change

Effective January 1, 2008, the Company adopted Section 1535, "Capital Disclosures", as issued by The Canadian Institute of Chartered Accountants. This standard requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. This disclosure is provided in Note 10 to these financial statements.

The Company also adopted Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation". These standards replace Section 3861, "Financial Instruments – Disclosure and Presentation", revising and enhancing disclosure requirements, and carrying forward unchanged, presentation requirements. These new standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. These standards impact the Company's disclosures provided but do not affect the Company's results of operations or financial statements. These disclosures are provided in Note 7 to these financial statements.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (continued)

3. Income taxes

The Company is a public corporation under the Income Tax Act and is subject to tax at normal corporate rates on its realized net taxable capital gains (losses) (Note 5) and on investment income other than taxable dividends received from corporations resident in Canada. The Company is also subject to a special tax of up to 33 1/3% on taxable dividends received from corporations resident in Canada. This special tax is refundable on payment of taxable dividends to shareholders at the rate of $1.00 of each $3.00 of such dividends paid. The amount eligible for refund as at December 31, 2008, all of which is included in the Statement of Retained Earnings, amounted to approximately $975,000 (2007 - $1,310,000).

	2008	2007
Basic combined federal and provincial rate	33.50%	36.12%
Effect of foreign withholding taxes	10.09	—
Effect of other adjustments	(0.89)	0.01
Effective income tax rate	42.70%	36.13%

	(000's)	
Applied to:		
Net investment income	$ 8,602	$ 7,958
Add: Provision for income taxes	4,251	3,049
	12,853	11,007
Less: Dividends from taxable Canadian corporations	2,898	2,569
	$ 9,955	$ 8,438
Provision for income taxes	$ 4,251	$ 3,049

The Company's income tax expense includes provisions for current and future income taxes as follows:

	2008	2007
	(000's)	
Current	$ 4,369	$ 3,043
Future	(118)	6
Provision for income taxes	$ 4,251	$ 3,049

Future income tax liabilities arise primarily from differences between the fair value and the tax cost of the investments as well as the timing of the inclusion of accrued dividends for income tax purposes. Details of future income taxes as at December 31 are as follows:

	2008	2007
	(000's)	
Unrealized appreciation of investments	$ 12,435	$ 44,003
Accrued dividends	170	207
Other	(75)	7
Future income taxes	$ 12,530	$ 44,217

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (continued)

4. Unrealized appreciation of investments

The details of unrealized appreciation of investments and the change for the year then ended are as follows:

	Dec. 31 2008	Dec. 31 2007	Change in 2008	Change in 2007
		(000's)		
Investments at fair value	$ 405,487	$ 674,449	$(268,962)	$ (76,706)
Investments at cost	311,414	364,062	(52,648)	37,367
Unrealized appreciation of investments before provision for income taxes	94,073	310,387	(216,314)	(114,073)
Provision for income taxes	12,435	44,003	(31,568)	(25,536)
Unrealized appreciation of investments	$ 81,638	$ 266,384	$(184,746)	$ (88,537)

5. Net realized gain (loss) on investments

The following are the details of the net realized gain (loss) on investments during the years indicated:

	2008	2007
	(000's)	
Proceeds on sales of investments	$ 118,327	$ 146,699
Cost of investments, beginning of year	364,062	326,695
Cost of investments purchased during the year	118,782	143,462
	482,844	470,157
Cost of investments, end of year	311,414	364,062
Cost of investments sold during the year	171,430	106,095
Realized gain (loss) on investments sold before income taxes	(53,103)	40,604
Provision for (recovery of) income taxes on realized net capital gain (loss)	(9,564)	7,269
Net realized gain (loss) on investments	$ (43,539)	$ 33,335

6. Capital stock, contributed surplus and dividends

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 were designated as 5% Cumulative Preferred Shares Series A ("Preferred Shares Series A").

As a result of purchases for cancellation, of the 100,000 Preferred Shares originally designated as Preferred Shares Series A, 7,700 remained outstanding as at December 31, 2008. At December 31, 2008, there were 5,615,535 Common Shares outstanding.

