



East Coast Investment Grade Income Fund

Audited Financial Statements

December 31, 2013

Experience. Intelligent Investing.

EAST COAST INVESTMENT GRADE INCOME FUND

Statements of Net Assets As at December 31

	2013	2012
	\$	\$
Assets		
Forward agreement (Note 2)	114,083,383	130,360,424
Investments	20,002	19,950
Cash and cash equivalents	84,099	42,491
Accrued interest and dividends receivable	33	33
	<u>114,187,517</u>	<u>130,422,898</u>
Liabilities		
Distributions payable	515,109	579,250
Other liabilities	332,531	355,101
	<u>847,640</u>	<u>934,351</u>
Net assets	113,339,877	129,488,547
Unitholders' capital	106,498,986	126,711,106
Retained earnings	6,840,891	2,777,441
Net Assets representing unitholders' equity	<u>113,339,877</u>	<u>129,488,547</u>
Number of units outstanding (Note 7)	10,302,185	11,585,000
Net assets per unit (Note 10)	11.00	11.18

Approved on behalf of the Board of Directors of Arrow Capital Management Inc.,
the Manager of the Fund:

"James L. McGovern"

James L. McGovern, Director

"Robert W. Maxwell"

Robert W. Maxwell, Director

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

Statements of Operations and Retained Earnings For the year ended December 31, 2013 (and for the period from May 18, 2012 (commencement of operations) to December 31, 2012)

	2013	2012
	\$	\$
Income		
Interest income	201	15
	<u>201</u>	<u>15</u>
Expenses (Note 3)		
Administration fees	132,205	145,412
Management fees	316,358	202,708
Performance fees	-	-
Service fees	502,210	321,736
Legal	69,931	-
Audit fees	21,000	15,750
Custodial fees	10,276	6,258
Harmonized sales tax	102,150	124,097
	<u>1,154,130</u>	<u>815,961</u>
Net investment (loss)	(1,153,929)	(815,946)
Realized and unrealized gain(loss) on investments:		
Net realized gain (loss) on investments	1,387,698	32,093
Net change in unrealized appreciation (depreciation) in value of investments and foreign currencies	4,612,179	3,561,294
Commissions and other portfolio transaction costs	-	-
Net realized and unrealized gain (loss) on investments:	5,999,877	3,593,387
Increase (decrease) in net assets from operations	4,845,948	2,777,441
Increase (decrease) in Net Assets from Operations per Class		
Retained earnings, beginning of period	2,777,441	-
Net allocation on redemptions	(782,498)	-
Retained earnings, end of period	6,840,891	2,777,441
Increase (decrease) in Net Assets per Unit (Note 2)	0.43	0.24

Statements of Changes in Net Assets For the year ended December 31, 2013 (and for the period from May 18, 2012 (commencement of operations) to December 31, 2012)

	2013	2012
	\$	\$
Increase (decrease) in net assets from operations	4,845,948	2,777,441
Distributions of return of capital to unitholders	(6,822,719)	(4,263,280)
	<u>(6,822,719)</u>	<u>(4,263,280)</u>
Gross proceeds from issuance of units	-	139,020,000
Issuance costs and agents' fees	-	(8,045,614)
Redemption of units	(14,171,899)	-
	<u>(14,171,899)</u>	<u>130,974,386</u>
Change in net assets during the period	(16,148,670)	129,488,547
Net assets - beginning of period	129,488,547	-
Net assets - end of period	113,339,877	129,488,547

EAST COAST INVESTMENT GRADE INCOME FUND

Statements of Cash Flow

For the year ended December 31, 2013 (and for the period from May 18, 2012 (commencement of operations) to December 31, 2012)

	2013 \$	2012 \$
Operating Activities		
Net investment (loss) for the period	(1,153,929)	(815,946)
Purchase of investments	-	(19,977)
Prepayment of forward agreement	-	(129,367,000)
Net proceeds on sale of securities from partial settlement of forward agreement ⁽¹⁾	22,276,866	2,599,991
Decrease (increase) in interest and dividends receivable	-	(33)
Increase (decrease) in other liabilities	(22,570)	355,100
Net cash provided by (used in) operating activities	21,100,367	(127,247,865)
Financing Activities		
Gross proceeds from issuance of units	-	139,020,000
Issuance costs and agents' fees	-	(8,045,614)
Purchase of units (redemptions)	(14,171,899)	-
Distributions paid	(6,886,860)	(3,684,030)
Net cash provided by financing activities	(21,058,759)	127,290,356
Increase in cash and cash equivalents during the period	41,608	42,491
Balance of cash and cash equivalents, beginning of period	42,491	-
Balance of cash and cash equivalents, end of period	84,099	42,491

⁽¹⁾ Net of counterparty fees

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

EAST COAST INVESTMENT GRADE INCOME FUND

Statement of Investment Portfolio - As at December 31, 2013

PREPAID FORWARD 100.7%

Forward Agreement	Percentage of Fund	Fair Value *	Average Cost
Forward Agreement	100.7%	114,083,383	105,909,935
		\$114,083,383	\$105,909,935

FIXED INCOME LONG POSITIONS 0.0%

SECURITY NAME	Coupon Rate	Maturity Date	Par Value	Fair Value	Average Cost
Canadian Government Bond	1.00%	Nov/01/2014	20,000	20,002	19,977
				\$20,002	\$19,977

		FAIR VALUE	AVERAGE COST
INVESTMENT PORTFOLIO SUMMARY			
Forward Agreement	100.7%	\$114,083,383	\$105,909,935
Fixed Income Long Positions	0.0%	20,002	19,977
Total Investments		114,103,385	105,929,912
Total Other Net Assets	-0.7%	(763,508)	
Total Net Assets	100.0%	\$113,339,877	

