

Economic Investment Trust Limited



SECOND QUARTER REPORT
June 30, 2023

Economic Investment Trust Limited

THE PERIOD AT A GLANCE (Unaudited)

	As at June 30		As at Dec. 31	
	2023		2022	
Net equity value per Common Share ¹	\$	187.50	\$	184.62
Net assets ²	\$	1,024,033	\$	1,008,877
Number of Common Shares outstanding at period end		5,461,428		5,464,628

	Six months ended		June 30	
	2023		2022	
Net Investment Income per Common Share ¹	\$	3.22	\$	3.93
Dividends per Common Share				
Quarterly	\$	0.60	\$	0.60
Additional ³	\$	4.98	\$	8.69
Net income (loss) per Common Share	\$	8.43	\$	(18.34)
Net investment income ^{1,2}	\$	17,602	\$	21,954

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.

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 & 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 second quarter of 2023 should be read in conjunction with: the December 31, 2022 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; the Company's MD&A and unaudited interim condensed financial statements and notes for the previous quarter of 2023; and the unaudited interim condensed financial statements and notes contained in this report. 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. The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars. This MD&A is dated August 2, 2023.

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

Overview

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

The Company has been a closed-end investment corporation since 1927. The Common Shares have persistently traded at a discount to their net asset value, ranging from approximately an 18% discount to a 37% discount over the past 10 years. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value.

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

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

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

The long-term investments consist primarily of the publicly-traded common shares of E-L Financial Corporation Limited ("E-L Financial"), Algoma Central Corporation ("Algoma"), a shipping company, and The Bank of Nova Scotia. At June 30, 2023, E-L Financial represented 39.3% (December 31, 2022 – 38.4%) of total equity investments, Algoma 4.1% (December 31, 2022 – 5.0%) and The Bank of Nova Scotia 5.4% (December 31, 2022 – 5.4%). 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

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION & ANALYSIS

to the financial statements in the 2022 Annual Report and in the schedule of investment portfolio in this interim report beginning on page 17.

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 54.9% 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 36.8% interest in Algoma and a 24.7% interest in Economic. E-L Financial also owns 99.4% of Empire Life which underwrites life and health insurance policies and provides segregated funds and annuity products in Canada. Each of E-L Financial, Empire Life, United and Algoma are related parties and are reporting issuers which have profiles on SEDAR.

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

At June 30, 2023, approximately 50.4% (December 31, 2022 – 50.6%) of the investment portfolio was held in long-term investments and 49.6% (December 31, 2022 – 49.4%) was managed by Neuberger Berman Canada. Over time these percentages will vary based on the market value of the two portfolios and as a result of any purchases or sales of investments.

Investment Strategy

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

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

Use of Non-GAAP Measures

This MD&A contains references to "net equity value per Common Share", "growth in net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meanings in GAAP 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 & 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):

	June 30 2023	December 31 2022
Net Assets	\$ 1,024,033	\$ 1,008,877
Common Shares outstanding	5,461,428	5,464,628
Net Equity Value per Common Share	\$ 187.50	\$ 184.62

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 June 30		Six months ended June 30	
	2023	2022	2023	2022
Net income (loss)	\$ 20,245	\$ (85,454)	\$ 46,074	\$ (102,377)
Add (deduct):				
Other net fair value changes in investments	(14,402)	107,163	(33,009)	143,295
Tax on other net fair value changes in investments	1,909	(14,198)	4,374	(18,986)
Net change in refundable dividend taxes on hand	17	(519)	163	22
Net Investment income	\$ 7,769	\$ 6,992	\$ 17,602	\$ 21,954
Weighted Average Common Shares Outstanding	5,463,991	5,578,461	5,464,308	5,581,948
Net Investment income per Common Share ¹	\$ 1.42	\$ 1.25	\$ 3.22	\$ 3.93

¹ On an after-tax basis.

Net Equity Value per Common Share

The Company's net equity value per Common Share increased 1.6% to \$187.50 at June 30, 2023 from \$184.62 at December 31, 2022.

With dividends reinvested at month-end net equity values, the Company's net equity value growth was 2.0% in the second quarter of 2023, compared to a negative return of 8.2% during the second quarter of 2022.

Long-term investments had a pre-tax total return of 1.6% in the second quarter of 2023 compared to a negative total return of 7.3% in the second quarter of 2022. On a pre-tax basis, the shares of E-L Financial had a return of 2.4% during 2023 (2022 – negative 6.9%), the shares of Algoma had a return of negative 2.7% (2022 – negative 6.3%), and the shares of the Bank of Nova Scotia had a return of negative 1.1% (2022 – negative 13.9%).