The Preferred Shares Series A have a cumulative dividend of $2.50 per share per annum and are redeemable at any time at the option of the Company at a price of $52.50 per share together with any unpaid dividends. The Articles of Continuance provide that the Company, in the reasonable exercise of its discretion, shall annually purchase for cancellation 2,500 Preferred Shares Series A at a price not to exceed $50.00 per share.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (continued)

6. Capital stock, contributed surplus and dividends (continued)

The following cash dividends were paid during the years ended December 31:

	2008	(000's)	2007
On Preferred Shares Series A, $2.50 per share	$ 20		$ 20
On 5,615,535 Common Shares, $0.60 per share	3,369		3,369
	$ 3,389		$ 3,389

The capital stock account of the Company as at December 31 is as follows:

	2008	(000's)	2007
Preferred Shares Series A			
Issued and outstanding - 7,700 shares....................	$ 385		$ 385
Common Shares			
Issued and outstanding - 5,615,535 shares.............	204,691		204,691
	$ 205,076		$ 205,076

The contributed surplus of the Company as at December 31 is as follows:

	2008	(000's)	2007
Contributed surplus...	$ 1,492		$ 1,492

7. Risk management of 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 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, from time to time, is exposed to credit risk associated with its securities lending program with its custodian, RBC Dexia Investor Services Trust ("RBC Dexia"), as its lending agent. The Company is also, from time to time, exposed to counterparty risk associated with forward foreign currency contracts. The Company reviews the credit worthiness of the counterparties on an ongoing basis. At the year end, the Company had no exposure to these types of arrangements.

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.

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. Market risk includes foreign currency risk, interest rate risk and other price risk.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (continued)

7. Risk management of financial instruments (continued)

The Company is not subject to significant interest rate risk, as its only fixed-interest investments are short term in nature. The Company's exposure to foreign currency risk may be mitigated by the use of forward foreign currency contracts by the investment manager. The other price risk of the portfolio is the volatility and risk of capital loss, associated with investments in equities, which is partly mitigated through diversification.

The impact on net assets from operations of a reasonably possible change in each of foreign currency and other price risk, as at December 31, 2008, is described below:

- Foreign currency – The primary foreign currency exposure is the US dollar. A 10% fluctuation in the US dollar would have an impact of approximately $6,033,000 on net assets from operations.
- Other price risk – A 10% fluctuation in market prices would have an impact of approximately $34,669,000 on net assets from operations.

Concentration risk

Concentration risk exists when a significant portion of the investment portfolio is invested in a small number of companies. Concentration reduces the diversification of the investment portfolio and may result in greater volatility. At December 31, 2008, the Company's fair value of its direct and indirect investment in E-L Financial Corporation Limited of $173,385,000 (2007 - $230,537,000) represents 42.8% (2007 - 34.3%) of Economic's equity investments.

8. Related party information

The Company has investments in companies which can be significantly influenced by a party that can significantly influence the Company (see Statement of Investments). The Company also has a direct significant influence in TGV Holdings Limited. These significantly influenced companies have a fair value of $219,594,000 (2007 - $316,292,000) representing 54.2% (2007 - 46.9%) of the investment portfolio. Dividends from these companies for the year ended December 31, 2008 amounted to $2,845,000 (2007 - $2,569,000).

Included in investment management and administrative costs are fees for administrative services paid to E-L Financial Corporation Limited, a company that can be significantly influenced by a party that can significantly influence the Company. The total fees for the year ended December 31, 2008 amounted to $298,000 (2007 - $422,000). These transactions are in the normal course of business.

9. Securities lending

The Company has entered into a securities lending program with its custodian, RBC Dexia. The Company will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally comprise obligations guaranteed by the Government of Canada or a province thereof, or other governments with appropriate credit ratings. In the event that any of the loaned securities are not returned to RBC Dexia, RBC Dexia at its option, may either restore to the Company securities identical to the loaned securities or it will pay to the Company the value of the collateral up to but not exceeding the market value of the loaned securities on the date on which the loaned securities were to have been returned to RBC Dexia ("Valuation date"). If the collateral is not sufficient to allow RBC Dexia to pay such market value to the Company, RBC Dexia shall indemnify the Company for the difference between the fair value of the securities and the value of such collateral on the Valuation date.