*See attached schedule for summary of the ECIGIF Trust portfolio to which the Forward Agreement gives exposure

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

EAST COAST INVESTMENT GRADE INCOME FUND

Schedule of Investment Portfolio from ECIGIF Trust - As at December 31, 2013

The following positions are held in ECIGIF Trust

FIXED INCOME LONG POSITIONS 200.1%

SECURITY NAME	CURRENCY	COUPON RATE	MATURITY DATE	PAR VALUE	FAIR VALUE	AVERAGE COST
Aimia Inc	CAD	7.900%	Sep/02/2014	1,360,000	1,407,965	1,455,605
AltaGas Ltd	CAD	7.420%	Apr/29/2014	1,568,000	1,592,879	1,660,579
American Media Inc	USD	11.500%	Dec/15/2017	369,000	426,366	369,304
Aon Finance NS 1 ULC	CAD	4.760%	Mar/08/2018	7,487,000	7,887,125	8,022,325
APT Pipelines Ltd	CAD	4.245%	Jul/24/2019	4,101,000	4,142,944	4,211,399
AT&T Inc	CAD	3.825%	Nov/25/2020	10,952,000	10,956,359	10,952,000
Athabasca Oil Corp	CAD	7.500%	Nov/19/2017	694,000	654,330	694,000
Bell Aliant Regional Communications LP	CAD	6.290%	Feb/17/2015	7,613,000	7,970,957	8,241,954
Bell Canada	CAD	3.350%	Mar/22/2023	6,563,000	6,065,083	6,144,947
Bell Canada	CAD	4.700%	Sep/11/2023	11,137,000	11,359,576	11,205,873
BHP Billiton Finance Ltd	CAD	3.230%	May/15/2023	3,354,000	3,125,236	3,352,021
Calloway Real Estate Investment Trust	CAD	3.985%	May/30/2023	2,507,000	2,330,200	2,512,741
Calloway Real Estate Investment Trust	CAD	3.385%	Dec/01/2017	4,535,000	4,552,456	4,535,136
Canada Safeway Ltd	CAD	3.000%	Mar/31/2014	7,222,000	7,240,677	7,296,072
Canadian Energy Services & Technology Corp	CAD	7.375%	Apr/17/2020	1,396,000	1,447,187	1,399,705
Canadian Government Bond	CAD	5.000%	Jun/01/2037	76	98	101
Canadian Government Bond	CAD	2.000%	Jun/01/2016	66,476	67,820	67,828
Canadian Government Bond	CAD	4.250%	Jun/01/2018	5,139,000	5,664,112	5,702,204
Canadian Western Bank	CAD	3.463%	Dec/17/2024	5,152,000	5,088,979	5,140,285
Cogeco Cable Inc	CAD	4.925%	Feb/14/2022	762,000	792,512	815,980
Cogeco Cable Inc	CAD	4.175%	May/26/2023	2,482,000	2,380,259	2,483,812
Cominar Real Estate Investment Trust	CAD	4.230%	Dec/04/2019	2,051,000	1,993,481	2,043,397
Corus Entertainment Inc	CAD	4.250%	Feb/11/2020	3,980,000	3,826,027	3,786,110
Emigrant Bancorp Inc	USD	6.250%	Jun/15/2014	749,000	806,497	738,949
Enbridge Income Fund	CAD	3.940%	Jan/13/2023	2,051,000	1,986,634	2,050,610
Enbridge Income Fund	CAD	2.278%	Nov/28/2014	3,149,000	3,159,853	3,154,260
First Capital Realty Inc	CAD	5.950%	Jun/01/2015	2,343,000	2,467,660	2,479,456
First Capital Realty Inc	CAD	3.900%	Oct/30/2023	3,486,000	3,236,162	3,475,403
First National Financial Corp	CAD	5.070%	May/07/2015	9,139,000	9,357,790	9,489,929
Ford Credit Canada Ltd	CAD	2.634%	Nov/21/2016	2,837,000	2,851,805	2,837,000
Ford Credit Canada Ltd	CAD	7.500%	Aug/18/2015	8,109,000	8,777,077	9,099,202
Ford Credit Canada Ltd	CAD	3.700%	Aug/02/2018	8,497,000	8,685,853	8,495,298
Gibson Energy Inc	CAD	7.000%	Jul/15/2020	369,000	380,993	363,956
H&R Real Estate Investment Trust	CAD	5.196%	Feb/03/2015	1,065,000	1,100,122	1,123,042
Laurentian Bank Of Canada	CAD	2.450%	Feb/13/2015	2,653,000	2,672,952	2,660,609
Leisureworld Senior Care LP	CAD	4.814%	Nov/24/2015	5,442,000	5,719,686	5,781,644
Loblaw Cos Ltd	CAD	6.050%	Jun/09/2034	327,000	344,961	332,922
Loblaw Cos Ltd	CAD	5.900%	Jan/18/2036	445,000	462,624	494,728
Loblaw Cos Ltd	CAD	6.150%	Jan/29/2035	788,000	842,112	908,990
Manulife Bank of Canada	CAD	1.825%	Mar/14/2016	2,202,000	2,207,161	2,202,000
Molson Coors Capital Finance ULC	CAD	5.000%	Sep/22/2015	2,100,000	2,207,128	2,252,040
Penske Truck Leasing Canada Inc	CAD	3.650%	Feb/01/2018	5,238,000	5,295,117	5,232,081
Postmedia Network Inc	CAD	8.250%	Aug/16/2017	146,510	150,356	150,722
RONA Inc	CAD	5.400%	Oct/20/2016	190,000	196,003	197,048
Royal Bank of Canada	CAD	4.350%	Jun/15/2020	7,431,000	7,693,252	7,835,061
Royal Bank of Scotland Group PLC	CAD	6.666%	Apr/29/2049	666,000	666,141	621,079
Royal Bank of Scotland PLC/The	CAD	10.500%	Mar/16/2022	730,000	861,400	832,200
Royal Bank of Scotland PLC/The	CAD	1.995%	Mar/30/2015	2,507,000	2,461,220	2,444,325
Shaw Communications Inc	CAD	5.650%	Oct/01/2019	4,473,500	4,921,672	4,977,674
SLM Corp	USD	5.625%	Aug/01/2033	640,000	563,548	523,225
SLM Corp	USD	5.500%	Jan/25/2023	728,000	730,653	702,630
Southern Pacific Resource Corp	CAD	8.750%	Jan/25/2018	3,215,000	2,258,538	3,009,407
TELUS Corp	CAD	3.350%	Mar/15/2023	817,000	762,477	768,094
TELUS Corp	CAD	5.150%	Nov/26/2043	3,865,000	3,838,323	3,845,675
Telus Corp	CAD	3.350%	Apr/01/2024	5,514,000	5,047,415	5,320,471
TELUS Corp	CAD	4.400%	Apr/01/2043	11,538,000	10,172,960	10,630,559
Tim Hortons Inc	CAD	4.520%	Dec/01/2023	3,384,000	3,342,369	3,383,188
Toronto-Dominion Bank/The	CAD	4.970%	Oct/30/2104	6,457,000	6,798,238	6,929,922
TransAlta Corp	CAD	5.000%	Nov/25/2020	3,387,000	3,366,283	3,370,607
TransAlta Corp	CAD	6.450%	May/29/2014	4,123,000	4,193,043	4,384,728
Verizon Communications Inc	USD	5.150%	Sep/15/2023	378,000	431,219	389,323
Videotron Ltd	CAD	7.125%	Jan/15/2020	2,754,000	2,960,550	3,030,423
Videotron Ltd	CAD	5.625%	Jun/15/2025	11,660,000	11,187,770	11,467,317
YPG Financing Inc	CAD	9.250%	Nov/30/2018	923,759	963,019	956,919
Total Fixed Income Long Positions					227,101,261	231,036,095

