

Economic Investment Trust Limited



**FIRST QUARTER REPORT
MARCH 31, 2021**

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at March 31 2021	As at Dec. 31 2020
Net equity value per Common Share ¹	\$ 177.14	\$ 163.93
Net assets ²	\$ 989,707	\$ 915,991
Number of Common Shares outstanding at period end	5,587,135	5,587,735

	Three months ended March 31	
	2021	2020
Net investment income per Common Share ¹	\$ 1.09	\$ 2.33
Dividends per Common Share		
Quarterly	\$ 0.30	\$ 0.30
Additional ³	\$ 4.07	\$ 1.52
Net income (loss) per Common Share	\$ 17.58	\$ (28.41)
Net investment income ^{1,2}	\$ 6,072	\$ 13,076

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

² In thousands of Canadian dollars.

³ This additional dividend represents the distribution of the previous fiscal year's net investment income, after payment of quarterly dividends.

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's external auditors, PricewaterhouseCoopers LLP, have not performed a review of these interim financial statements of Economic Investment Trust Limited.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited interim condensed financial performance and financial condition of Economic Investment Trust Limited ("Economic" or the "Company") for the first quarter of 2021 should be read in conjunction with: the December 31, 2020 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; and the unaudited interim condensed financial statements and notes contained in this report. This MD&A is dated April 22, 2021. These unaudited interim condensed financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as set out in the Handbook of the Chartered Professional Accountants of Canada. IFRS constitutes Canadian general accepted principles ("GAAP"). The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, any forward-looking statements within this discussion will occur, or if they do, that any benefits may be derived from them.

Overview

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

The Company has been a closed-end investment corporation since 1927. The Common Shares have persistently traded at a discount to their net asset value, ranging from approximately a 37% discount to an 18% discount over the past 10 years. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value. On March 4, 2020, the Company announced its intention to commence a normal course issuer bid ("NCIB") and has renewed its NCIB effective March 9, 2021. Further information is included on page 7 of this interim report.

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

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

The Company owns, directly and indirectly, long-term investments in the common shares of some publicly-traded Canadian companies, and a managed global investment portfolio of common shares of publicly-traded global companies.

The long-term investments consist primarily of the publicly-traded common shares of E-L Financial Corporation Limited ("E-L Financial"), Algoma Central Corporation ("Algoma"), a shipping company, and The Bank of Nova Scotia. At March 31, 2021, E-L Financial represented 40.1% (December 31, 2020 – 36.9%) of total equity investments, Algoma 4.8% (December 31, 2020 – 4.3%) and The Bank of Nova Scotia 5.5% (December 31, 2020 – 5.3%). E-L Financial, Algoma and the Company are related parties. In management's view, these investments are consistent with the Company's investment strategy and contribute to achieving the investment objective. Further related party information is provided in Note 12 to the financial statements in the 2020 Annual Report and in the schedule of investment portfolio in this interim report beginning on page 14.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

The balance of Economic's investment portfolio is managed by Burgundy Asset Management Ltd. ("Burgundy"), a global equity manager based in Toronto. Burgundy manages the portfolio using a long-term bottom-up investment philosophy, which is to purchase good companies with strong economics and management, whose shares are selling below Burgundy's estimate of intrinsic value. The portfolio, of approximately 40 - 60 publicly-traded companies, invests primarily in mid to large capitalization companies which are publicly traded. At March 31, 2021, 99.6% (December 31, 2020 – 99.7%) of the fair value of the global investment portfolio was made up of non-Canadian companies.

At March 31, 2021, approximately 51.7% (December 31, 2020 – 48.2%) of the investment portfolio was held in long-term investments and 48.3% (December 31, 2020 – 51.8%) was managed by Burgundy. Over time these percentages will vary based on the market value of the two portfolios and as a result of any purchases or sales of investments.

Investment Strategy

The objective of the Company is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term.

The investment portfolio of the Company comprises a mix of Canadian and foreign investments. Net equity value and net investment income may vary significantly from period to period depending on the economic environment and market conditions.

Use of Non-GAAP Measures

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

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

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Use of Non-GAAP Measures (continued)

Net investment income per Common Share is used by both investors and management to assess the approximate amount of dividends to be distributed on Common Shares.

