

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

Management Report of Fund Performance

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements for East Coast Investment Grade Income Fund (the "Fund"). If you have not received a copy of the unaudited semi-annual financial statements with the management report of fund performance, you may obtain a copy of the unaudited semi-annual financial statements, at no cost, by calling 1-877-327-6048 or by sending a request to Arrow Capital Management Inc. (the "Manager"), 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5, or by visiting our website at www.arrow-capital.com or SEDAR at www.sedar.com.

Unitholders may also contact us by using one of these methods to request a copy of the Fund's unaudited semi-annual financial statements, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

The Fund

The Fund is a closed-end investment trust managed by the Manager. The units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol ECF.UN. Through a forward agreement ("Forward Agreement") between the Fund and Bank of Nova Scotia (the "Counterparty"), the Fund is exposed to a portfolio of securities (the "Portfolio") held by ECIGIF Trust. East Coast Fund Management Inc. (the "Portfolio Advisor"), is the portfolio advisor for the Portfolio held by ECIGIF Trust.

Investment Objectives and Strategies

The Fund's investment objectives are to provide unitholders with attractive monthly, tax-advantaged cash distributions, while preserving capital through an actively managed, diversified portfolio of investment grade debt securities of Canadian corporate and government issuers that are rated BBB- or higher by Standard & Poor's, or a similar rating from a qualified rating agency. The portfolio, held by ECIGIF Trust, consists primarily of corporate investment grade debt securities and government bonds. Distributions are targeted to be \$0.05 per month per unit.

The return to investors of the Fund is dependent upon the return of the ECIGIF Trust portfolio pursuant to the Forward Agreement. As a result, this management report of fund performance includes discussion of the performance of ECIGIF Trust, where applicable.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund's prospectus dated April 26, 2012 (the "Prospectus"), which is available on the Fund's website at www.arrow-capital.com or on SEDAR at www.sedar.com. There were no changes to the Fund during the period that materially affected the risks associated with an investment in the units of the Fund.

Results of Operations

Investment Portfolio

As of June 30, 2015, ECIGIF Trust's portfolio included a total of 84 [December 31, 2014 - 91] corporate investment grade debt securities held both long and short, the net representing approximately 234.1% [December 31, 2014 - 241.5%] of the net assets of ECIGIF Trust.

As part of its investment strategy, ECIGIF Trust sells government bonds short and invests its proceeds in corporate investment grade debt securities. Incorporating short sales also enhances the portfolio yield and allows ECIGIF Trust to offset some or all of the interest rate risk on that portion of the portfolio. As at June 30, 2015, ECIGIF Trust had \$156.6 million [December 31, 2014 - \$136.5 million] short positions and an unrealized loss of \$0.3 million [December 31, 2014 - \$3.7 million unrealized loss] from short sales.

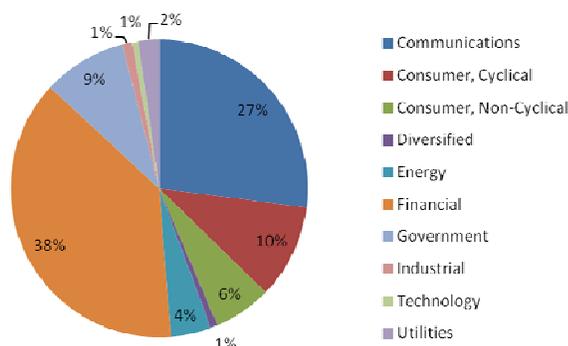
The breakdown of the portfolio by industry is shown in the accompanying pie chart. A detailed listing of ECIGIF Trust's security holdings is provided in the financial statements.

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

Portfolio Sectors



During the year, ECIGIF Trust's portfolio generated net realized and unrealized losses of (\$0.4) million [December 31, 2014 - (\$4.2) million], including net realized and unrealized losses from derivatives of (\$0.9) million [December 31, 2014 - (\$2.6) million].

Revenues, Expenses and Distributions

Through the Forward Agreement, the Fund participates in interest income and other revenues earned by ECIGIF Trust and expenses of ECIGIF Trust. ECIGIF Trust earned interest income of \$0.33 per Fund unit during the period [December 31, 2014 - \$0.73], including interest expense on short sales. Total combined expenses, of the Fund and ECIGIF Trust for the period ended June 30, 2015 were \$0.14 per Fund unit [December 31, 2014 - \$0.28]. The Fund declared monthly cash distributions to unitholders through the period at the targeted monthly rate of \$0.05 [December 31, 2014 - \$0.05], which totaled \$0.30 per unit for the period [December 31, 2014 - \$0.60].

Net Asset Value

As a result of the Forward Agreement, the Net Asset Value of the Fund is dependent upon the performance of ECIGIF Trust's portfolio. The aggregate Net Asset Value of the Fund as at June 30, 2015 was \$92.1 million, down from \$94.7 million at December 31, 2014. During the period, the Net Asset Value per unit decreased by \$0.28, from \$10.30 at December 31, 2014 to \$10.02 as at June 30, 2015 [December 31, 2014 - decrease of \$0.70 from \$11.00 to \$10.30]. There were distributions to unitholders of \$2.8 million during the period.

Liquidity

To provide liquidity for unitholders, units of the Fund are listed on the TSX under the symbol UCF.UN. For the period, units of the Fund traded at an average discount to their Net Asset Value per unit of (4.1%) [December 31, 2014 - discount (1.2%)]. Investors may also redeem their units in accordance with the Fund's redemption provisions.

Redemption

The Fund had redemptions during the period of \$nil [December 31, 2014 - \$11.7 million].

