

Economic Investment Trust Limited



**THIRD QUARTER REPORT
SEPTEMBER 30, 2013**

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2013 ⁽¹⁾	As at Dec. 31 2012 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 105.95	\$ 83.98
Net assets.....	\$ 594,987	\$ 471,609
Number of Common Shares outstanding at period end	5,615,535	5,615,535

	Nine months ended September 30	
	2013 ⁽¹⁾	2012 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 1.02	\$ 0.92
Dividends per Common Share		
Quarterly	\$ 0.45	\$ 0.45
Additional ⁽³⁾	\$ 0.53	\$ 0.55
Increase in net assets from operations per Common Share	\$ 22.95	\$ 7.01
Investment income	\$ 8,353	\$ 7,920
Net investment income	\$ 5,748	\$ 5,187

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited financial performance and financial condition of Economic Investment Trust Limited ("Economic" or the "Company") for the third quarter of 2013 should be read in conjunction with: the December 31, 2012 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; the unaudited interim financial statements and notes contained in this report; and the Company's MD&A and unaudited interim financial statements for the first and second quarters of 2013. These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the disclosures required under GAAP for annual financial statements. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

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

Overview

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

The Company has been a closed-end investment corporation since 1927 and has never bought back its Common Shares. The Common Shares have historically traded at a discount to their net asset value, ranging from as high as a 45% discount to as low as a 20% discount. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value.

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

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

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

The long-term investments consist of common shares of E-L Financial Corporation Limited ("E-L Financial"), and to a lesser extent, Algoma Central Corporation ("Algoma") and The Bank of Nova Scotia. At September 30, 2013, the three largest long-term investments, as a percentage of total investments, are common shares of E-L Financial at 46.1% (December 31, 2012 – 39.9%), Algoma at 7.1% (December 31, 2012 – 8.5%) and The Bank of Nova Scotia at 7.1% (December 31, 2012 – 9.0%). The change in percentages since the year end reflects an increase in the market value of the Company's investment in shares of E-L Financial relative to the change in the market value of the Company's other equity investments. E-L Financial, Algoma and the Company can be significantly influenced by the same party. In management's view, these investments are consistent with the Company's investment strategy and contribute to achieving the investment objective. Further related party information is provided in Note 8 to the financial statements in the 2012 Annual Report and in the statement of investments in this interim report beginning on page 12.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The balance of the investment portfolio is managed by BurgundyAsset Management Ltd. ("Burgundy"), a global equity manager based in Toronto. At September 30, 2013 and the 2012 year end, 100.0% of the global investment portfolio was made up of non-Canadian companies.

At September 30, 2013, approximately 61.5% (December 31, 2012 – 58.8%) of the investment portfolio was held in long-term investments and 38.5% (December 31, 2012 – 41.2%) was managed by Burgundy. Over time these percentages will vary based on the market value of the two portfolios and as a result of any purchases or sales of long-term investments.

Investment Strategy

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

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

Use of Non-GAAP Measures

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

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

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

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

	Sept. 30	Dec. 31
	2013	2012
Net assets	\$ 594,987	\$ 471,609
Common Shares outstanding.....	5,615,535	5,615,535
Net equity value per Common Share	\$ 105.95	\$ 83.98

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 September 30		Nine months ended September 30	
	2013	2012	2013	2012
Increase in net assets from operations.....	\$ 16,486	\$ 5,545	\$ 128,881	\$ 39,364
Deduct: Net gain on investments.....	(14,834)	(4,223)	(123,133)	(34,177)
Net investment income	<u>\$ 1,652</u>	<u>\$ 1,322</u>	<u>\$ 5,748</u>	<u>\$ 5,187</u>
Common Shares outstanding	<u>5,615,535</u>	<u>5,615,535</u>	<u>5,615,535</u>	<u>5,615,535</u>
Net investment income per Common Share	<u>\$ 0.29</u>	<u>\$ 0.23</u>	<u>\$ 1.02</u>	<u>\$ 0.92</u>

Net Equity Value per Common Share

For the quarter ended September 30, 2013, the Company's net equity value per Common Share increased to \$105.95 at September 30, 2013 from \$103.17 at June 30, 2013. With dividends reinvested at month-end net equity values, the net equity value total return for the quarter was 2.8%, compared to a total return of 1.2% for the same period in 2012.