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

	March 31 2021	December 31 2020
Net assets	\$ 989,707	\$ 915,991
Common Shares outstanding	5,587,135	5,587,735
Net equity value per Common Share	\$ 177.14	\$ 163.93

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

	Three months ended March 31	
	2021	2020
Net income (loss)	\$ 98,205	\$ (159,374)
Add (deduct):		
Other net fair value changes in investments	(106,289)	194,436
Tax on other net fair value changes in investments	14,083	(25,763)
Net change in refundable dividend taxes on hand	73	3,777
Net investment income ¹	\$ 6,072	\$ 13,076
Weighted Average Common Shares outstanding	5,587,656	5,612,438
Net investment income per Common Share ¹	\$ 1.09	\$ 2.33

¹ On an after-tax basis.

Net Equity Value per Common Share

The Company's net equity value per Common Share increased 8.1% to \$177.14 at March 31, 2021 from \$163.93 at December 31, 2020.

With dividends reinvested at month-end net equity values, the Company's net equity value return was 10.7% in the first quarter of 2021, compared to a return of negative 17.5% during the first quarter of 2020.

Long-term investments had a pre-tax return of 20.3% in the first quarter of 2021 compared to a return of negative 23.7% in the first quarter of 2020. On a pre-tax basis, the shares of E-L Financial had a return of 21.1% during 2021 (2020 – negative 24.7%), the shares of Algoma had a return of 24.8% (2020 – negative 29.5%), and the shares of the Bank of Nova Scotia had a return of 15.6% (2020 – negative 20.4%).

The global investment portfolio had a pre-tax return, gross of fees, of 3.9% in the first quarter of 2021 versus a comparative return of negative 13.3% in the first quarter of 2020.

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

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Three months ended March 31
	(%)
Economic net equity value	10.7
S&P/TSX Composite Index	8.1
MSCI All Country World Index	3.0
S&P 500 Index	4.9

Growth in Net Equity Value ("NAV")

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

Annual growth in NAV*	NAV per Common Share	Annual Growth %
2011	\$ 74.81	(17.8)
2012	83.98	13.9
2013	123.60	48.8
2014	122.43	4.5
2015	132.62	9.5
2016	138.26	5.4
2017	151.98	11.8
2018	142.92	(4.7)
2019	160.91	14.2
2020	163.93	3.9
Compound annual growth* 2011 - 2020 - 10 years		7.8

*This chart was drawn from the individual annual reports and any NAV amounts prior to 2014 have not been restated for any subsequent changes in accounting policies.

Operating Results

Net income

The Company reported net income of \$98,205,000 in the first quarter of 2021 compared to a net loss of \$159,374,000 in the first quarter of 2020. On a per Common Share basis, earnings per share increased to net income of \$17.58 in 2021 compared to a net loss of \$28.41 for 2020.

The other net fair value changes in investments for the quarter was a net gain of \$106,289,000 in 2021 compared to a net loss of \$194,436,000 for 2020.

The other net fair value changes for long-term investments was a gain of \$88,383,000 in the first quarter of 2021 compared to a loss of \$126,934,000 during the same period in 2020. The Company's long-term investment gain was comprised primarily of gains in E-L Financial of \$73,186,000, Algoma \$9,517,000 and The Bank of Nova Scotia \$7,174,000.

The global investment portfolio had an other net fair value gain of \$17,906,000 in the first quarter of 2021 compared to a loss of \$67,502,000 in 2020. The 2021 net gain for the global investment portfolio included investment gains from North America of \$22,934,000 offset primarily by losses in Japan of \$4,099,000. The top three contributors to the investment performance included News Corporation Class A, Alphabet Inc. Class A, and Truist Financial Corp. The top three detractors were Keyence Corporation, Novartis AG, and Kao Corporation. Foreign currency negatively impacted the other net fair value gains due to an appreciation in the Canadian dollar.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results (Continued)

The Company's net realized gain, all of which relates to the global investment portfolio, was \$5,488,000 in the first quarter of 2021 compared to \$21,810,000 in 2020. The largest contributors during the quarter were realized gains for Northern Trust Corporation of \$1,468,000, and \$1,150,000 for Johnson & Johnson.

Net investment income

The Company's net investment income in the first quarter of 2021 decreased to \$6,072,000 compared to \$13,076,000 in the first quarter of 2020. On a per Common Share basis, net investment income for the quarter decreased to \$1.09 in 2021 compared to \$2.33 in 2020.

Foreign dividend income in the first quarter of 2021 decreased by 13.8% to \$2,484,000 from \$2,880,000 in 2020.