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION & ANALYSIS

Net Equity Value per Common Share (continued)

The global investment portfolio had a pre-tax total return, gross of fees, of 3.0% in the second quarter of 2023 versus a comparative return of negative 10.5% in the second quarter of 2022.

On a year-to-date basis, with dividends reinvested at month-end net equity values, the Company's net equity value return was 4.6% in 2023, compared to negative 9.6% during 2022.

Long-term investments had a pre-tax return of 2.5% for the six months ended June 30, 2023 compared to negative 6.7% during 2022. On a pre-tax basis, the shares of E-L Financial had a return of 4.5% during 2023 (2022 – negative 6.6%), the shares of Algoma had a negative return of 7.5% (2022 – negative 3.8%), and the shares of the Bank of Nova Scotia had a return of 3.0% (2022 – negative 12.7%).

The global investment portfolio had a pre-tax return, gross of fees, of 8.1% for the six months ended June 30, 2023 versus a comparative return of negative 13.3% during 2022.

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

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

	Three months ended	Six Months ended
	June 30	June 30
	(%)	(%)
Economic net equity value	2.0	4.6
S&P/TSX Composite Index	1.1	5.7
MSCI All Country World Index	4.0	11.7
S&P 500 Index	6.4	14.3

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION & ANALYSIS

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*

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

Compound annual growth*

2013 - 2022 - 10 years	10.7
------------------------	------

*Any NAV amounts prior to 2014 have not been restated for any subsequent changes in accounting policies. Growth in NAV is determined by the percentage change in NAVs including dividends reinvested at month-end NAVs.

Operating Results

Net income

The Company reported a net income of \$20,245,000 in the second quarter of 2023 compared to a net loss of \$85,454,000 in the second quarter of 2022. On a year-to-date basis, the Company reported net income of \$46,074,000 compared to a net loss of \$102,377,000 in 2022. On a per Common Share basis, earnings per share increased to \$3.71 in 2023 compared to a net loss of \$15.31 for 2022. On a year-to-date basis, earnings per share increased to \$8.43 compared to a net loss of \$18.34 in 2022.

The other net fair value changes in investments for the quarter was a net gain of \$14,402,000 in the second quarter of 2023 compared to a net loss of \$107,163,000 for 2022. On a year-to-date basis, the other net fair value changes in investments was a net gain of \$33,009,000 compared to a net loss of \$143,295,000 during 2022.

The other net fair value changes for long-term investments was a net gain of \$5,307,000 in the second quarter of 2023 compared to a net loss of \$43,460,000 during the same period in 2022. On a year-to-date basis, the other net fair value changes for long-term investments was a net gain of \$2,832,000 compared to a net loss of \$53,073,000 during the same period in 2022. The Company's year-to-date gain on long-term investments was primarily due to appreciation in E-L Financial partly offset by a fair value loss for Algoma.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION & ANALYSIS

The global investment portfolio had an other net fair value gain of \$9,095,000 in the second quarter of 2023 compared to net fair value losses of \$63,703,000 in 2022. On a year-to-date basis, the global investment portfolio had other net fair value gains of \$30,177,000 compared to other net fair value losses of \$90,222,000. The 2023 net fair value gain for the global investment portfolio included investment gains from North America of \$20,157,000, Europe \$6,767,000, Japan \$2,251,000 and Emerging Markets \$1,331,000. The top three contributors to the positive performance included Apple Inc., NVIDIA Corporation, and Microsoft Corporation.

The Company's net realized loss, all of which relates to the global investment portfolio, was \$3,045,000 in the second quarter of 2023 compared to a loss of \$25,958,000 in 2022. On a year-to-date basis, the net realized loss was \$3,767,000 compared to \$44,949,000 in 2022. The 2023 year-to-date net realized loss included net realized investment losses in North America investments of \$4,567,000 offset by net realized gains of \$1,179,000 for Europe.

Net investment income

The Company's net investment income in the second quarter of 2023 increased to \$7,769,000 compared to \$6,992,000 in the second quarter of 2022. On a year-to-date basis, net investment income decreased to \$17,602,000 compared to \$21,954,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter increased to \$1.42 in 2023 compared to \$1.25 in 2022 and on a year-to-date basis decreased to \$3.22 compared to \$3.93 in 2022.

