

# Economic Investment Trust Limited



**FIRST QUARTER REPORT**  
**March 31, 2023**



# *Economic Investment Trust Limited*

## THE PERIOD AT A GLANCE (Unaudited)

	As at March 31 2023	As at Dec. 31 2022
Net equity value per Common Share <sup>1</sup>	\$ 184.07	\$ 184.62
Net assets <sup>2</sup>	\$ 1,005,853	\$ 1,008,877
Number of Common Shares outstanding at period end	5,464,628	5,464,628

  

	Three months ended March 31	
	2023	2022
Net Investment Income per Common Share <sup>1</sup>	\$ 1.80	\$ 2.68
Dividends per Common Share		
Quarterly	\$ 0.30	\$ 0.30
Additional <sup>3</sup>	\$ 4.98	\$ 8.69
Net income (loss) per Common Share	\$ 4.73	\$ (3.03)
Net investment income <sup>1,2</sup>	\$ 9,833	\$ 14,962

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

<sup>2</sup> In thousands of Canadian dollars.

<sup>3</sup> 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 & 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 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; and the unaudited interim condensed financial statements and notes contained in this report. This MD&A is dated April 20, 2023. These unaudited interim condensed financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. 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 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 March 31, 2023, E-L Financial represented 39.3% (December 31, 2022 – 38.4%) of total equity investments, Algoma 4.4% (December 31, 2022 – 5.0%) and The Bank of Nova Scotia 5.6% (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 16.

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 37.4% 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 March 31, 2023, approximately 50.8% (December 31, 2022 – 50.6%) of the investment portfolio was held in long-term investments and 49.2% (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):

	<b>March 31 2023</b>	December 31 2022
Net Assets	<b>\$ 1,005,853</b>	\$ 1,008,877
Common Shares outstanding	<b>5,464,628</b>	5,464,628
Net Equity Value per Common Share	<b>\$ 184.07</b>	\$ 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):

	<b>Three months ended March 31</b>	
	<b>2023</b>	2022
Net income (loss)	<b>\$ 25,829</b>	\$ (16,923)
Add (deduct):		
Other net fair value changes in investments	<b>(18,607)</b>	36,132
Tax on other net fair value changes in investments	<b>2,465</b>	(4,788)
Net change in refundable dividend taxes on hand	<b>146</b>	541
Net Investment income	<b>\$ 9,833</b>	\$ 14,962
Weighted Average Common Shares Outstanding	<b>5,464,628</b>	5,585,474
Net Investment income per Common Share <sup>1</sup>	<b>\$ 1.80</b>	\$ 2.68

<sup>1</sup> On an after-tax basis.

### Net Equity Value per Common Share

The Company's net equity value per Common Share decreased 0.3% to \$184.07 at March 31, 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 2.6% in the first quarter of 2023, compared to a negative return of 1.5% during the first quarter of 2022.

Long-term investments had a pre-tax total return of 0.9% in the first quarter of 2023 compared to a total return of 0.5% in the first quarter of 2022. On a pre-tax basis, the shares of E-L Financial had a return of 2.0% during 2023 (2022 – 0.1%), the shares of Algoma had a return of negative 5.2% (2022 – 2.6%), and the shares of the Bank of Nova Scotia had a return of 4.2 % (2022 – 1.2%).

# *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 5.0% in the first quarter of 2023 versus a comparative return of negative 3.1% in the first quarter of 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 plus dividends), for Economic's net equity value and stock market indices, were as follows:

	<b>Three Months ended March 31</b>
	(%)
Economic net equity value	2.6
S&P/TSX Composite Index	4.6
MSCI All Country World Index	7.4
S&P 500 Index	7.4

### 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\*

	<b>NAV per Common Share \$</b>	<b>Annual Growth %</b>
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
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\*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. Growth in NAV is determined by the percentage change in NAVs including dividends reinvested at month-end NAVs.

# *Economic Investment Trust Limited*

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

### **Operating Results**

#### *Net income*

The Company reported a net income of \$25,829,000 in the first quarter of 2023 compared to a net loss of \$16,923,000 in the first quarter of 2022. On a per Common Share basis, earnings per share increased to \$4.73 in 2023 compared to a net loss of \$3.03 for 2022.

The other net fair value changes in investments for the quarter was a net gain of \$18,607,000 in 2023 compared to a net loss of \$36,132,000 for 2022.