Canadian dividend income in the first quarter of 2021 decreased to \$5,013,000 from \$11,620,000 in 2020. During the prior year, the Company received a special dividend of \$9,655,000 from its investment in E-L Financial. In the current year, the Company received additional distributions from its additional indirect investment in Algoma. Algoma paid in January a special dividend to its shareholders which was distributed by Ecando Investments Limited during the first quarter of 2021.

The expenses of the Company increased by 2.9% during the quarter to \$1,077,000 from \$1,047,000 in 2020.

Quarterly Results

The following table summarizes various financial results on a quarterly basis for the most recent quarters (in thousands of dollars, except per share amounts):

	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
	2021	2020	2020	2020	2020	2019	2019	2019
Net investment income ¹	\$ 6,072	\$ 10,581	\$ 2,632	\$ 3,232	\$ 13,076	\$ 2,666	\$ 3,601	\$ 5,705
Net income (loss)	\$ 98,205	\$ 105,175	\$ 6,753	\$ 77,546	\$(159,374)	\$ 48,235	\$ 20,467	\$(15,730)
Earnings (loss) per Common Share	\$ 17.58	\$ 18.79	\$ 1.19	\$ 13.81	\$ (28.41)	\$ 8.59	\$ 3.64	\$ (2.80)
NAV per Common Share	\$ 177.14	\$ 163.93	\$ 145.40	\$ 144.45	\$ 130.87	\$ 160.91	\$ 152.62	\$ 149.28
Quarterly NAV return % ²	10.7	13.0	0.9	10.6	(17.5)	5.6	2.4	(1.8)

¹ On an after-tax basis. See use of Non-GAAP Measures.

² Economic's NAV return includes reinvestment of dividends paid to Common shareholders.

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. There is no guarantee that the Company will receive dividend income on its investments at current dividend payout levels.

Overall returns are determined by the performance of the Company's long-term investments and the performance of the global investment portfolio and may fluctuate significantly as illustrated by the past eight quarters. The returns generated within each portfolio may also not correlate with benchmark returns.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

Share Data

At March 31, 2021, there are 5,587,135 (December 31, 2020 - 5,587,735) Common Shares issued and outstanding and each share is entitled to one vote.

Normal Course Issuer Bid

On March 4, 2021, the Company obtained approval from the TSX to commence a normal course issuer bid ("NCIB") to purchase up to 279,386 Common Shares between March 9, 2021 and March 8, 2022. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to 1,000 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase. During the quarter the Company purchased and cancelled 600 (2020 - 19,000) Common Shares.

Liquidity and Capital Resources

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

An additional dividend of \$4.07 per Common Share was paid in the first quarter of fiscal 2021 along with the \$0.30 quarterly dividend.

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

Novel Coronavirus (or COVID-19)

The continued worldwide spread of novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts. This has created increased uncertainty and volatility which will impact the performance and expected returns of the investment portfolios.

The Company continues to adjust operations as government restrictions and measures evolve. As the impacts of the COVID-19 pandemic continue to materialize, management is monitoring the developments in equity markets generally, and in connection with the Company's investment portfolios in particular.

To date, the Company has taken proactive measures through business continuity plans, carefully planning the return to premises for some employees. Processes supporting ongoing systems availability, stability and security are operating effectively and the Company continues to monitor the threat landscape.

The duration and impacts of the COVID-19 outbreak cannot currently be determined. If the COVID-19 pandemic is prolonged, or further diseases emerge that give rise to similar effects, there may be further negative effects on economies as well as increased volatility in equity markets. Unexpected developments in financial markets, regulatory environments, may also have adverse impacts on the Company's financial results.

Additional Information

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

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

Economic Investment Trust Limited

STATEMENTS OF FINANCIAL POSITION (Unaudited)