EAST COAST INVESTMENT GRADE INCOME FUND

Schedule of Investment Portfolio from ECIGIF Trust - As at December 31, 2013

The following positions are held in ECIGIF Trust

FIXED INCOME SHORT POSITIONS -99.4%

SECURITY NAME		COUPON RATE	MATURITY DATE	PAR VALUE	FAIR VALUE	PROCEEDS
Canadian Government Bond	CAD	2.750%	Sep/01/2016	(2,860,000)	(2,972,956)	(2,974,870)
Canadian Government Bond	CAD	1.500%	Sep/01/2017	(11,576,000)	(11,520,412)	(11,585,299)
Canadian Government Bond	CAD	1.250%	Mar/01/2018	(7,593,000)	(7,426,398)	(7,470,722)
Canadian Government Bond	CAD	1.250%	Sep/01/2018	(4,932,000)	(4,780,045)	(4,813,726)
Canadian Government Bond	CAD	3.750%	Jun/01/2019	(14,877,500)	(16,155,932)	(16,789,684)
Canadian Government Bond	CAD	3.500%	Jun/01/2020	(13,567,600)	(14,600,958)	(14,721,039)
Canadian Government Bond	CAD	3.250%	Jun/01/2021	(719,000)	(759,561)	(767,844)
Canadian Government Bond	CAD	2.750%	Jun/01/2022	(1,619,000)	(1,630,830)	(1,747,228)
Canadian Government Bond	CAD	1.500%	Jun/01/2023	(42,862,000)	(38,393,065)	(39,419,777)
Canadian Government Bond	CAD	4.000%	Jun/01/2041	(11,817,000)	(13,454,666)	(13,931,532)
United States Treasury Note/Bond	USD	2.500%	Aug/15/2023	(1,076,000)	(1,098,145)	(1,083,731)
Total Fixed Income Short Positions					(112,792,967)	(115,305,451)

LONG OPTION POSITIONS 0.1%

SECURITY NAME	CONTRACTS	EXPIRY DATE	STRIKE PRICE	FAIR VALUE	AVERAGE COST
S&P 500 Index Call	6	14-Jan-14	1,775	112,200	43,195
Total Long Option Contracts				112,200	43,195

SHORT OPTION POSITIONS -0.0%

SECURITY NAME	CONTRACTS	EXPIRY DATE	STRIKE PRICE	FAIR VALUE	PROCEEDS
S&P 500 Index Put	(12)	14-Jan-14	1,670	(4,463)	(40,839)
Total Short Option Contracts				(4,463)	(40,839)

FUTURES CONTRACTS -0.0%

SECURITY NAME	CONTRACTS	EXPIRY DATE	NOTIONAL VALUE	REALIZED GAIN/(LOSS)
S&P 500 Stock Index Futures	(6)	17-Jan-14	(2,891,753)	(42,465)
Total Futures Contracts			(2,891,753)	(42,465)

SWAPS LONG POSITIONS -0.4%

SECURITY NAME	NOTIONAL VALUE	FAIR VALUE	AVERAGE COST	CREDIT RATING	COUNTER PARTY
IRS CAD 2.025% Pay Fixed, Receive Floating 08/02/2018	9,797,000	49,913	-	Aa3	Merrill Lynch Int'l
IRS CAD 2.125% Pay Floating, Receive Fixed 08/02/2018	1,240,000	(810)	-	Aa3	Merrill Lynch Int'l
CDX NA IG S21 V1 BP 1% 12/20/2018	27,100,000	(525,293)	-	Baa2	Merrill Lynch Int'l
Total Swaps Long Positions		(476,190)	-		

