Economic Investment Trust Limited

2009 Annual Report

Economic Investment Trust Limited

THE YEAR AT A GLANCE
83rd Annual Report

	2009 [1]	2008 [1]
Net equity value per Common Share [2]	**$ 86.24**	$ 73.50
Net investment income per Common Share [2]	**$ 1.07**	$ 1.53
Increase (decrease) in net assets from operations per Common Share	**$ 13.29**	$ (39.18)
Dividends per Common Share	**$ 0.60**	$ 0.60
Net assets	**$ 484,281**	$ 413,157
Investment income	**$ 9,613**	$ 14,809
Net investment income	**$ 6,051**	$ 8,602
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 Tuesday, April 6, 2010, 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	Chairman Manitou Investment Management Ltd.
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, 2009 and 2008. This MD&A should be read in conjunction with the December 31, 2009 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). 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.

At December 31, 2009, all of the Canadian equities in the portfolio are long-term investments, except for Nexen Inc. which is part of the Sanford C. Bernstein & Co., LLC ("Bernstein") managed portfolio. The Canadian long-term investments comprise 52.5% (2008 - 54.2%) of the investment portfolio. The performance of the long-term investments is derived primarily from investments in E-L Financial Corporation Limited ("E-L Financial") and, to a lesser extent, Algoma Central Corporation ("Algoma") and The Bank of Nova Scotia. E-L Financial, Algoma and the Company can be significantly influenced by the same party. In management's view, these investments are consistent with the Company's investment strategy and contribute to achieving the investment objective. Further related party information is provided in Note 8 to the financial statements and in the statement of investments.

Other than the Company's long-term investments, the investment portfolio is managed by 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 may hedge the foreign currency exposure of any non-Canadian investment that it manages.

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 Canadian GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

Investors and management use net equity value per Common Share to determine the Company's value on a per Common Share basis. In order to determine its net equity value per Common Share, the Company deducts the cost of redemption of its Preferred Shares Series A from its net assets at fair value. On November 30, 2009, the Company redeemed all of the outstanding Preferred Shares Series A.

Net equity value per Common Share is also used by investors and management as a comparison to the market price of its Common Shares to determine the particular discount or premium that the Company's Common Shares are trading at relative to the net equity value per Common Share.

Net investment income per Common Share is used by both investors and management to assess the sustainability and funding of dividends on Common Shares.

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

	December 31 2009	December 31 2008
Net assets, at fair value	**$ 484,281**	$ 413,157
Deduct:		
Cost of redemption of Preferred Shares Series A	**—**	404
Net equity value	**$ 484,281**	$ 412,753
Common Shares outstanding	**5,615,535**	5,615,535
Net equity value per Common Share	**$ 86.24**	$ 73.50

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

	Three months ended December 31		Year ended December 31	
	2009	2008	**2009**	2008
Increase (decrease) in net assets from operations	**$ 3,489**	$ (96,397)	**$ 74,622**	$ (220,002)
Add (deduct): Net loss (gain) on investments	**(2,548)**	97,424	**(68,571)**	228,604
Net investment income	**941**	1,027	**6,051**	8,602
Deduct: Dividends paid on Preferred Shares Series A	**4**	6	**18**	20
Net investment income, net of dividends paid on Preferred Shares Series A	**$ 937**	$ 1,021	**$ 6,033**	$ 8,582
Common Shares outstanding	**5,615,535**	5,615,535	**5,615,535**	5,615,535
Net investment income per Common Share	**$ 0.16**	$ 0.18	**$ 1.07**	$ 1.53

Market Review

In Canadian dollar terms, in 2009, the S&P/TSX Composite Index increased 35.1%, the MSCI World Index 11.8% and the S&P 500 Index 8.1%. Comparatively, 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%. On a pre-tax basis, the global equity portfolio managed by Bernstein increased by 20.1% in 2009 compared to a decline of 45.0% in 2008.

The Company's net equity value per Common Share increased to $86.24 at December 31, 2009 from $73.50 at the prior year end. With dividends reinvested at month-end net equity values, the Company's net equity value return was 18.2% in 2009, compared to a negative return of 34.7% in 2008.

As the Company is a taxable Canadian corporation, these returns are net of an income tax recovery on realized losses and net of a provision for future income taxes on the unrealized appreciation of investments. Future income taxes are recorded as a liability on the balance sheet.