On a year-to-date basis, the Company's net equity value per Common Share increased to \$105.95 at September 30, 2013 from \$83.98 at December 31, 2012. The net equity value total return for the nine-month period was 27.4%, compared to a total return of 9.4% for the same period in 2012.

As the Company is a taxable Canadian corporation, its returns are net of a provision for income taxes on investment income and realized gains (losses) on investments, and net of a future income tax provision on the net change in unrealized appreciation of investments.

In Canadian dollar terms, benchmark returns on a total return (capital gains plus dividends) basis, compared to the Company's total return, on a net equity value basis, were as follows:

	Three months ended Sept. 30, 2013	Nine months ended Sept. 30, 2013
	(%)	
Economic net equity value.....	2.8	27.4
S&P/TSX Composite Index	6.3	5.3
MSCI All Country World Index	5.2	18.7
S&P 500 Index.....	3.0	23.8

The following returns are on a pre-tax basis. During the third quarter of 2013, the shares of E-L Financial, the Company's largest long-term investment, provided to the Company a total equity return of 0.8% compared to a total return of 0.5% for the same period in 2012. For the same respective periods, the global investment portfolio had a total return, gross of fees, of 3.7% in 2013 versus a total return of negative 3.6% in 2012.

On a year-to-date basis, shares of E-L Financial had a total return of 49.3% compared to a total return of 23.0% for the same period in 2012. For the same respective periods, the global investment portfolio had a total return, gross of fees, of 22.7% in 2013 versus a total return of negative 2.8% in 2012.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Net investment income

The Company's net investment income in the third quarter of 2013 was \$1,652,000 compared to 2012 net investment income of \$1,322,000. On a year-to-date basis, net investment income increased to \$5,748,000 in 2013 from \$5,187,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter increased by 26.1% to \$0.29 in 2013 compared to \$0.23 in 2012 and on a year-to-date basis increased by 10.9% to \$1.02 in 2013 from \$0.92 in 2012.

Foreign dividend income in the third quarter increased to \$1,460,000 in 2013 from \$1,413,000 in 2012 and on a year-to-date basis increased to \$5,440,000 from \$5,275,000 in 2012.

Canadian dividend income in the third quarter increased to \$942,000 in 2013 from \$870,000 in 2012 and, on a year-to-date basis, increased to \$2,817,000 from \$2,528,000 in 2012. The increase in both periods year over year resulted from an increase in dividends received from Algoma and The Bank of Nova Scotia.

Expenses in the quarter amounted to \$515,000 (2012 – \$382,000) and \$1,547,000 (2012 - \$1,175,000) on a year-to-date basis, a 34.8% increase for the quarter and a 31.7% increase year to date. The majority of the increase relates to a higher percentage management fee paid to the new global investment manager as well as from an increase in the market value of the global investment portfolio year over year.

The provision for income taxes in the current quarter and year to date includes \$nil (2012 – \$337,000) and \$nil (2012 - \$440,000) respectively of additional income tax related to certain foreign withholding taxes that could not be credited against Canadian income taxes payable.

Net gain on investments

The net gain on investments for the Company for the third quarter of 2013 was \$14,834,000 compared to a net gain of \$4,223,000 for the same period in the prior year. On a year-to-date basis, the net gain on investments was \$123,133,000 in 2013 compared to a net gain of \$34,177,000 for the same period in the prior year.

Long-term investments increased, on an after-tax basis, by \$8,252,000 during the third quarter of 2013 and \$86,952,000 year to date respectively. In the prior year, long-term investments increased by \$3,722,000 during the third quarter and \$34,481,000 year to date. The current quarter increase was primarily as a result of strong returns from the Company's investment in shares of E-L Financial and Algoma.