Foreign dividend income in the second quarter of 2023 increased to \$6,620,000 from \$5,617,000 in 2022 and on a year-to-date basis increased to \$10,355,000 from \$9,788,000 in 2022. Higher foreign dividend income is primarily attributable to increases in dividends paid by investment portfolio companies relative to the same period in the prior year. In general, foreign dividend income is impacted by changes in the composition of the investment portfolio, variability in foreign exchange rates and dividend yields.

Canadian dividend income in the second quarter of 2023 decreased to \$3,477,000 from \$3,612,000 in 2022 on a year-to-date basis decreased to \$11,094,000 from \$16,208,000 in 2022. During the first quarter of 2023 the Company received a special dividend from its investment in Algoma of \$4,284,000. In the first quarter of 2022, the Company received a special dividend of \$9,655,000 from its investment in E-L Financial.

Interest and securities lending income increased to \$108,000 from \$49,000 for the second quarter of the year and to \$403,000 from \$79,000 on a year-to-date basis. The increases occurred as a result of higher average interest rates in the current year compared to the prior year.

Expenses for the second quarter declined to \$510,000 from \$526,000 in the same quarter during the prior year. On a year-to-date basis expenses increased to \$1,212,000 from \$1,162,000 in 2022.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION & ANALYSIS

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):

	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
	2023	2023	2022	2022	2022	2022	2021	2021
Net Investment Income ¹	\$ 7,769	\$ 9,833	\$ 7,233	\$ 5,085	\$ 6,992	\$ 14,962	\$ 11,011	\$ 34,306
Net Income (loss)	\$ 20,245	\$ 25,829	\$ 81,161	\$ 3,757	\$ (85,454)	\$ (16,923)	\$ 34,556	\$ 50,531
Earnings (loss) per Common Share	\$ 3.71	\$ 4.73	\$ 14.54	\$ 0.65	\$ (15.31)	\$ (3.03)	\$ 6.19	\$ 9.02
NAV per Common Share	\$ 187.50	\$ 184.07	\$ 184.62	\$ 170.07	\$ 169.11	\$ 184.59	\$ 196.60	\$ 190.70
Quarterly NAV return % ²	2.0	2.6	8.7	0.7	(8.2)	(1.5)	3.3	5.0

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. On occasion, the Company will receive special dividends on certain investments. In the first quarter of 2023, the Company received a special dividend from its investment in Algoma for \$4,284,000. In the first quarter of 2022, the Company received a special dividend from its investment in E-L Financial for \$9,655,000. In the third quarter of 2021, the Company received a special dividend from its investment of E-L Financial for \$30,896,000. There is no guarantee that the Company will receive dividend income on its investments at current dividend payout levels.

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

Share Data

At June 30, 2023, there are 5,461,428 (December 31, 2022 - 5,464,628) Common Shares issued and outstanding and each share is entitled to one vote.

Economic Investment Trust Limited

MANAGEMENT'S DISCUSSION & ANALYSIS

Normal Course Issuer Bid

On March 6, 2023, the Company obtained approval from the TSX to renew its normal course issuer bid ("NCIB") to purchase up to 273,231 Common Shares between March 9, 2023 and March 8, 2024. 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 six-month period ended June 30, 2023, 3,200 (2022 - 15,500) shares purchased under the NCIB at an average price of \$133.13 (2022 - \$120.39) per share for a total consideration of \$426,000 (2022 - \$1,866,000).

Liquidity and Capital Resources

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

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

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

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

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)

(in thousands of Canadian dollars)

	June 30 2023	December 31 2022
ASSETS		
Cash and cash equivalents	\$ 5,986	\$ 12,831
Investments (Note 4)	1,084,731	1,073,307
Dividends and interest receivable	2,984	1,632
Income taxes receivable	10,872	9,709
Other assets	623	1,782
Total assets	1,105,196	1,099,261
LIABILITIES		
Accrued expenses	305	284
Loan payable	—	14,500
Deferred tax liabilities	80,858	75,600
Total liabilities	81,163	90,384
NET ASSETS	\$ 1,024,033	\$ 1,008,877
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	\$ 199,045	\$ 199,191
Retained earnings	824,988	809,686
TOTAL SHAREHOLDERS' EQUITY	\$ 1,024,033	\$ 1,008,877

The accompanying notes are an integral part of these financial statements.