Operating Results - 2009

Net investment income

The net investment income of the Company decreased to $6,051,000 in 2009 from $8,602,000 in 2008, a decrease of 29.7%. This result is attributable primarily to a decline in foreign dividends in 2009 as compared to 2008. In addition a decline in interest income, including securities lending income, over the prior year occurred as a result of the Company's suspension of its securities lending activities during the third quarter of the prior year, and as a result of the steep year-over-year decline in short-term interest rates.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The operating expenses of the Company decreased to $1,445,000 in 2009 from $1,956,000 in 2008 primarily because the average market value of the Bernstein portfolio declined year over year. There are no investment management or administrative fees charged on the Company's long-term investments. The Company's management expense ratio declined in 2009 to 0.33% of average net assets compared to 0.35% of average net assets in the prior year.

As a result of large realized losses on investments during the current and prior year, the Company is unable to fully utilize its foreign withholding taxes as a credit against Canadian income taxes. The amount of foreign withholding taxes paid to a country that can be claimed as a credit by the Company is generally limited to the amount of Canadian tax paid on the net foreign income earned from that foreign country. The deductible portion of capital losses from a country is included in computing the net foreign income from that country and where the capital losses realized are large, the net foreign income may be reduced to nil. When this occurs, the foreign taxes paid cannot be claimed as a foreign tax credit but can be claimed as a deduction in the computation of Canadian taxable income. As a result, the Company's provision for income taxes has increased by approximately $361,000 (2008 - $1,004,000).

Net gain (loss) on investments

The Company experienced a net realized loss on investments of $60,293,000 in 2009 versus a net realized loss of $43,539,000 in 2008. The largest contributors to the net realized loss in 2009 were the sale of American International Group, Inc., Royal Bank of Scotland Group plc, and Lloyds Banking Group plc. The Company realized $151,000 of losses on forward foreign currency contracts in 2009 compared to $12,596,000 of losses in the prior year.

The Company has carried back $40,559,000 of realized capital losses against prior years' capital gains and has recognized a recovery of prior years' income taxes paid of $7,325,000. The Company has $27,964,000 of realized capital loss carry forwards at December 31, 2009. A future income tax benefit of $3,495,000 has been recognized to reduce future income tax liabilities on the unrealized appreciation of investments. Capital loss carry forwards can be carried forward indefinitely and can be applied against capital gains realized in the future.

The Company's net change in unrealized appreciation of investments increased by $129,353,000 to $210,991,000 at December 31, 2009 from $81,638,000 at the prior year end. In 2009 realization of losses out of unrealized appreciation of investments accounted for $60,293,000 of the increase. Canadian securities contributed a further $41,538,000 of the increase and the non-Canadian portfolio contributed $27,522,000. In the prior year, the net change in unrealized appreciation of investments declined $184,746,000 as a result of the global financial crisis and general economic slowdown.

Operating Results - Fourth Quarter, 2009

Global stock markets posted generally modest returns during the quarter ended December 31, 2009. In Canadian dollar terms, in the fourth quarter of 2009, the S&P/TSX Composite Index increased 3.9%, the MSCI World Index 1.7% and the S&P 500 Index 3.5%.

The Company's Net equity value per Common Share increased to $86.24 at December 31, 2009 from $85.75 at September 30, 2009. With dividends reinvested at month-end net equity values, the Company's net equity value return increased 0.7% in the fourth quarter of 2009.

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:

	2009	2008	2007
	(In thousands of dollars, except per share amounts)		
Net realized and unrealized gain (loss) on investments	**$ 68,571**	$(228,604)	$ (55,538)
Net realized and unrealized gain (loss) on investments per Common Share	**12.22**	(40.71)	(9.89)
Total assets	**510,716**	429,128	681,284
Investment income	**9,613**	14,809	13,374
Net investment income	**6,051**	8,602	7,958
Net investment income per Common Share	**1.07**	1.53	1.41
Dividends per Common Share	**0.60**	0.60	0.60
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 2009, the performance of Economic was favourably impacted by strong recoveries in global markets. In fiscal 2008, the performance of Economic was negatively impacted by a decline in global markets as a result of the global financial crisis and fears of recession. In fiscal 2007, the performance of Economic was negatively impacted by a decline in the value of the Company's largest equity investment, E-L Financial, as well as the weakening of foreign currencies in Canadian dollar terms.