		FAIR VALUE	AVERAGE COST
INVESTMENT PORTFOLIO SUMMARY			
Fixed Income Long Positions	200.1%	227,101,261	231,036,095
Fixed Income Short Positions	-99.4%	(112,792,967)	(115,305,451)
Option Long Positions	0.1%	112,200	43,195
Option Short Positions	0.0%	(4,463)	(40,839)
Futures Contracts	0.0%	(42,465)	-
Swaps Positions	-0.4%	(476,190)	-
Total Investments	100.3%	113,897,376	115,733,000
Total Other Net Assets	-0.3%	(395,160)	-
Total Net Assets of ECIGIF Tru	100.0%	113,502,216	

(1)	As at December 31, 2013
Net Assets of ECIGIF Trust	113,502,216
Valuations adjustment to portfolio securities to closing prices	581,167
Forward Agreement, at fair value	114,083,383

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

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

1. Formation of the Fund

East Coast Investment Grade Income Fund (the Fund) was formed as a closed-end investment trust created pursuant to a trust indenture dated April 26, 2012. The Manager of the Fund is Arrow Capital Management Inc. (the "Manager").

The Fund completed its initial public offering ("IPO") and commenced operations and trading on May 18, 2012. On that date, the Fund issued 11,250,000 units at \$12.00 per unit for gross proceeds of \$135.00 million. The Fund closed its over-allotment option on May 30, 2012, issuing 335,000 units at \$12.00 per unit for gross proceeds of \$4.02 million, bringing the total gross proceeds to \$139.02 million. The offering costs were \$8.05 million, bringing the total net proceeds to \$130.97 million.

The financial statements are denominated in Canadian Dollars.

2. Forward Agreement

The Fund will seek to achieve its investment objective by obtaining exposure to the ECIGIF Trust which invests in a broad range of public and private corporate debt securities. The Manager of ECIGIF Trust is Arrow Capital Management Inc. (the "Manager"). East Coast Fund Management Inc. (the "Portfolio Advisor"), is the portfolio advisor of ECIGIF Trust.

On May 30, 2012, the Fund entered into a forward purchase and sale agreement (the "Forward Agreement") with a Canadian chartered bank ("Counterparty"). The obligations of the Counterparty to the Fund under the Forward Agreement are determined by reference to the performance of ECIGIF Trust, with the profit and loss allocated to the Fund.

Under the terms of the Forward Agreement, the Fund paid substantially all of the net proceeds to the Counterparty and in return the Counterparty has agreed to deliver to the Fund, on or about May 15, 2017 or earlier, in whole or in part at the request of the Fund, a Canadian securities portfolio having a value equal to the redemption proceeds of the units of ECIGIF Trust specified in the Forward Agreement. To secure the obligations of the Counterparty under the Forward Agreement, the Counterparty will pledge collateral, consisting of securities listed on the Toronto Stock Exchange, in favour of the Fund with an aggregate value equal to 100% of the mark-to-market value of the Fund's exposure under the Forward Agreement and the amount of the collateral will be reset on a weekly basis to 100%. The Counterparty may substitute other forms of collateral with the consent of the Fund. As at December 31, 2013 the market value of securities held as collateral was \$113,985,208 [December 31, 2012 - \$130,123,880].

In order to permit the Fund to pay (i) monthly distributions, (ii) redemptions and repurchases of units, and (iii) operating expenses and other liabilities of the Fund, the terms of the Forward Agreement provide that the Forward Agreement may be settled in whole or in part prior to May 15, 2017, by the Fund at its discretion.

Under the Forward Agreement, the Fund pays to the Counterparty a fee of 0.3% of the Net Asset Value of ECIGIF Trust calculated and payable quarterly in arrears.

3. Summary of Significant Accounting Policies

a) Valuation of Investments

Investments are categorized as held for trading in accordance with Chartered Professional Accountants Canada (CPA) Handbook – Accounting Section 3855, "Financial Instruments – Recognition and Measurement". The fair value of investments as at the financial reporting date is determined as follows:

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

- i. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets on which the investments are traded, or through recognized investment dealers, are valued at their quoted bid value for long securities and at their quoted ask value for short securities. Investments held may include shares, bonds, debentures, options and warrants. The difference between these valuation amounts and average cost is recorded as unrealized appreciation or depreciation in value of investments. For bonds, money market instruments and debentures, the fair value is derived from bid or ask prices provided by independent security pricing services or recognized investment dealers.
- ii. Investments held for which a market quotation is not readily available or to which in the opinion of the Manager, the above principles cannot be applied shall be the fair value thereof determined in such manner as the Manager from time to time determines. The availability of valuation techniques and observable inputs can vary from security to security and is affected by a variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the security existed.

The net asset value per unit for the subscription and redemption of shares may be different from the net assets per unit calculation presented on the Statement of Net Assets. Generally, any difference is due to valuing actively traded securities at bid price for long positions and ask price for short positions for financial statement purposes but utilizing closing price to determine fair value for the subscription and redemption of units. Refer to Note 9 for a per unit comparison between the net asset value per unit and the net assets per unit.

As at December 31, 2013 and 2012, the Fund did not have any significant positions in securities valued by any non-observable inputs.

The fair value of the Forward Agreement (Note 2) is the value that would be realized if, as of any date, the Forward Agreement were settled in accordance with its terms, in which case the value shall be determined with reference to the current fair value of the underlying investments of ECIGIF Trust. The fair value for actively traded securities will be determined using closing price however, if no sale has taken place that day, valuation will be at the average of the bid and ask price. The fair value of bonds will be determined by taking the average of the bid and ask prices. The value takes into account amounts equal to other assets including cash, prepaid expenses and interest receivable, less the liabilities of ECIGIF Trust and other liabilities attributed to the Forward Agreement on such date.