The other net fair value changes for long-term investments was a net loss of \$2,475,000 in the first quarter of 2023 compared to a net loss of \$9,613,000 during the same period in 2022. The Company's long-term investment loss was primarily due to a fair value loss in Algoma partly offset by a fair value gain from E-L Financial.

The global investment portfolio had an other net fair value gain of \$21,082,000 in the first quarter of 2023 compared to a net loss of \$26,519,000 in 2022. The 2023 net fair value gain for the global investment portfolio included investment gains from North America of \$10,554,000, Europe \$6,473,000, and Emerging Markets \$3,519,000.

The Company's net realized loss, all of which relates to the global investment portfolio, was \$722,000 in the first quarter of 2023 compared to a loss of \$18,991,000 in 2022.

#### *Net investment income*

The Company's net investment income in the first quarter of 2023 decreased to \$9,833,000 compared to \$14,962,000 in the first quarter of 2022. On a per Common Share basis, net investment income for the quarter decreased to \$1.80 in 2023 compared to \$2.68 in 2022.

Foreign dividend income in the first quarter of 2023 decreased to \$3,735,000 from \$4,171,000 in 2022. 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 first quarter of 2023 decreased to \$7,617,000 from \$12,596,000 in 2022. During the first quarter of 2023 the Company received a special dividend from its investment in Algoma of \$4,284,000. During the prior year, the Company received a special dividend of \$9,655,000 from its investment in E-L Financial.

The expenses of the Company increased by 10% during the quarter to \$702,000 from \$636,000 in 2022. The majority of the increase relates to interest paid on the Company's operating credit facility.



# 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):

	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30
	2023	2022	2022	2022	2022	2021	2021	2021
Net Investment Income <sup>1</sup>	\$ 9,833	\$ 7,233	\$ 5,085	\$ 6,992	\$ 14,962	\$ 11,011	\$ 34,306	\$ 3,853
Net Income (loss)	\$ 25,829	\$ 81,161	\$ 3,757	\$ (85,454)	\$ (16,923)	\$ 34,556	\$ 50,531	\$ 28,696
Earnings (loss) per Common Share	\$ 4.73	\$ 14.54	\$ 0.65	\$ (15.31)	\$ (3.03)	\$ 6.19	\$ 9.02	\$ 5.13
NAV per Common Share	\$ 184.07	\$ 184.62	\$ 170.07	\$ 169.11	\$ 184.59	\$ 196.60	\$ 190.70	\$ 181.99
Quarterly NAV return % <sup>2</sup>	2.6	8.7	0.7	(8.2)	(1.5)	3.3	5.0	2.9

<sup>1</sup> On an after-tax basis. See use of Non-GAAP Measures.

<sup>2</sup> 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 March 31, 2023, there are 5,464,628 (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 three-month period ended March 31, 2023 there were no shares purchased under the NCIB. For the three-month period ended March 31, 2022, 1,500 shares were purchased under the NCIB at an average price of \$125.33 per share for a total consideration of \$188,000.

### **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 March 31, 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.

### **Significant Developments**

The Russian war with Ukraine and the resulting sanctions have negatively impacted global economic growth forecasts. Further, the novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts. These factors have led to higher levels of inflation and have created increased uncertainty and volatility, which impact the Company's investment portfolios.

### **Additional Information**

Additional information relating to Economic, including the Company's Annual Information Form, is available at [www.sedar.com](http://www.sedar.com).

Economic's website, [www.evt.ca](http://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)

	March 31 2023	December 31 2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,053	\$ 12,831
Investments (Note 4)	1,065,446	1,073,307
Receivable in respect of investments sold	15,720	—
Dividends and interest receivable	2,663	1,632
Income taxes receivable	10,443	9,709
Other assets	536	1,782
<b>Total assets</b>	<b>1,100,861</b>	<b>1,099,261</b>
<b>LIABILITIES</b>		
Accrued expenses	308	284
Payable in respect to investments purchased	16,435	—
Loan payable	—	14,500
Deferred tax liabilities	78,265	75,600
<b>Total liabilities</b>	<b>95,008</b>	<b>90,384</b>
<b>Net assets</b>	<b>\$ 1,005,853</b>	<b>\$ 1,008,877</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	\$ 199,191	\$ 199,191
Retained earnings	806,662	809,686
<b>Total shareholders' equity</b>	<b>\$ 1,005,853</b>	<b>\$ 1,008,877</b>

Approved by the Board:

Duncan N.R. Jackman, Director

Jonathan Simmons, Director

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	
	March 31	
	2023	2022
<b>INCOME</b>		
Dividends		
Foreign	\$ 3,735	\$ 4,171
Canadian (Note 7)	7,617	12,596
	<b>11,352</b>	<b>16,767</b>
Interest and securities lending income	295	30
Other net fair value changes in investments (Note 6)	18,607	(36,132)
	<b>30,254</b>	<b>(19,335)</b>
<b>EXPENSES</b>		
Investment management and administrative costs (Note 7)	300	340
Office and miscellaneous	111	142
Directors' remuneration	101	97
Professional fees	39	21
Interest	89	—
Transfer, register and custody fees	62	36
	<b>702</b>	<b>636</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>29,552</b>	<b>(19,971)</b>
Provision for (recovery of) income taxes	3,723	(3,048)
<b>NET INCOME (LOSS)</b>	<b>\$ 25,829</b>	<b>\$ (16,923)</b>
<b>EARNINGS (LOSS) PER COMMON SHARE - BASED AND DILUTED</b>	<b>\$ 4.73</b>	<b>\$ (3.03)</b>

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
<b>At January 1, 2023</b>	<b>\$ 199,191</b>	<b>\$ 809,686</b>	<b>\$ 1,008,877</b>
<b>Net income for the period</b>	<b>—</b>	<b>25,829</b>	<b>25,829</b>
<b>Dividends</b>	<b>—</b>	<b>(28,853)</b>	<b>(28,853)</b>
<b>At March 31, 2023</b>	<b>\$ 199,191</b>	<b>\$ 806,662</b>	<b>\$ 1,005,853</b>
<b>At January 1, 2022</b>	<b>\$ 203,598</b>	<b>\$ 894,494</b>	<b>\$ 1,098,092</b>
<b>Net loss for the period</b>	<b>—</b>	<b>(16,923)</b>	<b>(16,923)</b>
<b>Dividends</b>	<b>—</b>	<b>(50,214)</b>	<b>(50,214)</b>
<b>Repurchase and cancellation of common shares (Note 5)</b>	<b>(55)</b>	<b>(133)</b>	<b>(188)</b>
<b>At March 31, 2022</b>	<b>\$ 203,543</b>	<b>\$ 827,224</b>	<b>\$ 1,030,767</b>

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)

	Three months ended	
	March 31	
	2023	2022
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Net Income (loss)	\$ 25,829	\$ (16,923)
Adjustments for:		
Other net fair value changes in investments	(18,607)	36,132
Purchases of investments	(60,278)	(84,432)
Proceeds from sale of investments	86,745	111,042
Dividends and interest receivable	(1,031)	(10,636)
Deferred taxes	2,665	(3,988)
Net change in other assets and liabilities	1,252	(23,244)
	<b>36,575</b>	<b>7,951</b>
<b>Financing</b>		
Dividends paid to shareholders	(28,853)	(50,214)
Repayment of loan	(14,500)	—
Repurchase of Common Shares	—	(188)
	<b>(43,353)</b>	<b>(50,402)</b>
Net decrease in cash and cash equivalents	<b>(6,778)</b>	<b>(42,451)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>12,831</b>	<b>46,110</b>
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 6,053</b>	<b>\$ 3,659</b>
Interest received	\$ 261	\$ 16
Dividends received, net of withholding taxes	9,933	5,728
Income taxes paid	1,450	23,825

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

# *Economic Investment Trust Limited*

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

(all dollar figures in thousand's 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 April 20, 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

(all dollar figures in thousand's of Canadian - Unaudited)

### 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, 2023, the Company had \$908,497 (December 31, 2022 – \$913,724) of Level 1 and \$156,949 (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 and share premium 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	—	—
<b>At March 31, 2023</b>	<b>5,464,628</b>	<b>\$ 199,191</b>
At January 1, 2022	5,585,535	\$ 203,598
Repurchase and cancellation of shares	(1,500)	(55)
<b>At March 31, 2022</b>	<b>5,584,035</b>	<b>\$ 203,543</b>

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 three-month period ended March 31, 2023 there were no shares purchased under the NCIB. For the three-month period ended March 31, 2022, 1,500 shares were purchased under the NCIB at an average price of \$125.33 per share for a total consideration of \$188. 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 share premium and retained earnings.