The global managed equity portfolio, on an after-tax basis, increased by \$6,582,000 during the third quarter of 2013 and \$36,181,000 year to date respectively. In the prior year, the same portfolio increased by \$501,000 during the third quarter and declined by \$304,000 year to date.

The global managed equity portfolio had a net change in unrealized appreciation of investments, on an after-tax basis, of \$3,305,000 during the third quarter of 2013 and \$28,059,000 year to date respectively. The prior year comparative amounts were an increase of \$28,809,000 and an increase of \$31,119,000 respectively. The current quarter and year-to-date increases were broadly based. The prior year's increase during the quarter and year to date occurred mainly from the sale of equities in the portfolio managed in the prior year, until August 2012, by Sanford C. Bernstein & Co. LLC ("Bernstein").

The net realized gain on the global managed equity portfolio for the current quarter was \$3,277,000 (2012 – a loss of \$28,308,000) and year to date a net realized gain of \$8,122,000 (2012 – a loss of \$31,423,000). All gains in 2013 were from the sale of equity investments. In the prior year, the third quarter included realized losses of \$28,700,000 on the sale of equity investments offset by realized gains of \$392,000 on the maturity or close out of forward foreign currency contracts. In the prior year, on a year-to-date basis, the Company realized net losses of \$29,880,000 on the sale of equity investments and net losses of \$1,543,000 on the maturity or close out of forward foreign currency

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MANAGEMENT'S DISCUSSION AND ANALYSIS

contracts. The prior year net realized loss on the sale of equities during the quarter and year to date occurred mainly as a result of the sale of the Bernstein managed portfolio.

At September 30, 2013, the Company has approximately \$65,807,000 (December 31, 2012 - \$73,930,000) of realized capital loss carryforwards. A future income tax benefit of approximately \$8,719,000 (December 31, 2012 - \$9,796,000) has been recognized as a reduction of future income tax liabilities on the unrealized appreciation of investments. Capital loss carryforwards can be carried forward indefinitely and can be applied against capital gains realized in the future.

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):

	Sept. 30 2013	June 30 2013	March 31 2013	Dec. 31 2012	Sept. 30 2012	June 30 2012	March 31 2012	Dec. 31 2011
Investment income	\$ 2,423	\$ 3,237	\$ 2,693	\$ 1,828	\$ 2,325	\$ 3,254	\$ 2,341	\$ 2,202
Increase (decrease) in net assets from operations	\$ 16,486	\$ 51,955	\$ 60,440	\$ 18,436	\$ 5,545	\$ (9,864)	\$ 43,683	\$ (5,639)
Increase (decrease) in net assets from operations per Common Share	\$ 2.93	\$ 9.26	\$ 10.76	\$ 3.28	\$ 0.99	\$ (1.76)	\$ 7.78	\$ (1.00)
Net equity value per Common Share	\$ 105.95	\$ 103.17	\$ 94.07	\$ 83.98	\$ 80.85	\$ 80.01	\$ 82.45	\$ 74.81
Quarterly NAV return %	2.8	9.8	12.8	4.1	1.2	(2.1)	10.4	(1.3)

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the second quarter of the year. Given the volatility in global stock markets and the value of the Canadian dollar relative to other currencies, there is no guarantee that the Company will receive dividend income on its investments at recent dividend payout levels.

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

Share Data

At September 30, 2013, there are 5,615,535 Common Shares issued and outstanding and each share is entitled to one vote.

Liquidity and Capital Resources

During the quarter and year to date, quarterly dividends of \$0.15 and \$0.45, respectively, were paid on the Common Shares. The payment of the Company's quarterly dividends is funded by net investment income. For the quarter ended September 30, 2013, net investment income was \$0.29 per Common Share and on a year-to-date basis, net investment income was \$1.02 per Common Share.