Economic Investment Trust Limited

STATEMENT OF COMPREHENSIVE INCOME

Unaudited

(in thousands of Canadian dollars)

	Three months ended		Six months ended	
	June 30		June 30	
	2023	2022	2023	2022
INCOME				
Dividends				
Foreign	\$ 6,620	\$ 5,617	\$ 10,355	\$ 9,788
Canadian (Note 7)	3,477	3,612	11,094	16,208
	10,097	9,229	21,449	25,996
Interest and securities lending income	108	49	403	79
Other net fair value changes in investments (Note 6)	14,402	(107,163)	33,009	(143,295)
	24,607	(97,885)	54,861	(117,220)
EXPENSES				
Investment management and administrative costs (Note 7)	304	309	604	649
Directors' remuneration	99	95	200	192
Office and miscellaneous	23	41	158	183
Transfer, register and custody fees	58	63	120	99
Professional fees	26	18	65	39
Interest	—	—	65	—
	510	526	1,212	1,162
INCOME (LOSS) BEFORE INCOME TAXES	24,097	(98,411)	53,649	(118,382)
Provision for (recovery of) income taxes	3,852	(12,957)	7,575	(16,005)
NET INCOME (LOSS)	\$ 20,245	\$ (85,454)	\$ 46,074	\$ (102,377)
EARNINGS (LOSS) PER COMMON SHARE - BASED AND DILUTED				
	\$ 3.71	\$ (15.31)	\$ 8.43	\$ (18.34)

The accompanying notes are an integral part of these financial statements.

Economic Investment Trust Limited

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

UNAUDITED

(in thousands of Canadian dollars)

	Share Capital	Retained Earnings	Total
At January 1, 2023	\$ 199,191	\$ 809,686	\$ 1,008,877
Net income for the period	—	46,074	46,074
Dividends	—	(30,492)	(30,492)
Repurchase and cancellation of common shares (Note 5)	(146)	(280)	(426)
At June 30, 2023	\$ 199,045	\$ 824,988	\$ 1,024,033
At January 1, 2022	\$ 203,598	\$ 894,494	\$ 1,098,092
Net loss for the period	—	(102,377)	(102,377)
Dividends	—	(51,887)	(51,887)
Repurchase and cancellation of common shares (Note 5)	(565)	(1,301)	(1,866)
At June 30, 2022	\$ 203,033	\$ 738,929	\$ 941,962

The accompanying notes are an integral part of these financial statements.

Economic Investment Trust Limited

STATEMENT OF CASH FLOWS

UNAUDITED

(in thousands of Canadian dollars)

	Six months ended	
	June 30	
	2023	2022
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net Income (loss)	\$ 46,074	\$ (102,377)
Adjustments for:		
Other net fair value changes in investments	(33,009)	143,295
Purchases of investments	(117,309)	(181,151)
Proceeds from sale of investments	138,894	202,547
Dividends and interest receivable	(1,352)	(1,225)
Deferred taxes	5,258	(12,680)
Net change in other assets and liabilities	17	(28,888)
	38,573	19,521
Financing		
Dividends paid to shareholders	(30,492)	(51,887)
Repayment of loan	(14,500)	—
Repurchase of Common Shares	(426)	(1,866)
	(45,418)	(53,753)
Net decrease in cash and cash equivalents	(6,845)	(34,232)
Cash and cash equivalents at beginning of the period	12,831	46,110
Cash and cash equivalents at end of the period	\$ 5,986	\$ 11,878
Interest received	\$ 324	\$ 27
Dividends received, net of withholding taxes	18,825	23,573
Income taxes paid	2,350	24,575

The accompanying notes are an integral part of these financial statements.

Economic Investment Trust Limited

NOTES TO INTERIM FINANCIAL STATEMENTS

(Unaudited, all dollar figures in thousands of Canadian, except per share amounts)

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 August 2, 2023.

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, 2022.

3. Critical accounting estimates and judgements

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, 2022 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.

Economic Investment Trust Limited

NOTES TO INTERIM FINANCIAL STATEMENTS

(Unaudited, all dollar figures in thousands of Canadian, except per share amounts)

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 June 30, 2023, the Company had \$928,323, (December 31, 2022 – \$913,724) of Level 1 and \$156,408 (December 31, 2022 - \$159,583) of Level 3 equity investments. During the quarter, there were no transfers between Level 1, 2 or 3 equity investments.

5. Share capital

The changes in share capital are comprised as follows:

	<u>Number of Shares</u>	<u>Share Capital Amount</u>
At January 1, 2023	5,464,628	\$ 199,191
Repurchase and cancellation of shares	(3,200)	(146)
<u>At June 30, 2023</u>	<u>5,461,428</u>	<u>\$ 199,045</u>
At January 1, 2022	5,585,535	\$ 203,598
Repurchase and cancellation of shares	(120,907)	(4,407)
<u>At December 31, 2022</u>	<u>5,464,628</u>	<u>\$ 199,191</u>

On March 6, 2023, the Company obtained approval from the TSX to renew its normal course issuer bid (“NCIB”) to purchase up to 273,231 Common Shares between March 9, 2023 and March 8, 2024. 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 six-month period ended June 30, 2023, 3,200 (2022 - 15,500) shares purchased under the NCIB at an average price of \$133.13 (2022 - \$120.39) per share for a total consideration of \$426 (2022 - \$1,866). The total amount paid to purchase the shares is allocated to share capital 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 retained earnings.