# *Economic Investment Trust Limited*

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

(all dollar figures in thousand's of Canadian - Unaudited)

### **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	
	2023	2022
Net realized loss	\$ (722)	\$ (18,991)
Net change in unrealized appreciation	19,329	(17,141)
	<u>\$ 18,607</u>	<u>\$ (36,132)</u>

### **7. Related party information**

The Company has investments in related parties (see Schedule of Investment Portfolio) with a fair value at March 31, 2023 of \$541,118 (December 31, 2022 - \$543,594) representing 50.8% (December 31, 2022 - 50.6%) of the total investments. Dividends from these companies for the three months ended March 31, 2023 amounted to \$7,468 (2022 - \$12,463).

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 March 31, 2023 amounted to \$149 (2022 - \$158).

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 April 20, 2023, with a record and payable date of June 15, 2023 and June 30, 2023, respectively.

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>Canada</b>				
2,126,380	Algoma Central Corporation <sup>1</sup> .....	\$ 2,973	\$ 33,490	
7,077	Canadian National Railway Company US .....	1,101	1,129	
41,000	Canadian Natural Resources Limited .....	2,066	3,066	
17,900	Canadian Utilities Limited .....	641	674	
386,206	E-L Financial Corporation Limited <sup>1</sup> .....	26,116	350,679	
33,101	Ecando Investments Limited Classes A, B and common <sup>1, 2, 3</sup> .....	4,139	66,995	
176,414	The Fulcrum Investment Company Limited <sup>1, 2</sup> .....	464	29,525	
3,900	George Weston Limited .....	574	698	
12,700	Imperial Oil Limited .....	536	873	
6,200	Loblaw Companies Ltd. ....	635	764	
53,437	Manulife Financial Corporation .....	1,197	1,325	
8,900	Metro Inc. ....	587	662	
216,900	NVG Holdings Limited Classes B, C, D, E and common <sup>1, 2, 4</sup> .....	2,115	46,950	
22,415	Rogers Communications, Inc. Class B .....	1,196	1,404	
28,839	Royal Bank of Canada .....	3,742	3,728	
35,061	Shopify Inc. Class A .....	1,478	2,265	
4,837	TGV Holdings Limited Class B <sup>1, 2, 4, 5</sup> .....	318	13,479	
4,611	Toronto Dominion Bank .....	391	377	
		<u>50,269</u>	<u>558,083</u>	52.4
<b>United States</b>				
33,150	Abbvie Inc. ....	5,548	7,150	
8,926	AES Corporation (The) .....	300	291	
36,686	Aflac Inc. ....	2,910	3,203	
7,258	Airbnb, Inc. Class A .....	1,094	1,222	
49,200	Alphabet Inc. Class A .....	3,495	6,907	
667	Alphabet Inc. Class C .....	92	94	
77,140	Altria Group, Inc. ....	4,559	4,658	
27,845	American Electric Power Company, Inc. ....	3,106	3,429	
7,129	American Financial Group, Inc. ....	2,476	2,957	
4,385	Amgen Inc. ....	1,409	1,435	
3,672	Analog Devices, Inc. ....	930	980	
72,280	Apple Inc. ....	15,756	16,130	
24,291	Applied Materials, Inc. ....	3,095	4,038	
67,416	AT&T Inc. ....	1,727	1,756	
1,104	Autozone, Inc. ....	2,104	3,673	
14,989	Berkshire Hathaway Inc. Class B .....	4,445	6,263	