	March 31 2021	December 31 2020
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 5,043	\$ 11,246
Short-term investments	8,696	15,291
Investments (Note 4)	1,062,392	956,764
Receivable in respect of investments sold	165	357
Dividends and interest receivable	1,223	6,710
Income taxes receivable	651	704
Other assets	947	782
	<u>1,079,117</u>	<u>991,854</u>
LIABILITIES		
Accrued expenses	778	817
Payable in respect of investments purchased	104	—
Deferred tax liabilities	88,528	75,046
	<u>89,410</u>	<u>75,863</u>
Net assets	<u>\$ 989,707</u>	<u>\$ 915,991</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	\$ 203,656	\$ 203,678
Share premium (Note 5)	—	10
Retained earnings	786,051	712,303
Total shareholders' equity	<u>\$ 989,707</u>	<u>\$ 915,991</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Three months ended March 31	
	2021	2020
	(000's)	
INCOME		
Dividends		
Foreign	\$ 2,484	\$ 2,880
Canadian (Note 7)	5,013	11,620
	7,497	14,500
Interest and securities lending income	35	151
Other net fair value changes in investments (Note 6)	106,289	(194,436)
	113,821	(179,785)
EXPENSES		
Investment management and administrative costs (Note 7)	803	794
Office and miscellaneous	123	110
Directors' remuneration	76	76
Transfer, registrar and custody fees	45	52
Professional fees	30	15
	1,077	1,047
INCOME (LOSS) BEFORE INCOME TAXES	112,744	(180,832)
Provision for (recovery of) income taxes	14,539	(21,458)
NET INCOME (LOSS)	\$ 98,205	\$ (159,374)
EARNINGS (LOSS) PER COMMON SHARE		
- BASIC AND DILUTED	\$ 17.58	\$ (28.41)

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

	Share capital	Share premium	Retained earnings	Total
			(000's)	
At January 1, 2021	\$ 203,678	\$ 10	\$ 712,303	\$ 915,991
Net income for the period	—	—	98,205	98,205
Dividends	—	—	(24,418)	(24,418)
Repurchase and cancellation of common shares (Note 8)	(22)	(10)	(39)	(71)
At March 31, 2021	\$ 203,656	\$ —	\$ 786,051	\$ 989,707
At January 1, 2020	\$ 204,691	\$ 1,474	\$ 697,451	\$ 903,616
Net loss for the period	—	—	(159,374)	(159,374)
Dividends	—	—	(10,216)	(10,216)
Repurchase and cancellation of common shares (Note 8)	(693)	(929)	—	(1,622)
At March 31, 2020	\$ 203,998	\$ 545	\$ 527,861	\$ 732,404

STATEMENTS OF CASH FLOW (Unaudited)

	Three months ended March 31	
	2021	2020
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income (loss)	\$ 98,205	\$ (159,374)
Adjustments for:		
Other net fair value changes in investments	(106,289)	194,436
Net sale (purchase) of short-term investments	6,595	(7,529)
Purchases of investments	(25,966)	(73,366)
Proceeds from sale of investments	26,627	71,854
Dividends and interest receivable	5,487	(10,019)
Deferred taxes	13,482	(24,839)
Net change in other assets and liabilities	145	1,920
	18,286	(6,917)
Financing		
Dividends paid to shareholders	(24,418)	(10,216)
Repurchase of common shares	(71)	(1,622)
Net decrease in cash and cash equivalents	(6,203)	(18,755)
Cash and cash equivalents at beginning of the period	11,246	36,106
Cash and cash equivalents at end of the period	\$ 5,043	\$ 17,351
Additional information for operating activities:		
Interest received	\$ 11	\$ 162
Dividends received, net of withholding taxes	12,539	3,945
Income taxes paid	732	1,349

(See accompanying notes)

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. Description of Company and summary of operations

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

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

The interim condensed financial statements are presented in Canadian dollars which is the functional and presentation currency. These interim condensed financial statements were approved by the Company’s Board of Directors on April 22, 2021.

2. Basis of presentation

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and follow the same accounting policies and methods as the most recent annual financial statements. These unaudited interim condensed financial statements do not include all of the disclosures required under International Financial Reporting Standards for annual financial statements and should be read in conjunction with the notes to the Company’s audited financial statements for the year ended December 31, 2020.

3. Critical accounting estimates and judgments

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

Fair value of investments in private companies

The fair value of investments in private companies is measured using the adjusted net asset method which estimates the fair value of the underlying assets and liabilities of the private companies. Refer to Note 5 in the Company’s audited financial statements for the year ended December 31, 2020 for further details.

Deferred taxes

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

4. Financial instruments

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

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

At March 31, 2021, the Company had \$906,752,000 (December 31, 2020 – \$820,739,000) of Level 1 and \$155,640,000 (December 31, 2020 - \$136,025,000) of Level 3 equity investments. During the quarter, there were no transfers between Level 1, 2 or 3 equity investments.