At December 31, 2008, the Company has no securities on loan (2007 - $51,447,000) and held no collateral (2007 - $55,306,000). During the year, the Company recognized $188,000 (2007 - $161,000) in securities lending income. Securities loaned in the program earn income at market securities lending rates. The securities lending agreements are revolving and can be terminated at any time by the borrower, the agent or the Company.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008 (continued)

10. Capital

The Company's capital comprises shareholders' equity, which is invested primarily in common equities investments on a global basis. The Company's strategy is to earn net investment income, net realized gains and appreciation on investments. The Company aims to manage its capital in order to provide an adequate return to its shareholders over the long term.

The Company monitors its capital via its assessment of shareholders' equity. The shareholders' equity of the Company as at December 31 is as follows:

	2008	2007
	(000's)	
Shareholders' equity	$ 413,157	$ 636,214

11. Statement of cash flows

A statement of cash flows has not been provided, as it would not provide any additional meaningful information that is not already disclosed in the financial statements.

12. Future accounting changes

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the transition date for publicly reported companies to adopt IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for January 1, 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2008

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	North America			
	Canada			
212,638	Algoma Central Corporation [2]	$ 2,974	$ 10,791	
343,706	E-L Financial Corporation Limited [2]	7,466	140,919	
33,101	Ecando Investments Limited, Classes A, B and common [2, 3]	4,139	31,307	
176,414	The Fulcrum Investment Company Limited [2, 3]	464	7,108	
216,900	NVG Holdings Limited, Classes B, C, D, E and common [1, 2, 3]	2,115	22,979	
132,000	Petro-Canada	5,664	3,513	
4,837	TGV Holdings Limited, Class B [1, 2, 3, 4]	318	6,490	
		23,140	223,107	55.0
	United States			
191,700	Altria Group, Inc.	3,980	3,535	
348,100	American International Group, Inc.	13,688	665	
12,600	Apache Corporation	994	1,152	
50,600	AT&T Inc.	1,782	1,767	
96,100	Bank of America Corp.	1,934	1,644	
19,000	Black & Decker Corporation	1,741	971	
23,200	Cardinal Health, Inc.	937	980	
223,000	CBS Corporation	6,901	2,237	
78,000	Chevron Corporation	5,826	7,047	
145,300	Citigroup Inc.	1,467	1,219	
69,500	ConocoPhillips	4,011	4,412	
64,800	Fifth Third Bancorp	947	654	
53,200	Hartford Financial Services Group, Inc.	4,300	1,068	
13,400	Home Depot, Inc. (The)	322	378	
102,100	JPMorgan Chase & Co.	4,724	3,947	
88,300	Kroger Co. (The)	2,022	2,853	
146,600	Macy's, Inc.	6,626	1,858	
31,300	McKesson Corp.	1,974	1,483	
99,400	Merck & Co. Inc.	3,646	3,697	
55,970	Metlife, Inc.	2,051	2,390	
41,200	Morgan Stanley	1,872	809	
260,800	Motorola, Inc.	1,361	1,412	
5,000	News Corporation, Class B	57	59	
267,300	Pfizer Inc.	6,946	5,826	
67,500	Philip Morris International Inc.	3,142	3,602	
214,100	Sprint Nextel Corporation	6,048	482	
276,500	Time Warner Inc.	5,608	3,403	
		94,907	59,550	14.7
	Total North America	118,047	282,657	69.7
	Latin America			
67,500	Companhia Vale do Rio Doce ADR	1,868	880	0.2