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>United States (continued)</b>				
693	Booking Holdings Inc.	\$ 1,955	\$ 2,488	
30,455	Bristol Myers Squibb Company	2,902	2,857	
8,893	Broadcom Inc.	6,731	7,721	
1,494	Caterpillar Inc.	461	463	
9,654	Cboe Global Markets Inc.	1,434	1,754	
12,499	Cbre Group, Inc. - A	1,223	1,232	
695	Chipotle Mexican Grill, Inc.	1,280	1,607	
2,618	Cintas Cp	1,260	1,639	
44,225	Cisco Systems, Inc.	2,465	3,129	
46,221	Citigroup Inc	2,931	2,933	
14,924	The Coca-Cola Company	1,160	1,253	
31,542	Comcast Corporation Class A	1,592	1,618	
35,106	ConocoPhillips	3,154	4,713	
9,763	Crown Castle Inc.	1,776	1,768	
21,253	D.R. Horton, Inc.	2,147	2,810	
19,299	Devon Energy Corporation	969	1,322	
12,944	Dollar General Corporation	3,286	3,687	
3,263	Dollar Tree Inc.	585	634	
7,741	DTE Energy Company	1,187	1,148	
26,860	Duke Energy Corporation	3,588	3,507	
7,710	Elevance Health Inc.	4,366	4,798	
12,481	Eog Resources, Inc.	1,342	1,936	
15,303	Evergy, Inc.	1,234	1,266	
61,740	Exxon Mobile Corporation	4,833	9,162	
36,570	Firstenergy Corp.	1,888	1,983	
22,764	Fox Corporation	1,086	1,049	
11,443	Freeport-McMoRan Inc.	634	634	
18,529	Gaming and Leisure Properties, Inc.	1,266	1,305	
11,520	General Dynamics Corporation	3,042	3,558	
6,790	Genuine Parts Company	1,158	1,537	
13,264	Gilead Sciences, Inc.	1,417	1,489	
4,221	Globe Life Inc.	629	628	
8,129	Goldman Sachs Group, Inc. (The)	3,853	3,599	
21,750	Hartford Financial Services Group, Inc. (The)	1,907	2,051	
12,029	HCA Healthcare, Inc.	3,744	4,292	
41,778	Host Hotels & Resorts, Inc.	972	932	
7,289	Hershey Company (The)	1,781	2,510	
31,324	Interpublic Group of Companies, Inc. (The)	1,242	1,579	
34,430	Johnson & Johnson	4,046	7,222	

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>United States (continued)</b>				
16,457	JPMorgan Chase & Co.....	\$ 2,461	\$ 2,902	
7,155	Keysight Technologies Inc. ....	1,295	1,564	
3,506	KLA Corporation .....	1,680	1,894	
4,974	Lam Research Corporation .....	2,513	3,568	
17,385	Lennar Corporation Class A .....	1,958	2,473	
13,550	LKQ Corporation .....	985	1,041	
373	Lululemon Athletica Inc. ....	157	184	
11,178	LyondellBasell Industries N.V. Cl A .....	1,234	1,420	
5,164	Marathon Petroleum Corporation .....	936	942	
4,480	Marriott International, Inc. ....	869	1,007	
5,667	Marsh & McLennan Companies, Inc. ....	1,263	1,277	
962	Mastercard Inc. Class A .....	473	473	
1,661	Mercadolibre Inc. ....	1,749	2,963	
24,539	Merck & Co. Inc. New .....	3,293	3,533	
1,331	Meta Platforms, Inc. Class A .....	318	382	
22,670	Microchip Technology Incorporated .....	2,085	2,570	
35,148	Microsoft Corporation .....	3,968	13,713	
33,600	Morgan Stanley .....	4,009	3,992	
4,664	Motorola Solutions Inc .....	1,278	1,806	
34,337	Nike Inc. Class B .....	4,550	5,699	
15,150	Nucor Corporation .....	2,096	3,167	
11,990	NVIDIA Corporation .....	2,406	4,507	
138	O'Reilly Automotive, Inc. ....	156	159	
11,869	Omnicom Group Inc. ....	1,142	1,515	
13,007	ON Semiconductor Corporation .....	1,165	1,449	
23,510	Oneok, Inc. ....	1,785	2,022	
33,860	Oracle Corporation .....	1,608	4,258	
5,330	Owens Corning .....	618	691	
5,994	Parker Hannifin Corporation .....	2,836	2,726	
18,017	Paychex, Inc. ....	2,799	2,794	
2,867	Pfizer Inc. ....	158	158	
53,447	Philip Morris International Inc. ....	6,431	7,034	
53,960	PPL Corporation .....	2,031	2,029	
37,200	Procter & Gamble Company (The) .....	6,119	7,485	
8,586	PulteGroup, Inc. ....	639	677	
7,729	Qualcomm Incorporation .....	1,243	1,334	
7,578	Quest Diagnostics Incorporated .....	1,351	1,451	