The fluctuations in investment income and net investment income are due primarily 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. In the current year, foreign dividend income declined as a result of decreased dividend payouts from companies that were affected by the global financial crisis and general economic slowdown of the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Quarterly Review - Fiscal 2009 and 2008

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

	2009			
	Quarter ended			
	Mar. 31	Jun. 30	Sep. 30	Dec. 31
	(In thousands of dollars, except per share amounts)			
Investment income	$ 1,934	$ 4,096	$ 1,768	$ 1,815
Net investment income	1,239	2,471	1,400	941
Net gain (loss) on investments	(35,635)	35,876	65,782	2,548
Per Common Share: [1]				
Net investment income	$ 0.22	$ 0.44	$ 0.25	$ 0.16
Net gain (loss) on investments	(6.35)	6.39	11.71	0.47
Increase (decrease) in net assets from operations	$ (6.13)	$ 6.83	$ 11.96	$ 0.63

	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)

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

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the second quarter of the year. Given current general economic conditions, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels. During the last four quarters, the Company experienced a year-over-year decline in foreign dividend income.

The returns of the portfolio may not necessarily correlate with benchmark returns and may fluctuate significantly as illustrated by the quarterly returns of calendar 2008 that were impacted by the global financial crisis and general economic slowdown.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Change in Note Disclosure

Effective October 1, 2009, the Company adopted amendments to CICA Handbook Section 3862, "Financial Instruments – Disclosures", as issued by The Canadian Institute of Chartered Accountants. The amendments require improved and consistent disclosures about fair value measurements of financial instruments and liquidity risk.

These amendments impact the Company's disclosures but do not affect the Company's results of operations or financial statements. These disclosures are provided in Note 7 to these financial statements.

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, 2009. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at December 31, 2009.

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, 2009. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2009. No changes were made in the Company's internal control over financial reporting during the year ended December 31, 2009, 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 an unrealized gain on forward foreign currency contracts of $1,239,000. The counterparty to the contract currently has an approved credit rating equivalent to A-1+. There was no significant exposure to credit risk to other receivable balances because of their short-term nature. The Company had no exposure to security lending arrangements during the current fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (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. The Company regularly enters into forward foreign currency contracts that have a contractual maturity of three months or less. All liabilities, other than future income taxes, 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 foreign currency risk, interest rate risk and other price risk.

The Company was not subject to significant interest rate risk, as its only fixed-interest investments were short term in nature.

The Company is exposed to market risk through its investment in equity securities. Many of these investments are in companies which do business in different countries and accordingly, the market value of these securities is subject to foreign currency risk as well as many other risk factors inherent in equity investments. These risks are mitigated by using an investment manager that manages a diversified portfolio of securities.

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, 2009, the Company's fair value of its direct and indirect investment in E-L Financial Corporation Limited of $190,713,000 (2008 - $173,385,000) represents 38.8% (2008 - 42.8%) 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, 2009, there are 5,615,535 Common Shares issued and outstanding and each share is entitled to one vote. There are no 5% Cumulative Preferred Shares Series A ("Preferred Shares") issued and outstanding at the year end.

During the year, the Company purchased in the first quarter 500 Preferred Shares for cancellation. On November 30, 2009, the Company redeemed for cash all of the outstanding Preferred Shares at a redemption price of $53.125, comprised of $50.00 per share, a premium of $2.50 per share, and accrued dividends in the amount of $0.625 per share.

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 and the corresponding annual amounts were $0.60 and $2.50 respectively. Payment of the Company's dividends is funded by net investment income. For the year ended December 31, 2009, net investment income was $6,051,000 as compared to dividend payments of $3,387,000. On a Common Share basis, net investment income of $1.07 exceeded dividend payments of $0.60 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Future Accounting Changes

Transition to International Financial Reporting Standards ("IFRS")

IFRS will replace Canadian GAAP for publicly accountable enterprises for fiscal years beginning on or after January 1, 2011. The Company will begin to report its financial results, including comparative information, in accordance with IFRS in the first quarter of 2011.

Senior management of the Company oversees the transition to IFRS and provides quarterly reports to the Company's Audit Committee. Senior management continues to develop financial reporting expertise in IFRS.

Additional changes to IFRS accounting standards are expected to be issued during 2010 and 2011, as a result, there is some uncertainty regarding the expected accounting standards that will be in place in 2011. The following disclosures reflect the Company's current expectations based on the information that is available as of this report's date. As a result of changing circumstances during our transition, the Company may change accounting policy choices or elections initially selected.