The unrealized appreciation on the Forward Agreement and the realized gains on partial settlements on the Forward Agreement are included in the Statements of Operations.

b) Investment Transactions

Investment transactions are accounted for on the trade date for financial reporting purposes. Realized gains and losses on investments and unrealized appreciation or depreciation in value of investments are calculated on an average cost basis.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

c) Other Assets and Liabilities

Other assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, other liabilities are designated as financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short-term nature.

d) Commissions and Other Portfolio Transaction Costs

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Such costs are expensed and are included in commissions and other portfolio transaction costs in the Statements of Operations.

e) Income Recognition

Interest income is accrued on a daily basis.

f) Foreign Exchange

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- i) Fair value of investments and other assets and liabilities at the exchange rate prevailing at the period-end; and
- ii) Purchase and sale of investments and income and expenses at the rate of exchange prevailing on the transaction date

Foreign exchange gains (losses) on completed transactions are included in the net realized gain (loss) on investments in the Statements of Operations.

g) Increase (Decrease) in Net Assets from Operations per Unit

The increase (decrease) in net assets from operations per unit is calculated as the increase (decrease) in net assets divided by the weighted average number of units outstanding during the year.

h) Agents' Fees and Issue Expenses

Agents' fees and issue expenses related to the offering of Units were recognized as a reduction of shareholders' equity and paid out of the gross proceeds of the initial public offering.

i) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and short-term investments with maturities of 90 days or less.

j) Use of Estimates

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires the Fund's manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

k) Future Accounting Standards

Canadian investment entities will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2014. As a result, the Fund will report its financial results for the interim period ending June 30, 2014, prepared on an IFRS basis. It will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2013 ("transition date").

The differences between the Fund's accounting policies under Canadian GAAP and IFRS requirements will result in measurement and recognition differences on transition to IFRS.

Significant Accounting Changes Related to the Adoption of IFRS

Based on the Manager's assessment of the accounting differences between Canadian GAAP and IFRS, the following areas of difference were identified. The areas listed below should not be considered a comprehensive list of impacts of adopting IFRS, but rather the most significant of certain key changes.

The framework for fair valuation is set out under IFRS 13 Fair Value Measurement ("IFRS 13"), which includes the requirements for the measurement and disclosure of fair value. If an asset or liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of midmarket pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. Thus this standard will impact the Net Assets per unit compared to current standards, and may also result in the elimination of the differences between the Net Assets per unit and Net Asset Value per unit at the financial statement reporting date. Currently, the Manager has not identified any changes that will impact net asset value per unit as a result of the transition to IFRS.

The criteria contained within IAS 32 Financial Instruments: Presentation ("IAS 32") will result in the classification of unitholders' equity as a liability within the Statements of Net Assets, unless all conditions required for equity classification are met. The Manager is currently assessing the Fund's unitholder structure to determine classification under IAS 32.

4. Management and Performance Fees

Management fees of 0.25% per annum are paid by the Fund to the Manager as compensation for investment management and advisory services. ECIGIF Trust pays management fees to the Manager of 1.00% per annum of the Net Asset Value of ECIGIF Trust. Management fees are calculated and paid as of the last Valuation Date of each month.

The Manager will pay each registered dealer a service fee (the "Service Fee") equal to 0.40% annually of the NAV per Unit for each Unit held by the clients of such registered dealer, plus any applicable taxes.

No Performance Fee will be charged by the Fund. The Manager is entitled to receive from ECIGIF Trust an annual Performance Fee equal to 10% of the increase in the Net Asset Value of ECIGIF Trust including distributions, subject to an annual hurdle rate of 5.30%.

The Fund is responsible for all operating expenses incurred by or on behalf of the Fund. If the Manager provides any of these services, it shall be entitled to fees for such services not exceeding fees charged by arm's length third parties for the provision of similar services.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

5. Income Taxes

The Fund qualifies as a mutual fund trust as defined in the Income Tax Act (Canada). The Fund is not subject to income tax on such part of the net income, including net realized capital gains, as is paid or payable to unitholders. However, such part of the Fund's net income and capital gains not so paid or payable is taxable to the Fund. It is the intention of the Manager to distribute to unitholders all of the net income and sufficient net realized gains so that the Fund will not have any liability for income tax.

As at December 31, 2013, the Fund had the following capital and non-capital losses carry-forward balances:

Capital losses	Non-capital losses
Nil	\$3,607,331

* Non capital losses expire no later than 2032

6. Related Party Transactions

As at December 31, 2013, included in other liabilities are amounts owing to the Manager relating to management fees of \$24,147 (excluding HST) [2012 - \$27,556]. Also included in other liabilities are amounts owing to the Manager for administration expenses paid on behalf of the Fund by the Manager in the amount of \$19,487 [2012 - \$27,402].

7. Units Issued and Outstanding

Units issued and outstanding represent the capital of the Fund. The Fund is a closed-end trust and its units are redeemed at the net asset value per unit as determined on the Annual or Monthly Redemption Date at the option of the unitholders (see Note 11). If applicable, the unitholders are entitled to distributions when declared. Distributions are reinvested in additional units of the Fund or paid in cash. The characterization of the distributions is based on Management's estimate of the actual income for the year. Changes in the Fund's capital during the period are identified in the Statement of Changes in Net Assets and in the schedule below.