Economic Investment Trust Limited

NOTES TO INTERIM FINANCIAL STATEMENTS

(Unaudited, all dollar figures in thousands of Canadian, except per share amounts)

6. Other net fair value changes in investments

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

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Net realized loss	\$ (3,045)	\$ (25,958)	\$ (3,767)	\$ (44,949)
Net change in unrealized appreciation	17,447	(81,205)	36,776	(98,346)
	<u>\$ 14,402</u>	<u>\$ (107,163)</u>	<u>\$ 33,009</u>	<u>\$ (143,295)</u>

7. Related party information

The Company has investments in related parties (see Schedule of Investment Portfolio) with a fair value at June 30, 2023 of \$546,424 (December 31, 2022 - \$543,594) representing 50.4% (December 31, 2022 – 50.6%) of the total investments. Dividends from these companies for the three months ended June 30, 2023 amounted to \$3,110 (2022 - \$3,466), Dividends from these companies for the six months ended June 30, 2023 amounted to \$10,778 (2022 - \$15,929).

E-L Financial holds a 24.7% 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 June 30, 2023 amounted to \$150 (2022 - \$149) and \$299 (2022 - \$307) for the six months ended June 30, 2023.

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.

8. Subsequent event

Common Share dividends of \$0.30 per Common Share were declared by the Board of Directors at its meeting on August 2, 2023, with a record and payable date of September 15, 2023 and September 29, 2023, respectively.