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STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2008 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Europe, excluding United Kingdom			
37,900	Air France-KLM	$ 1,429	$ 592	
37,450	Allianz SE	9,142	4,776	
60,410	ArcelorMittal	2,391	1,761	
80,000	BASF SE	4,836	3,758	
4,500	Bayer AG	313	317	
42,700	BNP Paribas SA	3,833	2,192	
116,430	Credit Agricole S.A.	2,732	1,588	
117,600	Credit Suisse Group AG	5,540	3,861	
97,300	Deutsche Bank AG	8,197	4,637	
165,000	Deutsche Lufthansa AG	3,244	3,189	
84,000	E.ON AG	3,347	4,016	
116,500	ENI S.p.A.	2,822	3,271	
17,000	Fondiaria - Sai S.p.A.	809	371	
157,700	ING Groep N.V.	5,588	1,970	
437,200	Intesa Sanpaolo	1,962	1,847	
48,750	Lukoil ADR	4,260	1,886	
12,400	Michelin Cie Class B	1,317	794	
204,008	MMC Norilsk Nickel JSC-ADR	2,886	1,589	
31,000	Muenchener Rueckversicherungs-Gesellschaft AG	4,856	5,781	
105,900	Nokia Oyj	2,112	2,004	
63,500	Renault SA	6,873	2,008	
41,330	Sanofi-Aventis	3,135	3,198	
9,100	Solvay SA	1,298	823	
122,650	Statoilhydro ASA	3,603	2,452	
225,500	Stora Enso Oyj	3,902	2,122	
543,300	Telecom Italia S.p.A.	1,011	1,066	
26,900	Total SA	2,350	1,784	
77,239	UBS AG	1,254	1,303	
		95,042	64,956	16.0
	United Kingdom			
413,946	Aviva plc	4,667	2,889	
830,700	Barclays plc	3,355	2,269	
108,900	GlaxoSmithKline plc	2,519	2,500	
1,094,460	HBOS plc	8,173	1,351	
127,000	HSBC Holdings plc	1,843	1,505	
301,000	Lloyds TSB Group plc	990	678	
1,755,632	Royal Bank of Scotland Group plc (The)	9,343	1,546	
225,600	Royal Dutch Shell plc	8,920	7,201	
1,715,950	Vodafone Group Plc	4,910	4,269	
		44,720	24,208	6.0

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STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2008 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Asia			
1,564,000	AU Optronics Corp.	1,420	1,440	
4,392,000	China Petroleum & Chemical Corporation (Sinopec)	2,588	3,255	
725,328	Compal Electronics Inc.	4,816	2,327	
31,463	Emerging Markets Investors Fund [3]	1,981	1,322	
385,000	Fujitsu Limited	2,703	2,223	
13,690	Hyundai Mobis	1,452	835	
51,200	KB Financial Group, Inc.	2,077	1,669	
287,500	Mitsubishi Chemical Holdings Corporation	2,670	1,520	
103,700	Mitsubishi Corporation	2,516	1,732	
179,000	Mitsui Chemicals Inc.	1,527	785	
731,700	Nissan Motor Co., Ltd.	7,974	3,158	
10,900	Orix Corporation	2,159	731	
5,110	Samsung Electronics Co., Ltd.	3,166	2,240	
1,900	Samsung Electronics Co., Ltd., preferred	842	478	
280,000	Sharp Corporation	4,642	2,395	
494	Sumitomo Mitsui Financial Group, Inc.	3,632	2,506	
1,228,480	United Microelectronics Corporation ADR.	4,532	3,009	
		50,697	31,625	7.8
	Australia			
88,900	Australia and New Zealand Banking Group Limited	1,040	1,161	0.3
	Total investments	$ 311,414	$ 405,487	100.0

[1] The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia.
[2] These companies and Economic can be significantly influenced by the same party.
[3] Not listed on a stock exchange.
[4] Subject to direct significant influence by the Company.

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 - 2008

Year Ended March 31	Total Net Assets at Fair 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

FINANCIAL RECORD - 1928 - 2008 (continued)

Year Ended Dec 31	Total Net Assets at Fair 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

* 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, 2008 there were 5,615,535 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			

CORPORATE INFORMATION

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EXTERNAL INVESTMENT MANAGER	Sanford C. Bernstein & Co., LLC, New York
BANKER	The Bank of Nova Scotia
AUDITOR	PricewaterhouseCoopers LLP, Toronto
CUSTODIAN	RBC Dexia Investor Services Trust
TRANSFER AGENT AND REGISTRAR	Computershare Investor Services Inc. 100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1 Tel: 416-981-9633 Toll Free: 1-800-564-6253

TORONTO STOCK EXCHANGE LISTINGS

Common	EVT
5% Cumulative Preferred Shares Series A	EVT.PR.A

NET EQUITY VALUE

The Company's Net equity value per Common Share is published weekly on the Globe and Mail's website (www.globefund.com) and on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

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

WEBSITE	www.evt.ca