The number of units issued or redeemed during the period is as follows:

	Number of Units	Capital \$
Balance, December 31, 2012	11,585,000	\$126,711,106
Return of Capital	-	(6,822,719)
Redemption of Units	(1,282,815)	(13,389,401)
Balance, December 31, 2013	10,302,185	\$106,498,986

	Number of Units	Capital \$
Balance, May 18, 2012, commencement of operations	-	-
Issuance of Units	11,585,000	\$130,974,386
Return of Capital	-	(4,263,280)
Redemption of Units	-	-
Balance, December 31, 2012	11,585,000	\$126,711,106

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2013

8. Management of Financial Instrument Risks

Risk Management

The Manager seeks to minimize potential adverse effects of financial instruments risks on the Fund's performance by employing professional managers and experienced portfolio advisors to monitor the Fund's and ECIGIF Trust's positions and market events, diversifying the investment portfolio within the constraints of the investment objectives of the Fund and ECIGIF Trust, and periodically may use derivatives to hedge certain risk exposures.

The Fund's investment objectives are to provide unitholders with attractive monthly, tax-advantaged cash distributions, while preserving capital through exposure to ECIGIF Trust, which has an actively managed, diversified portfolio of investment grade debt securities of Canadian corporate and government issuers.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument or a security issuer will fail to discharge an obligation or commitment that it has entered into with the Fund.

As at December 31, 2013, the Fund was fully exposed to credit risk of the forward counterparty, however, the counterparty has pledged collateral in favour of the Fund to secure its obligations under the Forward Agreement. The counterparty of the Fund's Forward Agreement contract is Scotia Capital, which has a credit rating of Aa1, as rated by Moody's bond rating services.

The Fund invests in the Forward Agreement whose value is based on the performance of ECIGIF Trust and is exposed to indirect credit risk related to ECIGIF Trust's investments in debt instruments and derivatives.

As at December 31, 2013, ECIGIF Trust invested in debt instruments and derivatives, as applicable, with the following credit ratings:

Long positions	December 31, 2013		December 31, 2012		
	Debt instruments by credit rating **	Fair value *	Percentage of net assets (%)	Fair value *	Percentage of net assets (%)
AAA		\$5,732,030	5.0%	\$68,174	0.1%
A		28,573,085	25.2%	35,793,931	27.6%
BBB		100,536,758	88.6%	157,577,122	121.6%
Below BBB (O)		19,527,596	17.2%	50,385,690	38.9%
Unrated (U)		72,731,792	64.1%	31,423,089	24.2%
Total long positions		\$227,101,261	200.1%	\$275,248,006	212.4%

* Excludes cash and cash equivalents

** Credit ratings are obtained from Moody's bond rating services

The Fund's and ECIGIF Trust's broker and custodian services are provided by RBC Investor Services Trust, TD Securities and Bank of Montreal, which have credit ratings of A2, Aaa and Aa2 respectively, as rated by Moody's bond rating services. The counterparty to ECIGIF Trust's swaps is Merrill Lynch International which has a credit rating as rated by Moody's bond rating services of Baa2. The counterparty to ECIGIF Trust's futures contracts is JP Morgan Chase & Co.

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Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of interest rate risk.

As at December 31, 2013, the Fund had no direct exposure to direct debt instruments except for a \$20,000 investment in government bonds which produces no material interest rate risk.

The Fund invests in a Forward Agreement whose value is based on the performance of ECIGIF Trust and is exposed to indirect interest rate risk related to ECIGIF Trust's investments in interest bearing financial instruments.

As at December 31, 2013, ECIGIF Trust's exposure to debt instruments by maturity and interest rate swaps, and the impact on ECIGIF Trust's net assets had the yield curve shifted in parallel by 100 basis points, with all other variables held constant ("sensitivity"), is as follows:

Long positions	December 31, 2013	December 31, 2012
Debt instruments by maturity date**	(\$)	(\$)
Less than 1 year	18,400,915	-
1 – 3 years	48,057,378	\$93,375,473
3 – 5 years	36,537,271	56,107,177
Greater than 5 years	124,105,697	125,765,355
Sensitivity +/- 100 basis points	+/- \$9,186,462	+/- \$11,792,899

Short positions	December 31, 2013	December 31, 2012
Debt instruments by maturity date**	(\$)	(\$)
1 – 3 years	(\$2,972,956)	(\$113,844)
3 – 5 years	(23,726,854)	(66,470,407)
Greater than 5 years	(86,093,157)	(82,220,230)
Sensitivity +/- 100 basis points	+/- \$6,210,495	+/- \$8,630,351

Interest Rate Swaps	December 31, 2013	December 31, 2012
	(\$)	(\$)
Sensitivity +/- 100 basis points	+/- \$387,160	-

**Excludes cash and cash equivalents

In practice, actual results may differ from the above sensitivity analysis and the difference could be material. Due to short term nature of the cash and cash overdraft the interest impact is not material as actual fair value does not get impacted by long term interest rate fluctuations.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund invests in a Forward

EAST COAST INVESTMENT GRADE INCOME FUND

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Agreement whose value is based on the performance of ECIGIF Trust and is exposed to indirect other price risk.

The impact on net assets of the Fund due to a 10 percent change in its selected benchmark, using historical correlation between the Fund's return as compared to the return of the Fund's benchmark, as at December 31, 2013, with all other variables held constant, is included in the following table. Regression analysis has been utilized to estimate the historical correlation. The analysis uses data points based on the monthly net returns since the inception of Fund.

Benchmark December 31, 2013	The fund's variance with a 10% change in the benchmark	Impact on net assets \$
DEX Universe All Corporate Bond Index (PC-Bond)	+/- 2%	\$2,266,798

Benchmark December 31, 2012	The fund's variance with a 10% change in the benchmark	Impact on net assets \$
DEX Universe All Corporate Bond Index (PC-Bond)	+/- 1%	\$1,294,885

The historical correlation may not be representative of the future correlation, and accordingly the impact on net assets could be materially different. The maximum exposure to other price risk is the market value of the investments for any long positions and is potentially unlimited for short positions.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type.