The Company's project plan includes four phases: analysis, design and planning, solution development and implementation. The current standards that are expected to be relevant to the Company's recognition, measurement, presentation and disclosure of its financial statements have been identified. Preliminary accounting policy choices have been made based on the expected accounting requirements in 2011. Model financial statement presentation and some financial statement disclosures have been prepared. The remainder of the financial statements disclosures will be finalized in 2010. No current system changes have been identified by the Company relating to its changeover to IFRS. Management anticipates modest changes to internal controls over financial reporting, and to disclosure controls and procedures. These changes to the controls and procedures will be finalized in 2010.

At this point in the project, other than increased disclosure requirements, the Company anticipates that on transition to IFRS there will not be a material impact to its financial statements or in the calculation of its net equity value per Common Share.

Additional Information

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

Economic's website, www.evt.ca, also provides further information on the Company, including historical information on the Net equity value per Common Share which is updated weekly.

Duncan N.R. Jackman
Chairman and President

February 11, 2010

STATEMENT OF FINANCIAL HIGHLIGHTS

For each of the years in the five year period ended December 31, 2009:

DATA PER COMMON SHARE	**2009**	2008	2007	2006	2005
NET EQUITY VALUE, beginning of year	**$ 73.50**	$ 113.22	$ 122.23[1]	$ 99.49	$ 81.52
INCOME (DECREASE) IN NET ASSETS FROM OPERATIONS AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income	**1.07**	1.53	1.41	1.30	1.02
Net gain (loss) on investments	**12.22**	(40.71)	(9.89)	22.74	17.47
	13.29	(39.18)	(8.48)	24.04	18.49
CASH DIVIDENDS TO SHAREHOLDERS					
Common Shares	**(0.60)**	(0.60)	(0.60)	(0.60)	(0.60)
Preferred Shares Series A	**—**	—	—	(0.01)	(0.01)
	(0.60)	(0.60)	(0.60)	(0.61)	(0.61)
TAXATION CHANGES					
Net decrease in refundable dividend tax on hand	**0.05**	0.06	0.07	0.11	0.09
NET EQUITY VALUE, end of year	**$ 86.24**	$ 73.50	$ 113.22	$123.03[1]	$ 99.49

[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 11, 2010

AUDITORS' REPORT

To the Shareholders of
Economic Investment Trust Limited:

We have audited the accompanying statements of net assets of Economic Investment Trust Limited as at December 31, 2009 and 2008, the statement of investments as at December 31, 2009 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, 2009 and 2008 and the results of its operations and the changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

February 11, 2010
Toronto, Canada

Chartered Accountants, Licensed Public Accountants

STATEMENT OF NET ASSETS

	December 31	
	2009	2008
ASSETS	(000's)	
Investments, at fair value (cost - $257,234; 2008 - $311,414) (Notes 7 and 8)	**$ 493,184**	$ 405,487
Cash	**6,963**	8,941
Receivable in respect of investments sold	**1,169**	2,684
Accrued income on investments	**375**	507
Income taxes receivable	**8,817**	11,381
Other assets	**208**	128
	510,716	429,128
LIABILITIES		
Accounts payable and accrued liabilities	**234**	205
Payable in respect of investments purchased	**1,118**	3,236
Future income taxes (Note 3)	**25,083**	12,530
	26,435	15,971
Net assets, at fair value	**$ 484,281**	$ 413,157
SHAREHOLDERS' EQUITY		
Capital stock (Note 6)	**$ 204,691**	$ 205,076
Contributed surplus (Note 6)	**1,474**	1,492
Unrealized appreciation of investments (Notes 2 and 4)	**210,991**	81,638
Retained earnings (Note 2)	**67,125**	124,951
Total shareholders' equity	**$ 484,281**	$ 413,157

APPROVED BY THE BOARD:

DUNCAN N.R. JACKMAN Director

R.B. MATTHEWS Director

(See accompanying notes)