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS (Unaudited)

5. Share capital and share premium

The changes in share capital and share premium are comprised as follows:

	Number of Shares	Share Capital Amount	Share Premium Amount
			(000s)
At January 1, 2021	5,587,735	\$ 203,678	\$ 10
Repurchase and cancellation of shares	(600)	(22)	(10)
At March 31, 2021	<u>5,587,135</u>	<u>\$ 203,656</u>	<u>\$ —</u>
At January 1, 2020	5,615,535	\$ 204,691	\$ 1,474
Repurchase and cancellation of shares	(19,000)	(693)	(929)
At March 31, 2020	<u>5,696,535</u>	<u>\$ 203,998</u>	<u>\$ 545</u>

On March 4, 2021, the Company obtained approval from the TSX to renew its normal course issuer bid ("NCIB") to purchase up to 279,386 Common Shares between March 9, 2021 and March 8, 2022. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to 1,000 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase.

For the three-month period ended March 31, 2021, 600 shares were purchased under the NCIB at an average price of \$118.33 per share for a total consideration of \$71,000. The total amount paid to purchase the shares is allocated to share capital, share premium, and retained earnings in the statements of changes in equity. The amount allocated to share capital is based on the average cost per Common Share and amounts paid above the average cost are allocated to share premium and retained earnings.

6. Other net fair value changes in investments

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

	Three months ended March 31	
	2021	2020
		(000's)
Net realized gain	\$ 5,488	\$ 21,810
Net change in unrealized appreciation	<u>100,801</u>	<u>(216,246)</u>
	<u>\$ 106,289</u>	<u>\$ (194,436)</u>

7. Related party information

The Company has investments in related parties (see Schedule of Investment Portfolio) with a fair value at March 31, 2021 of \$549,455,000 (December 31, 2020 - \$461,072,000) representing 51.7% (December 31, 2020 – 48.2%) of the total investments. Dividends from these companies for the three months ended March 31, 2021 amounted to \$5,004,000 (2020 - \$11,593,000).

E-L Financial holds a 24.1% interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment manager and are paid monthly. The total fees for the three months ended March 31, 2021 amounted to \$144,000 (2020 - \$129,000).

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

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

8. Novel Coronavirus (or COVID-19)

The continued worldwide spread of novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts. This has created increased uncertainty and volatility which will impact the performance and expected returns of the portfolio and the Company in the near term.

9. Subsequent event

Common Share dividends of \$0.30 per Common Share were declared by the Board of Directors at its meeting on April 22, 2021, with a record and payable date of June 15, 2021 and June 30, 2021, respectively.

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2021 (Unaudited)

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	North America			
	Canada			
2,126,380	Algoma Central Corporation ¹	\$ 2,974	\$ 36,574	
386,206	E-L Financial Corporation Limited ¹	26,116	357,241	
33,101	Ecando Investments Limited			
	Classes A, B and common ^{1, 2, 3}	4,139	69,209	
176,414	The Fulcrum Investment Company Limited ^{1, 2}	464	20,259	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common ^{1, 2, 4}	2,115	51,514	
137,466	PrairieSky Royalty Ltd.	3,019	1,863	
4,837	TGV Holdings Limited Class B ^{1, 2, 4, 5}	318	14,658	
		<u>39,145</u>	<u>551,318</u>	51.9
	United States			
261,718	Allison Transmission Holdings Inc.	10,885	13,438	
8,511	Alphabet Inc. Class A.....	12,092	22,074	
95,358	AmerisourceBergen Corporation	8,143	14,158	
8,795	AutoZone, Inc.	11,180	15,531	
17,916	Berkshire Hathaway Inc. Class B	4,909	5,756	
258,578	Carrier Global Corporation.....	5,165	13,728	
98,967	Dollar Tree, Inc.	11,644	14,245	
38,183	Equifax Inc.	7,690	8,697	
51,523	Facebook, Inc. Class A.....	10,491	19,083	
94,324	Henry Schein Inc.	7,010	8,213	
84,004	Intercontinental Exchange, Inc.	10,849	11,797	
64,490	Johnson & Johnson	7,579	13,328	
29,330	L3Harris Technologies, Inc.	3,726	7,475	
73,523	Microsoft Corporation	3,693	21,798	
400,400	News Corporation Class A.....	6,717	12,804	
50,377	Northern Trust Corporation	3,503	6,659	
129,032	Oracle Corporation	6,127	11,386	
26,081	PepsiCo, Inc.	2,295	4,639	
72,487	Procter & Gamble Co.....	11,906	12,345	
127,472	Raytheon Technologies Corporation.....	8,682	12,386	
363,530	Sabre Corporation	11,694	6,770	
101,117	SS&C Technologies Holdings, Inc.	6,237	8,884	
182,623	Truist Financial Corp.....	7,485	13,393	
		<u>179,702</u>	<u>278,587</u>	26.2
	Total North America	<u>218,847</u>	<u>829,905</u>	78.1