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>United States (continued)</b>				
11,350	Raymond James Financial, Inc.	\$ 1,415	\$ 1,433	
48,872	Regions Financial Corporation	1,315	1,228	
738	Sempra Energy	151	151	
18,860	Simon Property Group, Inc.	2,810	2,858	
4,055	Snap-On Inc	1,207	1,355	
12,127	Southern Company	1,087	1,142	
14,195	Starbucks Corporation	1,585	2,000	
22,287	Steel Dynamics, Inc.	2,027	3,410	
591	Tesla, Inc.	166	166	
29,528	TJX Companies, Inc. (The)	3,136	3,131	
5,995	Texas Instruments Incorporated	1,469	1,509	
2,950	Thermo Fisher Scientific Inc.	2,226	2,301	
20,197	Trade Desk, Inc. (The)	1,454	1,665	
1,130	Ulta Beauty, Inc.	566	834	
22,262	United Parcel Service, Inc.	5,721	5,844	
14,348	Unitedhealth Group Incorporated	9,107	9,174	
8,254	Waste Management Inc.	1,730	1,823	
29,953	Weyerhaeuser Company	1,300	1,221	
66,370	Williams Companies, Inc. (The)	2,206	2,682	
14,973	W.P. Carey Inc.	1,581	1,569	
3,028	W.W. Grainger, Inc.	2,210	2,823	
30,251	Yum China Holdings, Inc.	2,022	2,595	
		<u>253,720</u>	<u>311,772</u>	<u>29.3</u>
	<b>Total North America</b>	<u>303,989</u>	<u>869,855</u>	<u>81.7</u>
<b>Europe, excluding United Kingdom</b>				
48,873	ABB Ltd.	1,779	2,270	
3,681	Asml Holding N.V.	2,493	3,385	
367,022	Banco Bilbao Vizcaya Argentaria, S.A.	2,412	3,547	
11,659	Bayerische Motoren Werke AG	1,220	1,731	
320,584	CaixaBank S.A.	1,287	1,690	
686	Capgemini SE	159	172	
21,756	Chubb Limited	5,422	5,717	
45,196	Compagnie de Saint-Gobain S.A.	2,375	3,478	
48,472	Crédit Agricole S.A.	663	741	
18,963	Danone	1,302	1,598	

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>Europe, excluding United Kingdom (continued)</b>				
82,023	Deutsche Post AG .....	\$ 3,946	\$ 5,178	
1,791	Hannover Rueck SE .....	475	475	
91,496	Iberdrola, S.A. ....	1,288	1,546	
77,389	Infineon Technologies AG .....	2,440	4,286	
100,836	Ing Groep N.V. ....	1,221	1,621	
19,668	Julius Baer Group Ltd. ....	1,258	1,815	
3,327	Linde Public Limited Company .....	1,244	1,600	
34,337	Mercedes-Benz Group AG .....	3,033	3,577	
24,300	Nestle S.A. ....	2,162	4,010	
363,698	Nordea Bank Abp .....	4,872	5,255	
15,462	Novo Nordisk A/S .....	2,180	3,304	
3,229	NXP Semiconductors N.V. ....	785	815	
8,858	Roche Holding AG - BR .....	2,400	3,422	
8,836	Sanofi .....	1,127	1,303	
41,778	Societe Generale SA .....	1,194	1,277	
27,274	STMicroelectronics N.V. ....	1,275	1,964	
7,424	Swatch Group AG (The) .....	539	635	
60,076	TotalEnergies SE .....	3,800	4,803	
30,996	Vinci SE .....	3,855	4,820	
		<u>58,206</u>	<u>76,035</u>	7.1
<b>Emerging Markets</b>				
1,639,501	América Móvil, S.A.B. De C.V. ....	2,082	2,329	
94,800	Arca Continental Sab De C.V. ....	766	1,164	
40,630	Arcelormittal .....	1,192	1,665	
21,582	Arch Capital Group Ltd .....	1,286	1,982	
4,638,000	Bank Of China Ltd .....	2,329	2,407	
170,200	BB Sugueros Participacoes .....	810	1,476	
4,500	BGF Retail Co., Ltd. ....	743	848	
366,000	China Medical System Holdings Limited .....	738	782	
314,000	China Resources Land Ltd .....	1,491	1,938	
259,500	China Shenhua Energy Company Limited .....	782	1,105	
302,500	CK Asset Holdings Limited .....	2,515	2,485	
115,900	Coca-Cola Femsa S.A.B. De C.V. ....	915	1,259	
36,100	DBS Group Holdings Ltd .....	1,127	1,212	
24,259	Grindrod Limited .....	17	17	
39,195	Gruma, S.A.B. De C.V. ....	621	782	
213,600	Grupo Bimbo, Sab De C.V. ....	766	1,453	