STATEMENT OF OPERATIONS

	Year ended December 31	
	2009	2008
	(000's)	
INVESTMENT INCOME		
Dividends:		
Foreign	**$ 6,518**	$ 11,575
Canadian (Note 8)	**3,043**	2,898
	9,561	14,473
Interest, including securities lending income (Note 9)	**52**	336
	9,613	14,809
Expenses:		
Investment management and administrative costs (Note 8)	**899**	1,278
Directors' remuneration	**111**	134
Office and miscellaneous	**163**	221
Transfer, registrar and custody fees	**197**	273
Professional fees	**75**	50
	1,445	1,956
Investment income before income taxes	**8,168**	12,853
Provision for income taxes (Note 3)	**2,117**	4,251
NET INVESTMENT INCOME	**6,051**	8,602
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net realized loss on investments (Note 5)	**(60,293)**	(43,539)
Net change in unrealized appreciation of investments (Note 4)	**129,353**	(184,746)
Transaction costs on purchase and sale of investments	**(489)**	(319)
NET GAIN (LOSS) ON INVESTMENTS	**68,571**	(228,604)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**$ 74,622**	$ (220,002)
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	**$ 13.29**	$ (39.18)

(See accompanying notes)

STATEMENT OF RETAINED EARNINGS

	Year ended December 31 2009	2008
	(000's)	
RETAINED EARNINGS, BEGINNING OF YEAR	**$ 124,951**	$ 163,262
Add:		
Net investment income	**6,051**	8,602
Refundable dividend taxes recovered	**1,135**	1,130
	7,186	9,732
Deduct:		
Dividends (Note 6)	**3,387**	3,389
Net realized loss on investments	**60,293**	43,539
Transaction costs on purchase and sale of investments	**489**	319
Provision for refundable dividend taxes	**843**	796
	65,012	48,043
RETAINED EARNINGS, END OF YEAR	**$ 67,125**	$ 124,951

STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31 2009	2008
	(000's)	
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**$ 74,622**	$(220,002)
DIVIDENDS TO SHAREHOLDERS		
Preferred Shares Series A	**(18)**	(20)
Common Shares	**(3,369)**	(3,369)
	(3,387)	(3,389)
CAPITAL SHARE TRANSACTIONS (NOTE 6)		
Purchase of Preferred Shares Series A for cancellation	**(25)**	—
Redemption of Preferred Shares Series A	**(378)**	—
	(403)	—
TAXATION CHANGES		
Net decrease in refundable dividend taxes on hand	**292**	334
INCREASE (DECREASE) IN NET ASSETS	**71,124**	(223,057)
NET ASSETS, BEGINNING OF YEAR	**413,157**	636,214
NET ASSETS, END OF YEAR	**$ 484,281**	$ 413,157

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009

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). 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". In accordance with AcG-18, the Company has categorized its investments as held for trading and has recorded its investments at a fair value established by the bid price for a security on the recognized stock exchange on which it is principally traded, as defined in CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement".

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.

Retained earnings and unrealized appreciation of investments

The Company recognizes realized gains (losses) on investments and the net change in unrealized appreciation of investments in the Statement of Operations. Within shareholders' equity, net realized gains (losses) on investments are accumulated in retained earnings, while net changes in unrealized appreciation of investments, a component of retained earnings, are accumulated and separately presented as unrealized appreciation of investments.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (continued)

2. Summary of significant accounting policies (continued)

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;
- 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 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 October 1, 2009, the Company adopted amendments to CICA Handbook Section 3862, "Financial Instruments – Disclosures", that require improved and consistent disclosures about fair value measurements of financial instruments and liquidity risk.

The enhanced requirements include classifying and disclosing fair value measurements based on a three-level hierarchy, reconciling beginning balances to ending balances for Level 3 measurements, identifying and explaining movements between levels of the fair value hierarchy, providing a maturity analysis for derivative financial liabilities based on how the entity manages liquidity risk, and disclosing the remaining expected maturities of non-derivative financial liabilities if liquidity risk is managed on that basis.

These amendments 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.

Accounting Policy Change

Effective January 1, 2009, the Company adopted the provisions of CICA Handbook EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments.

The change in accounting policy is treated retrospectively without restatement of prior periods. The effect of the accounting policy change on the current and prior year's financial statements was not material.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (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, 2009, all of which is included in the Statement of Retained Earnings, amounted to approximately $667,000 (2008 - $975,000).

The Company's provision for income taxes is determined as follows:

	2009	2008
Basic combined federal and provincial rate	33.00%	33.50%
Taxable effect related to dividends from taxable Canadian corporations	(12.30)	(7.55)
Effect of foreign withholding taxes	4.42	7.81
Effect of other adjustments	0.80	(0.69)
Effective income tax rate	25.92%	33.07%

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

	2009	2008
	(000's)	
Current	$ 2,088	$ 4,369
Future	29	(118)
Provision for income taxes	$ 2,117	$ 4,251

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. The Company has $27,964,000 of capital loss carry forwards at December 31, 2009. The future income tax benefit of the capital loss carry forwards has been recognized to reduce future income tax liabilities. Capital loss carry forwards can be carried forward indefinitely and can be applied against capital gains realized in the future.