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

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The Company's dividend policy is to distribute annual net investment income in the form of dividends. The distributions are composed of \$0.15 quarterly dividends together with an additional dividend representing the balance of net investment income for the previous fiscal year. The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

Transition to International Financial Reporting Standards ("IFRS") for Investment Companies

The Company will adopt IFRS commencing January 1, 2014. Its first set of financial statements prepared in accordance with IFRS will be for the quarter ending March 31, 2014, which will provide corresponding comparative financial information for 2013, including an opening statement of financial position as at January 1, 2013.

At this stage of the transition, management has decided that it will elect to change its valuation of its investments from a bid basis to a closed basis. Commencing with the first set of IFRS financial statements for the quarter ending March 31, 2014, the prior year's opening statement of financial position will include an increase in the carrying value of investments, future / deferred income taxes and net equity value per Common Share. These same financial statement items are expected to increase for the 2013 comparative quarter-end financial statements, as well as will reflect corresponding increases to the net change in unrealized appreciation of investments and the provision for income tax for the respective quarter ends. In addition, IFRS will change to a certain degree the Company's financial statement presentation and will include additional note disclosure. Management also believes that the conversion to IFRS will not materially affect the Company's business arrangements, systems, internal controls over financial reporting, or disclosure controls and procedures.

Additional Information

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

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

November 5, 2013

Economic Investment Trust Limited

STATEMENT OF NET ASSETS (Unaudited)

	September 30 2013	December 31 2012
	(000's)	
Assets		
Investments, at fair value (cost - \$236,950; December 2012 - \$220,662) (Note 2) ..	\$ 633,328	\$ 483,221
Cash	1,290	1,179
Short-term investments	1,651	10,317
Accrued income on investments.....	523	326
Income taxes receivable.....	1,357	869
Other assets	108	31
	<u>638,257</u>	<u>495,943</u>
LIABILITIES		
Accounts payable and accrued liabilities.....	430	354
Future income taxes	42,840	23,980
	<u>43,270</u>	<u>24,334</u>
Net assets.....	<u>\$ 594,987</u>	<u>\$ 471,609</u>
SHAREHOLDERS' EQUITY		
Capital stock	\$ 204,691	\$ 204,691
Contributed surplus	1,474	1,474
Retained earnings	388,822	265,444
Total shareholders' equity.....	<u>\$ 594,987</u>	<u>\$ 471,609</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2013	2012	2013	2012
	(000's)			
INVESTMENT INCOME				
Dividends:				
Foreign	\$ 1,460	\$ 1,413	\$ 5,440	\$ 5,275
Canadian	942	870	2,817	2,528
	<u>2,402</u>	<u>2,283</u>	<u>8,257</u>	<u>7,803</u>
Interest, including securities lending income	<u>21</u>	<u>42</u>	<u>96</u>	<u>117</u>
	<u>2,423</u>	<u>2,325</u>	<u>8,353</u>	<u>7,920</u>
Expenses:				
Investment management and administrative costs	416	238	1,174	711
Directors' remuneration	33	46	107	146
Office and miscellaneous	25	39	144	148
Transfer, registrar and custody fees	24	44	73	118
Professional fees	17	15	49	52
	<u>515</u>	<u>382</u>	<u>1,547</u>	<u>1,175</u>
Investment income before income taxes	<u>1,908</u>	<u>1,943</u>	<u>6,806</u>	<u>6,745</u>
Provision for income taxes	<u>256</u>	<u>621</u>	<u>1,058</u>	<u>1,558</u>
NET INVESTMENT INCOME	<u>1,652</u>	<u>1,322</u>	<u>5,748</u>	<u>5,187</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS				
Net realized gain (loss) on investments	3,313	(27,979)	8,237	(30,938)
Net change in unrealized appreciation of investments	11,557	32,531	115,011	65,600
Transaction costs on purchase and sale of investments	(36)	(329)	(115)	(485)
NET GAIN ON INVESTMENTS	<u>14,834</u>	<u>4,223</u>	<u>123,133</u>	<u>34,177</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 16,486</u>	<u>\$ 5,545</u>	<u>\$ 128,881</u>	<u>\$ 39,364</u>
INCREASE IN NET ASSETS FROM OPERATIONS PER COMMON SHARE	<u>\$ 2.93</u>	<u>\$ 0.99</u>	<u>\$ 22.95</u>	<u>\$ 7.01</u>