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2021 (Unaudited)

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	Europe, excluding United Kingdom			
154,884	Brenntag AG	\$ 10,300	\$ 16,642	
163,165	Bureau Veritas S.A.	4,129	5,845	
70,626	Cie Financiere Richemont SA.....	6,820	8,545	
143,920	Cie Financiere Richemont SA Warrants	-	69	
29,184	Hannover Rueckversicherung SE.....	2,161	6,711	
68,740	Heineken Holding N.V.....	3,587	7,700	
30,391	Heineken N.V.....	3,724	3,930	
90,162	Henkel AG & Co. KGaA.....	6,274	11,457	
2,495	Henkel AG & Co. KGaA Preferred	332	362	
96,242	Koninklijke Philips Electronics	5,190	6,914	
78,319	Nestle S.A.....	6,968	11,001	
109,251	Novartis AG.....	7,961	11,766	
25,378	Roche Holding AG	6,876	10,336	
42,617	SAP AG.....	6,269	6,561	
733	Schindler Holding Ltd.....	205	265	
15,698	Schindler Holding Ltd.			
	Participation Certificate	4,859	5,811	
15,682	Willis Towers Watson plc	4,281	4,514	
		<u>79,936</u>	<u>118,429</u>	11.1
	Japan			
11,900	DISCO Corporation.....	3,184	4,698	
187,300	Kakaku.com Inc	3,588	6,426	
75,800	Kao Corporation.....	3,071	6,297	
16,300	Keyence Corporation	1,252	9,308	
158,200	Komatsu Ltd.....	4,417	6,144	
10,300	Shimano, Inc.....	2,003	3,086	
39,400	Shin-Etsu Chemical Co., Ltd.....	4,819	8,330	
46,800	Suzuki Motor Corporation	2,973	2,671	
74,700	Unicharm Corporation.....	1,707	3,942	
83,500	ZOZO, Inc.....	1,731	3,102	
		<u>28,745</u>	<u>54,004</u>	5.1
	United Kingdom			
79,397	Auto Trader Group plc	768	763	
270,541	British American Tobacco plc.....	14,570	13,011	
217,546	Bunzl plc	7,630	8,761	
138,079	Hargreaves Lansdown plc	3,712	3,690	
122,720	Imperial Brands plc.....	3,228	3,174	
631,704	Informa plc.....	6,129	6,131	
102,274	Unilever plc.....	4,661	7,192	
		<u>40,698</u>	<u>42,722</u>	4.0
	Bermuda			
62,700	Jardine Matheson Holdings Limited.....	4,668	5,156	0.5
	China			
335,000	Ping An Insurance (Group) Company of China, Ltd.	5,274	5,016	0.5

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2021 (Unaudited)

Number of shares		Cost	Carrying value	% of Carrying value
		(000's)		
	Cayman Islands			
4,224,000	Want Want China Holdings Ltd.	\$ 4,941	\$ 3,984	0.4
	Mexico			
276,800	Coca-Cola Femsa S.A.B. de C.V.	2,185	1,607	
27,005	Coca-Cola Femsa S.A.B. - SP ADR	2,025	1,569	
		<u>4,210</u>	<u>3,176</u>	<u>0.3</u>
	Total investments	<u>\$ 387,319</u>	<u>\$1,062,392</u>	<u>100.0</u>

¹ These companies and Economic are related parties.

² Not listed on a stock exchange.

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

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

⁵ Investment in associate.

Economic Investment Trust Limited

CORPORATE INFORMATION

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AUDITOR

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor & Treasury Services

TRANSFER AGENT AND REGISTRAR

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TORONTO STOCK EXCHANGE LISTING

Common Shares, ticker symbol EVT

NET EQUITY VALUE

The Company's net equity value per Common Share is published weekly on the Company's website.

REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

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

WEBSITE

www.evt.ca