Details of future income taxes as at December 31 are as follows:

	2009	2008
	(000's)	
Unrealized appreciation of investments	$ 28,454	$ 12,435
Capital loss carry forwards	(3,495)	—
	24,959	12,435
Accrued dividends	117	170
Other	7	(75)
Future income taxes	$ 25,083	$ 12,530

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (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 2009	Dec. 31 2008	Change in 2009	Change in 2008
		(000's)		
Investments at fair value	$ 493,184	$ 405,487	$ 87,697	$(268,962)
Investments at cost	257,234	311,414	(54,180)	(52,648)
Unrealized appreciation of investments before provision for income taxes	235,950	94,073	141,877	(216,314)
Provision for income taxes	24,959	12,435	12,524	(31,568)
Unrealized appreciation of investments	$ 210,991	$ 81,638	$ 129,353	$(184,746)

5. Net realized loss on investments

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

	2009	2008
	(000's)	
Proceeds on sales of investments	$ 172,211	$ 118,327
Cost of investments, beginning of year	311,414	364,062
Cost of investments purchased during the year	185,649	118,782
	497,063	482,844
Cost of investments, end of year	257,234	311,414
Cost of investments sold during the year	239,829	171,430
Realized loss on investments sold before income taxes	(67,618)	(53,103)
Provision for recovery of income taxes on realized net capital loss	(7,325)	(9,564)
Net realized loss on investments	$ (60,293)	$ (43,539)

The Company in the current year has carried back $40,559,000 (2008 - $52,959,000) of realized capital losses against prior years' capital gains and has recognized a recovery of prior years' income taxes paid of $7,325,000 (2008 - $9,564,000). The Company has $27,964,000 of realized capital loss carry forwards at December 31, 2009 (2008 - nil). A future income tax benefit of $3,495,000 (2008 - nil) has been recognized to reduce future income tax liabilities. Capital loss carry forwards can be carried forward indefinitely and can be applied against capital gains realized in the future.

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (continued)

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 and the redemption of outstanding Preferred Shares at November 30, 2009, of the 100,000 Preferred Shares originally designated as Preferred Shares Series A, there were no outstanding Preferred Shares as at December 31, 2009. At December 31, 2009, there were 5,615,535 Common Shares outstanding.

The change in the Preferred Shares Series A capital stock of the Company is as follows:

	2009	
	Number of Shares	Amount
		(000's)
Balance, beginning of year	7,700	$ 385
Purchase of shares for cancellation	(500)	(25)
Redemption of shares	(7,200)	(360)
Balance, end of year	—	$ —

The Preferred Shares Series A had a cumulative dividend of $2.50 per share per annum and were redeemed on November 30, 2009 at a price of $52.50 per share together with accrued dividends of $0.625 per share. The premium of $18,000 paid on the redemption was applied against contributed surplus.

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

	2009	2008
	(000's)	
On Preferred Shares Series A, $2.50 per share	$ 18	$ 20
On 5,615,535 Common Shares, $0.60 per share	3,369	3,369
	$ 3,387	$ 3,389

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

	2009	2008
	(000's)	
Preferred Shares Series A		
Issued and outstanding - nil shares (2008 - 7,700 shares)	$ —	$ 385
Common Shares		
Issued and outstanding - 5,615,535 shares	204,691	204,691
	$ 204,691	$ 205,076

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NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2009 (continued)

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

The change in contributed surplus of the Company is as follows:

	2009	2008
	(000's)	
Balance, beginning of year	$ 1,492	$ 1,492
Premium paid on redemption of Preferred Shares Series A	(18)	—
Balance, end of year	$ 1,474	$ 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 December 31, 2009, the Company was exposed to $1,239,000 (2008 – nil) of receivables relating to the positive fair value of forward foreign currency contracts. The counterparty to the contract currently has an approved credit rating equivalent to A-1+. There was no significant exposure to credit risk to other receivable balances because of their short-term nature. The Company had no exposure to securities lending arrangements at December 31, 2009 (2008 – nil).

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. The Company regularly enters into forward foreign currency contracts that have a contractual maturity of three months or less. All liabilities, other than future income taxes, 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 are short term in nature.