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
			(000's)	
	Canada			
2,126,380	Algora Central Corporation ¹	\$ 2,973	\$ 32,215	
7,077	Canadian National Railway Company US	1,101	1,135	
71,704	Canadian Natural Resources Limited	4,445	5,341	
17,900	Canadian Utilities Limited	641	614	
386,206	E-L Financial Corporation Limited ¹	26,116	357,801	
33,101	Ecando Investments Limited Classes A, B and common ^{1,2,3}	4,139	67,550	
176,414	The Fulcrum Investment Company Limited ^{1,2}	464	28,884	
3,900	George Weston Limited	574	611	
12,700	Imperial Oil Limited	536	861	
6,200	Loblaw Companies Ltd.	635	752	
202,811	Manulife Financial Corporation	4,936	5,078	
8,900	Metro Inc.	587	666	
216,900	NVG Holdings Limited Classes B, C, D, E and common ^{1,2,4}	2,115	46,590	
22,415	Rogers Communications, Inc. Class B	1,196	1,355	
20,354	Royal Bank of Canada	2,640	2,575	
32,479	Shopify Inc. Class A	1,369	2,781	
4,837	TGV Holdings Limited Class B ^{1,2,4,5}	318	13,384	
736	Toronto Dominion Bank	62	60	
		<u>54,847</u>	<u>568,253</u>	52.4
	United States			
33,150	Abbvie Inc.	5,548	5,913	
36,686	Aflac Inc.	2,910	3,390	
6,139	Airbnb, Inc. Class A	925	1,042	
49,200	Alphabet Inc. Class A	3,495	7,797	
667	Alphabet Inc. Class C	92	107	
77,140	Altria Group, Inc.	4,559	4,627	
27,845	American Electric Power Company, Inc.	3,106	3,104	
7,129	Ameriprise Financial, Inc.	2,476	3,135	
4,385	Amgen Inc.	1,409	1,289	
72,280	Apple Inc.	15,756	18,565	
24,291	Applied Materials, Inc.	3,095	4,649	
6,905	AT&T Inc.	177	146	
1,104	Autozone, Inc.	2,104	3,645	
14,989	Berkshire Hathaway Inc. Class B	4,445	6,767	
693	Booking Holdings Inc.	1,955	2,478	
30,455	Bristol Myers Squibb Company	2,902	2,579	
8,893	Broadcom Inc.	6,731	10,213	
1,494	Caterpillar Inc.	461	487	
9,654	Cboe Global Markets Inc.	1,434	1,764	
12,499	Cbre Group, Inc. - A	1,223	1,336	
13,481	Chevron Corporation	2,858	2,809	
695	Chipotle Mexican Grill, Inc.	1,280	1,968	
904	The Cigna Group	321	336	
2,618	Cintas Cp	1,260	1,723	
44,225	Cisco Systems, Inc.	2,465	3,030	
46,221	Citigroup Inc	2,931	2,817	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
	United States (continued)		(000's)	
14,924	The Coca-Cola Company	\$ 1,160	\$ 1,190	
79,202	Comcast Corporation Class A	4,196	4,357	
35,106	ConocoPhillips	3,154	4,816	
21,253	D.R. Horton, Inc.	2,147	3,424	
19,299	Devon Energy Corporation	969	1,235	
12,957	Discover Financial Services	1,777	2,005	
1,452	Dollar Tree Inc.	260	276	
7,741	DTE Energy Company	1,187	1,128	
2,790	Electronic Arts Inc.	482	479	
7,710	Elevance Health Inc.	4,366	4,535	
12,481	Eog Resources, Inc.	1,342	1,891	
9,311	Evergy, Inc.	751	720	
61,740	Exxon Mobile Corporation	4,833	8,767	
36,570	Firstenergy Corp.	1,888	1,883	
22,764	Fox Corporation	1,086	1,025	
33,676	Freeport-McMoRan Inc.	1,779	1,783	
18,529	Gaming and Leisure Properties, Inc.	1,266	1,189	
11,520	General Dynamics Corporation	3,042	3,282	
6,790	Genuine Parts Company	1,158	1,521	
33,153	Gilead Sciences, Inc.	3,638	3,383	
4,221	Globe Life Inc.	629	613	
6,691	Goldman Sachs Group, Inc. (The)	3,171	2,857	
21,750	Hartford Financial Services Group, Inc. (The)	1,907	2,074	
12,029	HCA Healthcare, Inc.	3,744	4,833	
7,289	Hershey Company (The)	1,781	2,410	
27,063	Host Hotels & Resorts, Inc.	630	603	
31,324	Interpublic Group of Companies, Inc. (The)	1,242	1,600	
34,430	Johnson & Johnson	4,046	7,545	
16,457	JPMorgan Chase & Co	2,461	3,169	
7,155	Keysight Technologies Inc.	1,295	1,586	
3,506	KLA Corporation	1,680	2,251	
4,974	Lam Research Corporation	2,513	4,234	
1,489	Leidos Holdings, Inc.	159	174	
17,385	Lennar Corporation Class A	1,958	2,884	
4,708	LKQ Corporation	342	363	
373	Lululemon Athletica Inc.	157	187	
11,178	LyondellBasell Industries N.V. Cl A	1,234	1,359	
44,589	Marathon Petroleum Corporation	1,401	1,359	
4,480	Marriott International, Inc.	869	1,090	
5,667	Marsh & McLennan Companies, Inc.	1,263	1,411	
962	Mastercard Inc. Class A	473	501	
1,661	Mercadolibre Inc.	1,749	2,605	
24,539	Merck & Co. Inc. New	3,293	3,749	
8,039	Meta Platforms, Inc. Class A	2,690	3,055	
22,670	Microchip Technology Incorporated	2,085	2,689	
35,148	Microsoft Corporation	3,968	15,847	
33,600	Morgan Stanley	4,009	3,799	
4,664	Motorola Solutions Inc	1,278	1,811	
34,337	Nike Inc. Class B	4,550	5,018	
15,150	Nucor Corporation	2,096	3,289	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023 (Unaudited)