As at December 31, 2013, the Fund held 100.7% [December 31, 2012 - 100.7%] of its net assets in the Forward Agreement whose value is based on the performance of ECIGIF Trust and is therefore exposed to the concentration risk of ECIGIF Trust.

Concentration risk to which ECIGIF Trust has exposure is as follows (as a percentage of total net assets of ECIGIF Trust):

Market Segment	December 31, 2013		December 31, 2012	
	Fixed Income (Long)	Fixed Income (Short)	Fixed Income (Long)	Fixed Income (Short)
Basic Materials	2.8%	-	7.6%	-
Communications	75.4%	-	50.5%	-
Consumer, Cyclical	3.1%	-	-	-
Consumer, Non-Cyclical	19.5%	-	5.6%	-
Diversified	-	-	1.4%	-
Energy	5.6%	-	18.3%	-
Financial	73.8%	-	103.6%	-
Government	5.1%	(99.4%)	0.1%	(114.8%)
Industrial	-	-	4.4%	-
Utilities	14.8%	-	20.8%	-

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For the year ended December 31, 2013

As at December 31, 2013 total net investments described above were 100.3% [2012 - 97.4%] of the total net assets of ECIGIF Trust.

Currency Risk

Currency risk is the risk that the value of investments and cash, denominated in currencies other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund's exposure to currency risk, if any, is presented below.

As at December 31, 2013, the Fund was only exposed to the Canadian Dollar and investments denominated in the Canadian Dollar.

The Fund invests in a Forward Agreement whose value is based on the performance of ECIGIF Trust and has indirect exposure to currency risk related to ECIGIF Trust's investments in financial instruments which are denominated in other currencies.

ECIGIF Trust has exposure to U.S. Dollars as at December 31, 2013 as follows:

Currency	December 31, 2013 Net exposure (\$)*	December 31, 2012 Net exposure (\$)*
Foreign currencies long	\$2,979,534	\$1,282,004
Foreign currencies short	(3,809,271)	(2,423,130)
Net exposure	(\$829,738)	(\$1,141,126)
As a percentage of net assets (%)	(0.7%)	(0.9%)

*All amounts in Canadian Dollars

As at December 31, 2013, if the Canadian dollar had strengthened or weakened by 10 percent in relation to all currencies, with all other variables held constant, net assets of ECIGIF Trust would have increased or decreased, respectively, by approximately \$82,974 [December 31, 2012 - \$114,113].

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Short Selling Risk

ECIGIF Trust engages in short selling activities, wherein it borrows securities and sells them to third parties. Until ECIGIF Trust covers its short sales, it is exposed to market risk to the extent that subsequent market fluctuations may require purchasing securities sold, not yet purchased, at prices which may be significantly higher than the fair value reflected in the financial statements.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to annual and monthly cash redemptions of redeemable units. Annual redemptions are payable before the 15th business day of the month following the Annual Redemption Date while monthly redemptions are payable on or before the last business day of the following month. The Fund aims to retain sufficient cash and pre-settle the Fund's Forward Agreement to maintain adequate liquidity including coverage of obligations related to all current liabilities payable

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For the year ended December 31, 2013

(liabilities are typically due within three months except for monthly distributions which are payable monthly).

Custody and Prime Brokerage Risk

There are risks involved in dealing with the custodians or prime brokers who settle trades. Under certain circumstances, the securities and other assets deposited with the custodian or broker may be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing ECIGIF Trust's rights to its assets in the case of an insolvency of any such party.

ECIGIF Trust maintains a custody account with its prime brokers and primary custodian. There is no guarantee that the custodian or prime broker will not become insolvent. In the event of a failure, there is no guarantee ECIGIF Trust would not incur losses due to its assets being unavailable for a period of time, recoup ultimately less than full recovery of its assets, or both. Such losses could be significant and could materially impair the ability of ECIGIF Trust to achieve its investment objective. The Fund diversifies its holdings amongst three prime brokers to mitigate this risk.

Forward Agreement Counterparty Risk

The Forward Agreement, which is the principal material asset of the Fund, exposes the Fund to the credit risk associated with the Counterparty, however the agreement also requires collateral to be provided by the Counterparty. The Counterparty may have relationships with any or all of the issuers whose securities are included in ECIGIF Trust which could conflict with the interests of the Fund. In addition, the possibility exists that the Counterparty will default on its payment obligations under the Forward Agreement or that the proceeds from the sale of the Canadian Securities Portfolio acquired pursuant to the Forward Agreement will be used to satisfy other liabilities of the Fund, which liabilities could include obligations to third-party creditors in the event the Fund has insufficient assets, excluding the proceeds from the sale of the Canadian Securities Portfolio acquired pursuant to the Forward Agreement, to pay its liabilities.

9. Fair Value of Financial Instruments

Handbook Section 3862, Financial Instruments - Disclosures, requires publicly accountable enterprises to enhance the disclosures about fair value measurements and the liquidity risk of financial instruments, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and lowest priority to unobservable inputs (level 3). The three levels of fair value are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

Valuation of trading assets, liabilities and derivatives are at fair value. Where there is no quoted market value, fair value is determined using a variety of valuation techniques and assumptions. Fair value amounts disclosed represent point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value represents our estimate of the amounts for which we could exchange the financial instruments with willing third parties who were interested in acquiring the instruments. In some cases, however, the financial instruments are not typically exchangeable or exchanged and therefore it is difficult to determine their fair value.

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For the year ended December 31, 2013

For traded securities, quoted market value is considered to be fair value. Quoted market value is based on bid prices, where available. For securities where market quotes are not available, the use of estimation techniques to determine fair value is implemented. These estimation techniques include discounted cash flows, internal models that utilize observable market data or comparisons with other securities that are substantially the same.