(See accompanying notes)

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STATEMENT OF RETAINED EARNINGS (Unaudited)

	<u>Nine months ended Sept. 30</u>	
	<u>2013</u>	<u>2012</u>
	(000's)	
BEGINNING OF PERIOD.....	\$ 265,444	\$ 213,956
Add:		
Increase in net assets from operations	128,881	39,364
Refundable dividend taxes recovered	735	833
	129,616	40,197
Deduct:		
Dividends.....	5,503	5,615
Provision for refundable dividend taxes	735	686
	6,238	6,301
END OF PERIOD	\$ 388,822	\$ 247,852

STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

	<u>Three months ended Sept. 30</u>		<u>Nine months ended Sept. 30</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(000's)			
Increase in net assets from operations...	\$ 16,486	\$ 5,545	\$ 128,881	\$ 39,364
Dividends to common shareholders	(842)	(842)	(5,503)	(5,615)
Net decrease in refundable dividend taxes on hand.....	—	1	—	147
Increase in net assets.....	15,644	4,704	123,378	33,896
Net assets, beginning of period	579,343	449,313	471,609	420,121
NET ASSETS, END OF PERIOD	\$ 594,987	\$ 454,017	\$ 594,987	\$ 454,017

(See accompanying notes)

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

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2013	2012	2013	2012
			(000's)	
Proceeds on sales of investments.....	\$ 11,299	\$ 195,649	\$ 44,030	\$ 248,486
Cost of investments, beginning of period.....	235,310	254,216	220,662	259,525
Cost of investments purchased during the period.....	9,626	186,508	52,081	236,995
	<u>244,936</u>	<u>440,724</u>	<u>272,743</u>	<u>496,520</u>
Cost of investments, end of period.....	<u>236,950</u>	<u>217,096</u>	<u>236,950</u>	<u>217,096</u>
Cost of investments sold during the period.....	<u>7,986</u>	<u>223,628</u>	<u>35,793</u>	<u>279,424</u>
NET REALIZED GAIN (LOSS) ON INVESTMENTS	<u>\$ 3,313</u>	<u>\$ (27,979)</u>	<u>\$ 8,237</u>	<u>\$ (30,938)</u>

(See accompanying notes)

Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2013 (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
North America				
Canada				
2,126,380	Algoma Central Corporation ²	\$ 2,974	\$ 32,108	
386,206	E-L Financial Corporation Limited ²	26,116	243,700	
33,101	Ecando Investments Limited			
	Classes A, B and common ^{2, 3}	4,139	52,079	
176,414	The Fulcrum Investment Company Limited ^{2, 3}	464	12,084	
216,900	NVG Holdings Limited			
	Classes B, C, D, E and common ^{1, 2, 3}	2,115	39,261	
4,837	TGV Holdings Limited Class B ^{1, 2, 3, 4}	318	11,203	
		<u>36,126</u>	<u>390,435</u>	61.6
United States				
103,681	AmerisourceBergen Corporation	4,187	6,516	
16,151	Apple Inc.	7,779	7,919	
59,014	Baxter International Inc.	3,445	3,987	
160,966	BB&T Corporation	5,096	5,586	
46,735	Becton, Dickinson and Company	3,685	4,808	
237,655	Cisco Systems, Inc.	4,237	5,727	
73,358	Emerson Electric Company	3,653	4,881	
85,153	Equifax, Inc.	4,085	5,241	
4,178	Google Inc.	2,808	3,764	
75,154	Humana, Inc.	5,329	7,212	
108,055	Johnson & Johnson	7,305	9,633	
158,296	Leucadia National Corporation	4,355	4,432	
108,860	Lorillard, Inc.	4,241	5,014	
155,601	Microsoft Corporation	4,758	5,329	
95,687	Northern Trust Corporation	4,518	5,353	
66,132	Occidental Petroleum Corporation	5,784	6,362	
177,428	Oracle Corporation	5,691	6,049	
61,364	PepsiCo, Inc.	4,493	5,018	
79,373	Philip Morris International Inc.	7,300	7,068	
56,958	Procter & Gamble Company (The)	3,899	4,429	
73,518	Qualcomm Incorporated	4,569	5,092	
30,599	Union Pacific Corporation	4,389	4,890	
56,287	United Technologies Corporation	4,427	6,239	
59,214	Walgreen Co.	2,819	3,278	
447,747	Western Union Company (The)	7,335	8,598	
		<u>120,187</u>	<u>142,425</u>	22.5
	Total North America	<u>156,313</u>	<u>532,860</u>	84.1