Number Shares		Cost	Carrying value	% of Carrying value
	United States (continued)		(000's)	
11,990	NVIDIA Corporation	\$ 2,406	\$ 6,715	
11,869	Omnicom Group Inc.	1,142	1,495	
13,007	ON Semiconductor Corporation	1,165	1,629	
23,510	Oneok, Inc.	1,785	1,921	
33,860	Oracle Corporation	1,608	5,339	
138	O'Reilly Automotive, Inc.	156	175	
5,330	Owens Corning	618	921	
2,632	Parker Hannifin Corporation	1,245	1,359	
2,867	Pfizer Inc.	158	139	
42,043	Philip Morris International Inc.	5,059	5,434	
1,152	Pioneer Natural Resources Company	315	316	
858	PPG Industries, Inc.	160	168	
40,503	PPL Corporation	1,525	1,419	
4,889	Principal Financial Group, Inc.	479	491	
37,200	Procter & Gamble Company (The)	6,119	7,474	
8,586	PulteGroup, Inc.	639	883	
7,578	Quest Diagnostics Incorporated	1,351	1,410	
11,350	Raymond James Financial, Inc.	1,415	1,559	
738	Sempra Energy	151	142	
25,307	Simon Property Group, Inc.	3,802	3,869	
4,055	Snap-On Inc	1,207	1,547	
12,127	Southern Company	1,087	1,128	
14,195	Starbucks Corporation	1,585	1,862	
592	State Street Corporation	62	57	
22,287	Steel Dynamics, Inc.	2,027	3,214	
29,528	TJX Companies, Inc. (The)	3,136	3,315	
6,690	The Travelers Companies, Inc.	1,602	1,538	
3,820	Thermo Fisher Scientific Inc.	2,882	2,639	
20,197	Trade Desk, Inc. (The)	1,454	2,065	
1,130	Ulta Beauty, Inc.	566	704	
3,678	The Union Pacific Railroad Corporation	978	996	
10,700	United Parcel Service, Inc.	2,750	2,539	
1,605	United Rentals, Inc.	801	946	
14,348	Unitedhealth Group Incorporated	9,109	9,131	
8,254	Waste Management Inc.	1,730	1,895	
58,006	Weyerhaeuser Company	2,440	2,574	
66,370	Williams Companies, Inc. (The)	2,206	2,867	
3,028	W.W. Grainger, Inc.	2,210	3,162	
30,251	Yum China Holdings, Inc.	2,022	2,263	
		<u>246,224</u>	<u>316,870</u>	<u>29.2</u>
	Total North America	<u>301,071</u>	<u>885,123</u>	<u>81.6</u>

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023 (Unaudited)

Number Shares		Cost	Carrying value	% of Carrying value
		(000's)		
Europe, excluding United Kingdom				
48,873	ABB Ltd.	\$ 1,779	\$ 2,542	
3,681	Asml Holding N.V.	2,493	3,525	
367,022	Banco Bilbao Vizcaya Argentaria, S.A.	2,412	3,728	
11,659	Bayerische Motoren Werke AG	1,220	1,895	
320,584	CaixaBank S.A.	1,287	1,754	
21,756	Chubb Limited	5,421	5,549	
45,196	Compagnie de Saint-Gobain S.A.	2,375	3,638	
48,472	Crédit Agricole S.A.	663	761	
18,963	Danone	1,302	1,538	
82,023	Deutsche Post AG	3,946	5,268	
2,353	Hannover Rueck SE	646	661	
91,496	Iberdrola, S.A.	1,288	1,579	
77,389	Infineon Technologies AG	2,440	4,217	
100,836	Ing Groep N.V.	1,221	1,797	
19,668	Julius Baer Group Ltd.	1,258	1,638	
3,327	Linde Public Limited Company	1,244	1,679	
34,337	Mercedes-Benz Group AG	3,033	3,650	
24,300	Nestle S.A.	2,162	3,865	
329,435	Nordea Bank Abp	4,413	4,741	
9,210	Roche Holding AG - BR	2,562	3,734	
8,836	Sanofi	1,127	1,253	
41,778	Societe Generale SA	1,194	1,436	
27,274	STMicroelectronics N.V.	1,275	1,795	
7,424	Swatch Group AG (The)	539	539	
1,325	Swiss Prime Site AG	158	152	
550	Swisscom AG-REG	482	454	
44,146	Telenor ASA	645	593	
60,076	TotalEnergies SE	3,800	4,560	
30,996	Vinci SE	3,855	4,763	
		<u>56,240</u>	<u>73,304</u>	
				6.8
Emerging Markets				
1,513,000	Agricultural Bank of China	802	788	
33,300	Alibaba Group Holding Limited	487	457	
1,639,501	América Móvil, S.A.B. De C.V.	2,082	2,359	
94,800	Arca Continental Sab De C.V.	766	1,290	
40,630	ArcelorMittal S.A.	1,192	1,463	
21,582	Arch Capital Group Ltd	1,286	2,139	
5,817,000	Bank Of China Ltd	2,971	3,087	
170,200	BB Sugueros Participacoes	810	1,441	
4,500	BGF Retail Co., Ltd.	743	790	
142,000	China Life Insurance Company Limited	322	313	
366,000	China Medical System Holdings Limited	738	789	
158,000	China National Pharmaceutical Group Co., Ltd.	210	182	
314,000	China Resources Land Ltd	1,491	1,762	
259,500	China Shenhua Energy Company Limited	782	1,050	
63,000	CK Asset Holdings Limited	524	462	
80,000	CLP Holdings Limited	802	823	
115,900	Coca-Cola Femsa S.A.B. De C.V.	915	1,283	
24,259	Grindrod Limited	17	16	