The Company is exposed to market risk through its investment in equity securities. Many of these investments are in companies which do business in different countries and accordingly, the market value of these securities is subject to foreign currency risk as well as many other risk factors inherent in equity investments. These risks are mitigated by using an investment manager that manages a diversified portfolio of securities.

- A 10% fluctuation in global equity market prices would have an after-tax impact of approximately $43,045,000 (2008 - $34,669,000) on net assets from operations.

- continued -

7. Risk management of financial instruments (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, 2009, the Company's fair value of its direct and indirect investment in E-L Financial Corporation Limited of $190,713,000 (2008 - $173,385,000) represents 38.8% (2008 - 42.8%) of Economic's equity investments.

Classification of fair value measurements

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted unadjusted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At December 31, 2009, the Company had $403,873,000 of Level 1 and $89,311,000 of Level 2 investments. There were no significant transfers between Level 1 and Level 2 investments during the year. The Company had no Level 3 investments during the year.

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 $259,010,000 (2008 - $219,594,000) representing 52.5% (2008 - 54.2%) of the investment portfolio. Dividends from these companies for the year ended December 31, 2009 amounted to $2,925,000 (2008 - $2,845,000).

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, 2009 amounted to $212,000 (2008 - $298,000). These transactions are in the normal course of business.

9. Securities lending

The Company has entered into a securities lending agreement 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 ("Valuation date") to RBC Dexia. 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, 2009, the Company has no securities on loan (2008 - nil) and held no collateral (2008 - nil). During the year, the Company recognized no securities lending income (2008 - $188,000). 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, 2009 (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:

	2009	2008
	(000's)	
Shareholders' equity	$ 484,281	$ 413,157

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 2009, 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. At this point in the transition to IFRS, the Company anticipates that there will not be a material impact to its financial statements or in the calculation of its net equity value per Common Share.

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2009

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	North America			
	Canada			
212,638	Algoma Central Corporation [2]	$ 2,974	$ 16,267	
343,706	E-L Financial Corporation Limited [2]	7,466	154,671	
33,101	Ecando Investments Limited Classes A, B and common [2, 3]	4,139	37,051	
176,414	The Fulcrum Investment Company Limited [2, 3]	464	9,510	
112,660	Nexen Inc.	2,765	2,832	
216,900	NVG Holdings Limited Classes B, C, D, E and common [1, 2, 3]	2,115	32,225	
4,837	TGV Holdings Limited Class B [1, 2, 3, 4]	318	9,286	
		20,241	261,842	53.1
	United States			
127,000	Altria Group, Inc.	2,581	2,609	
12,866	AOL Inc.	360	314	
111,900	Archer Daniels Midland Company	3,630	3,667	
121,000	AT&T Inc.	3,881	3,551	
42,500	Bunge Limited	2,503	2,840	
224,900	CBS Corporation, Class B	5,550	3,307	
96,100	ConocoPhillips	5,399	5,132	
200,900	Corning Incorporated	3,471	4,058	
278,298	Esprit Holdings Limited	1,983	1,950	
138,000	Ford Motor Company	1,194	1,441	
5,000	Fortune Brands, Inc.	227	226	
11,700	Goldman Sachs Group, Inc. (The)	2,278	2,064	
34,800	Home Depot, Inc. (The)	1,029	1,053	
154,800	Lowe's Companies, Inc.	3,594	3,788	
72,000	Macy's, Inc.	3,254	1,264	
157,200	Merck & Co. Inc.	5,517	6,005	
185,000	News Corporation, Class A	2,097	2,653	
157,700	News Corporation, Class B	1,458	2,628	
352,700	Pfizer Inc.	8,431	6,718	
694,900	Sprint Nextel Corporation	7,905	2,669	
127,700	Symantec Corporation	2,404	2,391	
82,922	Time Warner Cable Inc.	3,568	3,593	
111,433	Time Warner Inc.	4,037	3,395	
50,700	Travelers Companies, Inc. (The)	2,506	2,646	
81,000	Viacom Inc., Class B	2,057	2,517	
		80,914	72,479	14.7
	Total North America	101,155	334,321	67.8