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Economic Investment Trust Limited

STATEMENT OF INVESTMENTS AS AT SEPTEMBER 30, 2013 (continued) (Unaudited)

Number of shares		Cost	Fair value	% of Fair value
		(000's)		
	Latin America			
1,268,088	Quinenco S.A.....	\$ 4,081	\$ 3,287	0.5
	Europe, excluding United Kingdom			
73,367	Colruyt S.A.....	3,411	4,171	
57,089	Deutsche Boerse AG	2,893	4,406	
52,027	Hannover Rueckversicherung AG	3,179	3,935	
121,198	Heineken Holding N.V.....	5,490	7,888	
100,520	Henkel AG & Co. KGaA	6,142	9,155	
43,966	Nestle S.A.....	2,746	3,161	
56,191	Novartis AG.....	3,305	4,439	
64,231	Publicis Groupe	3,298	5,259	
20,467	Roche Holding AG	3,394	5,678	
		<u>33,858</u>	<u>48,092</u>	7.6
	United Kingdom			
141,729	British American Tobacco plc.....	7,698	7,727	
169,509	GlaxoSmithKline plc.....	3,944	4,393	
153,496	IMI plc	2,164	3,713	
146,898	Imperial Tobacco Group PLC.....	5,233	5,590	
525,062	Sage Group plc (The)	2,589	2,880	
93,196	Unilever PLC.....	3,350	3,782	
		<u>24,978</u>	<u>28,085</u>	4.5
	Asia			
50,100	Benesse Holdings, Inc.	2,375	1,868	
45,300	Canon Inc.	1,553	1,483	
21,900	Hirose Electric Co., Ltd.	2,291	3,448	
84,700	Kao Corporation.....	2,371	2,707	
9,400	Keyence Corporation	2,431	3,658	
16,800	Nintendo Co., Ltd.	1,791	1,956	
41,500	Shimano, Inc.	2,942	3,802	
34,800	Unicharm Corporation.....	1,966	2,082	
		<u>17,720</u>	<u>21,004</u>	3.3
	Total investments	<u>\$ 236,950</u>	<u>\$ 633,328</u>	<u>100.0</u>

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

² These companies and Economic can be significantly influenced by the same party.

³ Not listed on a stock exchange.

⁴ Subject to direct significant influence by the Company.

Economic Investment Trust Limited

NOTES TO FINANCIAL STATEMENTS (Unaudited)

Summary of significant accounting policies

1. Basis of presentation

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as the most recent annual financial statements, and should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2012. The financial statements do not include all of the disclosures required under GAAP for annual financial statements.

2. Classification of fair value measurements

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

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

At September 30, 2013, the Company had \$518,701,000 (December 31, 2012 - \$388,474,000) of Level 1 and \$114,627,000 (December 31, 2012 - \$91,461,000) of Level 2 investments. There were no transfers year to date between Level 1 and Level 2 investments and the Company had no Level 3 investments.

Economic Investment Trust Limited

CORPORATE INFORMATION

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AUDITORS

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor Services Trust

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 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 questions or concerns regarding accounting or auditing matters.

WEBSITE

www.evt.ca