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
			(000's)	
	Emerging Markets (continued)			
39,195	Gruma, S.A.B. De C.V.	\$ 621	\$ 833	
213,600	Grupo Bimbo, Sab De C.V.	766	1,514	
189,024	Grupo Financiero Barnote Sab De C.V.	1,597	2,065	
2,214	Hyundai Mobis Co., Ltd.	490	517	
9,935	Hyundai Motor Co Ltd 2nd Preferred	1,901	2,060	
244,000	Industrial and Commercial Bank of China Limited	162	172	
9,361	Kia Motors Corporation	649	832	
33,187	LG Corporation	2,492	2,932	
256,000	Lite-On Technology Corporation	730	1,126	
38,700	Magnit PJSC	760	1	
113,000	Mediatek Inc.	3,419	3,304	
58,803	Momentum Metropolitan Hldgs	74	75	
103,281	MTN Group Limited	849	1,003	
161,700	Netease, Inc.	3,496	4,170	
224,600	OUTsurace Group Limited	436	536	
4,775	PDD Holdings Inc.	427	437	
164,500	Petroleo Brasileiro SA Petrobras PR	1,194	1,337	
127,600	Petroleo Brasileiro S.A.	1,177	1,162	
260,000	Ping An Insurance (Group) Company of China, Ltd.	1,602	2,190	
5,454	Posco	1,248	2,125	
1,885,000	Sino Biopharmaceutical Limited	1,244	1,086	
17,000	Swire Pacific Limited	157	173	
27,000	Taiwan Semiconductor Manufacturing Company Limited	562	661	
22,200	Tencent Holdings Limited	1,372	1,244	
758,000	United Microelectronics Corporation	1,254	1,562	
276,100	Vale S.A.	5,048	4,882	
334,677	Wal-Mart de México SA+C205:C239B de CV	1,706	1,753	
		<u>52,373</u>	<u>60,246</u>	5.6
	Japan			
29,700	Astellas Pharma Inc.	642	585	
80,300	Canon Inc.	2,468	2,791	
18,200	Honda Motor Co., Ltd.	629	724	
72,900	Itochu Corporation	2,757	3,802	
83,600	KDDI Corporation	3,190	3,411	
26,900	Marubeni Corporation	472	602	
6,800	Mitsubishi Corporation	317	432	
59,100	Mitsui & Co., Ltd.	1,747	2,932	
1,660,000	Nippon Telegraph And Telephone Corporation	2,392	2,595	
126,200	Orix Corporation	2,699	3,023	
35,400	Sompo Holdings, Inc.	1,966	2,097	
129,400	Takeda Pharmaceutical Company Limited	4,624	5,373	
72,300	Tokio Marine Holdings, Inc.	1,743	2,198	
		<u>25,646</u>	<u>30,565</u>	2.8

Economic Investment Trust Limited

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023 (Unaudited)

<u>Number Shares</u>	<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
	(000's)		
United Kingdom			
16,324 3i Group plc	\$ 494	\$ 535	
20,522 Ashtead Group plc	1,609	1,879	
192,159 BAE Systems plc	2,073	2,996	
1,660,090 Barclays Plc	4,233	4,280	
58,500 Evraz plc	605	—	
30,631 Experian plc	1,271	1,555	
63,187 Legal & General Group plc	256	242	
1,621,249 Lloyds Banking Group plc	1,245	1,188	
310,071 NatWest Group plc	1,396	1,256	
16,568 Next plc	1,314	1,923	
73,386 RELX plc	2,950	3,235	
12,088 Shell plc	475	476	
	<u>17,921</u>	<u>19,565</u>	1.8
Australia			
122,552 BHP Group Limited	4,363	4,860	
55,756 BHP Group Limited - DI	1,805	2,194	
10,571 Commonwealth Bank of Australia (CBA)	942	934	
89,261 National Australia Bank Limited	2,378	2,075	
47,671 Rio Tinto Group	4,540	4,819	
86,201 South32 Limited	312	286	
24,935 Woodside Energy Group Ltd.	595	760	
	<u>14,935</u>	<u>15,928</u>	1.4
Total Investments	<u>\$ 468,186</u>	<u>\$ 1,084,731</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

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

HEAD OFFICE

Tenth Floor, 165 University Avenue, Toronto, Ontario, M5H 3B8

Tel: 416-947-2578

Fax: 416-362-2592

EXTERNAL INVESTMENT MANAGER

Neuberger Berman Canada ULC, Toronto

AUDITOR

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor & Treasury Services

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.

100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1

Toll Free: 1-800-564-6253

www.computershare.com

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