For transactional purposes and financial reporting purposes, the fair value of the Forward Agreement is based upon the net asset value as provided by the Manager of ECIGIF Trust. When final net asset values are not available, the Manager may provide estimates of the net asset value. The valuation represents management's best estimates based on a range of methodologies and assumptions; since they involve uncertainties, the fair values may not be realized in an actual sale or immediate settlement of the instruments.

The following table illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2013:

Assets (Liabilities) at Fair Value as at December 31, 2013				
	Level 1	Level 2	Level 3	Total
Forward Agreement	-	\$114,083,383	-	\$114,083,383
Fixed Income Long	-	20,002	-	20,002
Totals	-	\$114,103,385	-	\$114,103,385

Assets (Liabilities) at Fair Value as at December 31, 2012				
	Level 1	Level 2	Level 3	Total
Forward Agreement	-	\$130,360,424	-	\$130,360,424
Fixed Income Long	-	19,950	-	19,950
Totals	-	\$130,380,374	-	\$130,380,374

As at December 31, 2013, the Fund did not hold any level 3 financial instruments. There were no transfers between levels during the year.

The following table illustrates the classification of ECIGIF Trust's financial instruments within the fair value hierarchy as at December 31, 2013:

Assets (Liabilities) at Fair Value as at December 31, 2013				
	Level 1	Level 2	Level 3	Total
Fixed Income Long	-	\$227,101,261	-	\$227,101,261
Options Long	112,200	-	-	112,200
Futures Contracts	(42,465)	-	-	(42,465)
Swap Contracts	-	(476,190)	-	(476,190)
Fixed Income Short	-	(112,792,967)	-	(112,792,967)
Options Short	(4,463)	-	-	(4,463)
Totals	65,272	\$113,832,104	-	\$113,897,376

EAST COAST INVESTMENT GRADE INCOME FUND

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	Assets (Liabilities) at Fair Value as at December 31, 2012			
	Level 1	Level 2	Level 3	Total
Fixed Income Long	-	\$275,248,006	-	\$275,248,006
Options Long	84,095	-	-	84,095
Futures Contracts	(11,059)	-	-	(11,059)
Swaps Contracts	-	(69,505)	-	(69,505)
Fixed Income Short	-	(148,804,481)	-	(148,804,481)
Options Short	(118,979)	-	-	(118,979)
Totals	(45,943)	\$126,374,020	-	\$126,328,077

As at December 31, 2013, ECIGIF Trust did not hold any level 3 financial instruments. There were no transfers between levels during the year.

10. Reconciliation of Net Assets per Unit to Net Asset Value per Unit

Reconciliation of the Fund's Net Asset Value and Net Assets is included in the table below:

As at December 31, 2013		
Net Asset Value per Unit	Bid/Ask Adjustment	Net Assets per Unit
\$11.00	(\$0.00)	\$11.00

As at December 31, 2012		
Net Asset Value per Unit	Bid/Ask Adjustment	Net Assets per Unit
\$11.18	(\$0.00)	\$11.18

11. Redemption

Unitholders may redeem their units annually during the period from September 15th until 5:00 p.m. (Toronto time) on the 10th business day in October of each year (the "Notice Period"). Units properly surrendered for redemption during the Notice Period will be redeemed on the last business day in October of each year (the "Annual Redemption Date") and the redeeming unitholder will receive a redemption price per unit equal to 100% of the net asset value per unit as determined on the Annual Redemption Date on or before the 15th business day of the month following the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption, if any.

Unitholders may also redeem their units monthly to the Fund's registrar and transfer agent on the last business day of any month, other than October 2013 or October any year following 2013 (the "Monthly Redemption Date"), by no later than 5:00 p.m. (Toronto time) on the 15th day of such month or the immediately preceding business day in the event that the 15th day is not a business day. Payment of the proceeds of redemption will be made on or before the last business day of the following month (the "Redemption Payment Date"). Unitholders whose Units are surrendered for redemption will be entitled to receive a redemption price per Unit (the "Monthly Redemption Price") equal to the lesser of: (i) 95% of the Trading Price (the weighted average trading price on the TSX or such other stock exchange on which the units may be listed for the ten trading days immediately preceding the relevant Monthly Redemption Date) of the units; and (ii) the Market Price (the closing price of the Units on the TSX or such other stock exchange on which the Units may be listed on the Monthly Redemption Date or, if there was no trade during the relevant period preceding a Monthly Redemption Date, the average of the last bid and the last asking prices of the Units on the TSX or such other stock exchange on which the Units may be listed for each day during

EAST COAST INVESTMENT GRADE INCOME FUND

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For the year ended December 31, 2013

the relevant period) and less any costs and expenses incurred by the Fund in order to fund such redemption, if any.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 28, 2014

The accompanying financial statements have been prepared by Arrow Capital Management Inc., the Manager of East Coast Investment Grade Income Fund (the Fund), and approved by the Board of Directors of the Manager. The Fund's manager is responsible for the information and representations contained in these financial statements.

Arrow Capital Management Inc. maintains appropriate processes to ensure that reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out on the following page.

"James L. McGovern"

JAMES L. MCGOVERN
Managing Director & CEO
ARROW CAPITAL MANAGEMENT INC.

"Robert W. Maxwell"

ROBERT W. MAXWELL
Managing Director & CFO
ARROW CAPITAL MANAGEMENT INC.

Independent Auditor's Report

To the Unitholders of East Coast Investment Grade Income Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2013, the statements of net assets as at December 31, 2013 and December 31, 2012 and the statements of operations, cash flow and changes in net assets for the year ended December 31, 2013 and for the period from May 18 (commencement of operations) to December 31, 2012, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2013 and December 31, 2012 and the results of its operations and its cash flows for the year ended December 31, 2013 and the period from May 18 (commencement of operations) to December 31, 2012 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 28, 2014