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STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2009 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Europe, excluding United Kingdom			
30,900	Adecco SA	$ 1,502	$ 1,780	
35,950	Allianz SE	7,610	4,711	
264,073	Banco Santander SA	4,145	4,573	
30,500	BASF SE	1,844	1,996	
48,100	Bayer AG	3,231	4,044	
57,700	Bayerische Motoren Werke AG	3,126	2,770	
56,700	BNP Paribas SA	4,357	4,746	
29,200	Bouygues SA	1,581	1,595	
15,325	Carlsberg AS-B	1,253	1,186	
57,400	Compagnie de Saint-Gobain	3,271	3,277	
104,600	Danske Bank A/S	2,739	2,488	
64,700	Deutsche Bank AG	5,404	4,805	
182,930	Deutsche Post AG	2,890	3,704	
73,200	E.ON AG	2,910	3,190	
38,800	Electricite de France	2,375	2,416	
162,700	ENEL S.p.A.	916	988	
90,900	France Telecom SA	2,508	2,376	
73,700	Ingersoll-Rand plc	2,011	2,758	
26,500	Klepierre	1,157	1,125	
148,400	Koninklijke Ahold NV	1,925	2,061	
52,000	Koninklijke DSM NV	2,459	2,688	
48,750	Lukoil ADR	4,260	2,918	
291,000	Nokia Oyj	4,755	3,894	
31,700	Randstad Holding N.V.	956	1,659	
41,330	Sanofi-Aventis SA	3,135	3,413	
30,700	Societe Generale	1,982	2,253	
49,750	Statoil ASA	1,461	1,301	
1,145,000	Telecom Italia S.p.A.	1,913	1,865	
698,600	Telecom Italia S.p.A. (New) di Risp	866	807	
32,000	Telefonaktiebolaget LM Ericsson	339	308	
134,400	Tyco Electronics Ltd.	2,958	3,445	
10,300	Unibail-Rodamco SE	2,044	2,373	
1,016,200	Unicredit Spa	3,346	3,571	
71,060	Vivendi	2,118	2,216	
236,400	WPP plc	1,951	2,428	
		91,298	91,728	18.6

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STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2009 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	United Kingdom			
44,300	AstraZeneca plc	$ 2,096	$ 2,178	
194,946	Aviva plc	2,198	1,306	
522,300	Barclays plc	2,182	2,434	
108,900	GlaxoSmithKline plc	2,518	2,430	
262,500	Marks & Spencer Group plc	1,787	1,782	
1,268,900	Old Mutual plc	2,188	2,342	
186,100	Rolls-Royce Group plc	1,271	1,522	
209,400	Royal Dutch Shell plc	7,910	6,627	
2,599,250	Vodafone Group Plc	6,889	6,306	
95,300	Wolseley plc	1,951	2,011	
197,470	Xstrata plc	3,740	3,745	
		34,730	32,683	6.6
	Asia			
1,610,920	AU Optronics Corp.	1,420	2,042	
425,846	Compal Electronics Inc. GDR	2,813	3,089	
212,000	Hynix Semiconductor Inc.	3,742	4,407	
166,500	Israel Chemicals Limited	1,951	2,302	
65,700	KB Financial Group, Inc.	2,864	3,516	
103,000	Mitsubishi Corporation	2,446	2,669	
145,000	Mitsui Fudosan Co., Ltd.	2,510	2,531	
397,400	Nissan Motor Co., Ltd.	4,023	3,614	
32,550	ORIX Corporation	2,244	2,287	
4,720	Samsung Electronics Co., Ltd.	3,020	3,382	
575,800	Turkiye Garanti Bankasi A.S.	2,340	2,561	
		29,373	32,400	6.6

STATEMENT OF INVESTMENTS AS AT DECEMBER 31, 2009 (continued)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	South Africa			
56,300	Standard Bank Group Limited	$ 678	$ 813	0.2
	Total equities	257,234	491,945	99.8
	Forward foreign currency contracts, net Schedule 1	—	1,239	0.2
	Total investments	$ 257,234	$ 493,184	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.

Schedule 1 - Forward foreign currency contracts, net

Forward contracts to sell foreign currencies for Canadian dollars:

Par value	Currency	Number of contracts	Contract rates	Settlement date	Unrealized gain
(in millions)					(000's)
14.3	EUR	2	1.5421 - 1.5833	Feb. 17, 2010	$ 849
17.6	USD	4	1.05045 - 1.06463	Feb. 17, 2010	355
1.1	CHF	2	1.0428 - 1.0485	Feb. 17, 2010	35
					$ 1,239

The counterparty currently has an approved credit rating equivalent to A-1+.

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 - 2009

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 - 2009 (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
2009	484,281,125	—	—	484,281,125	6,032,950	86.24

* 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, 2009 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
AUDITORS	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

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