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>Emerging Markets (continued)</b>				
189,024	Grupo Financiero Barnote Sab De C.V.....	\$ 1,597	\$ 2,155	
2,214	Hyundai Mobis Co., Ltd. ....	490	496	
9,935	Hyundai Motor Co Ltd 2nd Preferred .....	1,901	1,901	
244,000	Industrial and Commercial Bank of China Limited ...	162	176	
9,361	Kia Motors Corporation .....	649	786	
33,187	LG Corporation .....	2,492	2,850	
256,000	Lite-On Technology Corporation .....	730	832	
38,700	Magnit PJSC .....	760	1	
113,000	Mediatek Inc. ....	3,419	3,944	
590	Meituan Class B .....	17	15	
58,803	Momentum Metropolitan Hldgs .....	74	79	
92,900	Netease, Inc. ....	1,921	2,210	
224,600	OUTsurance Group Limited .....	436	598	
11,062	PDD Holdings Inc. ....	990	1,136	
260,000	Ping An Insurance (Group) Company of China, Ltd. ....	1,602	2,291	
5,454	Posco .....	1,248	2,081	
32,207	Remgro Limited .....	322	330	
1,885,000	Sino Biopharmaceutical Limited .....	1,244	1,430	
288,000	Sino Land Company Limited .....	506	527	
26,355	Standard Bank Group Limited .....	345	347	
16,000	Sun Hung Kai Properties Limited .....	304	303	
63,000	Taiwan Semiconductor Manufacturing Company Limited .....	1,312	1,489	
30,000	Tencent Holdings Limited .....	1,854	1,995	
758,000	United Microelectronics Corporation .....	1,254	1,778	
284,400	Vale S.A. ....	5,200	6,094	
424,151	Wal-Mart de México SAB de CV .....	2,162	2,293	
		<u>51,171</u>	<u>61,041</u>	5.8
<b>Japan</b>				
99,900	Canon Inc. ....	3,071	3,006	
18,200	Honda Motor Co., Ltd. ....	629	650	
72,900	Itochu Corporation .....	2,757	3,192	
83,600	KDDI Corporation .....	3,190	3,483	
26,900	Marubeni Corporation .....	472	492	
6,800	Mitsubishi Corporation .....	317	329	
59,100	Mitsui & Co., Ltd. ....	1,747	2,476	
66,400	Nippon Telegraph And Telephone Corporation .....	2,392	2,678	

# Economic Investment Trust Limited

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2023 (Unaudited)

<u>Number Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
<b>Japan (continued)</b>				
26,400	Nippon Yusen Kabushiki Kaisha .....	\$ 920	\$ 830	
112,400	Orix Corporation .....	2,384	2,490	
17,800	Sompo Holdings, Inc. ....	1,017	952	
129,400	Takeda Pharmaceutical Company Limited .....	4,625	5,730	
72,300	Tokio Marine Holdings, Inc. ....	1,743	1,875	
		<u>25,264</u>	<u>28,183</u>	2.6
<b>United Kingdom</b>				
73,461	Anglo American plc .....	3,471	3,291	
192,159	BAE Systems plc .....	2,073	3,158	
1,016,931	Barclays Plc .....	2,491	2,480	
58,500	Evraz plc .....	605	—	
30,631	Experian plc .....	1,271	1,363	
18,615	Imperial Brands plc .....	617	580	
268,975	Legal & General Group plc .....	1,089	1,075	
1,621,249	Lloyds Banking Group plc .....	1,245	1,293	
16,568	Next plc .....	1,314	1,821	
73,386	RELX plc .....	2,950	3,213	
4,026	Shell plc .....	156	155	
		<u>17,282</u>	<u>18,429</u>	1.7
<b>Australia</b>				
178,308	BHP Group Limited .....	6,167	7,632	
10,571	Commonwealth Bank of Australia (CBA) .....	942	942	
102,533	National Australia Bank Limited .....	2,732	2,575	
24,935	Woodside Energy Group Ltd. ....	595	754	
		<u>10,436</u>	<u>11,903</u>	1.2
	<b>Total Investments</b> .....	<u>\$ 466,348</u>	<u>\$1,065,446</u>	<u>100</u>

<sup>1</sup> These companies and Economic are related parties

<sup>2</sup> Not listed on a stock exchange

<sup>3</sup> The net assets of Ecando Investments Limited are invested primarily in shares of E-L Financial

<sup>4</sup> The net assets of NVG Holdings Limited and TGV Holdings Limited are invested primarily in the shares of The Bank of Nova Scotia

<sup>5</sup> 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](http://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](http://www.evt.ca)