Recent Developments

Forward Agreement - Character Conversion

The 2013 Federal Budget eliminated the tax benefits associated with character conversion transactions — forward sale and forward purchase agreements used by many mutual funds and other investment funds to convert the return on a portfolio of investments from fully taxable ordinary income into capital gains. A Grandfathering provision was made available for a derivative forward agreement entered into before March 21, 2013. The Fund utilizes such an arrangement

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

to provide a tax advantaged return to its investors. The Grandfathering provision will remain in effect until the termination date of the Forward Agreement which is May 18, 2017. At that date it is anticipated that the Fund will participate directly in the returns offered by ECIGIF Trust.

Related Party Transactions

Related party transactions consist of services provided by the Manager pursuant to a management agreement. See the Management Fees section below.

Management Fees

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which the Fund pays management fees and service fees, equal on a combined basis to 0.65% per annum of the total Net Asset Value of the Fund, plus applicable taxes. The service fee is 0.40% per annum of the Net Asset Value of the Fund. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of each dealer at the end of each calendar quarter. During the period ended June 30, 2015, management fees and service fees amounted on a combined basis to \$0.8 million [December 31, 2014 - \$1.8 million], with \$0.2 million [December 31, 2014 - \$0.4 million] attributable to service fees. In addition, the Manager is responsible for providing management and administrative services to ECIGIF Trust and for paying the fees of ECIGIF Trust's Portfolio Advisor. ECIGIF Trust pays management fees equal to 1.00% per annum of the Net Asset Value of ECIGIF Trust, plus applicable taxes. The management fees and service fees from the Fund and ECIGIF Trust are used by the Manager to cover its costs for its services in connection with the management of the Fund, the cost of the Portfolio Advisor and for profit.

No Performance Fee will be charged by the Fund. The Manager is entitled to receive from the ECIGIF Trust an annual Performance Fee equal to 10% of the increase in the Net Asset Value of the ECIGIF Trust (including distributions paid on the units of ECIGIF Trust), subject to an annual hurdle rate of 5.30%. The Manager earned \$nil in Performance Fees during the period [December 31, 2014 - \$nil] from ECIGIF Trust.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance. This information is derived from the Fund's financial statements. *The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per unit.* The increase (decrease) in Net Assets from operations is based on average units outstanding during the year, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Assets per Unit	Period ended June 30, 2015	Year ended December 31, 2014	Year ended December 31, 2013	Period ended December 31, 2012⁽²⁾
Net Assets per unit, beginning of period⁽¹⁾	\$10.30	\$11.00	\$11.18	\$11.31
Increase (decrease) from operations⁽¹⁾				
Total revenue	0.00	0.00	0.00	0.00
Total expenses	(0.04)	(0.10)	(0.10)	(0.07)
Realized gains (losses)	0.03	0.16	0.12	0.00
Unrealized gains (losses)	0.03	(0.15)	0.41	0.31
Total increase (decrease) in Net Assets from operations⁽¹⁾	\$0.02	(\$0.09)	\$0.43	\$0.24
Distributions to unitholders:⁽¹⁾				
Return of capital	(\$0.30)	(\$0.60)	(\$0.60)	(\$0.37)
Total distributions to unitholders⁽¹⁾⁽³⁾	(\$0.30)	(\$0.60)	(\$0.60)	(\$0.37)
Net Assets per unit, end of period⁽¹⁾	\$10.02	\$10.30	\$11.00	\$11.18

- (1) The net assets per unit shown for June 30, 2015, December 31, 2014 and December 31, 2013 are referenced to net assets attributable to holders of redeemable units determined in accordance with IFRS and are derived from the Fund's financial statements. The net assets per unit shown for prior years are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Fund's audited annual financial statements. The Net Assets presented in the financial statements may differ from the NAV calculated for fund pricing purposes. NAV is calculated using fair value measures as defined

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

by National Instrument 81-106 ("NI 81-106"), where as Net Assets are calculated in accordance with IFRS/GAAP. An explanation of these differences can be found in the notes to the audited annual financial statements. Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

(2) Period from May 18, 2012 (commencement of operations) to December 31, 2012.

(3) Distributions were paid in cash.

Ratios and Supplemental Data (Based on Net Asset Value)	June 30, 2015	December 31, 2014	December 31, 2013	December 31, 2012 ⁽⁴⁾
Net Asset Value (in 000s)	\$92,058	\$94,655	\$113,340	\$129,489
Number of units outstanding (in 000s)	9,186	9,186	10,302	11,585
Management expense ratio ("MER") ⁽¹⁾	2.18%*	2.15%	2.19%	8.46%*
Trading expense ratio ⁽²⁾	0.63%*	0.42%	0.35%	0.95%*
Portfolio turnover rate ⁽³⁾	187.85%	137.74%	106.2%	155.7%
Net Asset Value per unit	\$10.02	\$10.30	\$11.00	\$11.18
Closing market price	\$9.74	\$9.95	\$10.66	\$11.15

*Ratios have been annualized

(1) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions, margin interest, security borrowing costs, and other portfolio transaction costs) of the Fund and ECIGIF Trust for the stated period, including issuance costs, and is expressed as an annualized percentage of the average Net Asset Value of the period.

(2) The trading expense ratio represents total commissions, margin interest, and security borrowing costs of the Fund and ECIGIF Trust expressed as an annualized percentage of the daily average Net Asset Value of the Fund during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities of ECIGIF Trust for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments of ECIGIF Trust during the period.

(4) Period from May 18, 2012 (commencement of operations) to December 31, 2012.

Past Performance

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on Net Asset Value per unit and assumes that distributions made by the Fund on its units in the period shown were reinvested (at Net Asset Value per unit) in additional units of the Fund.

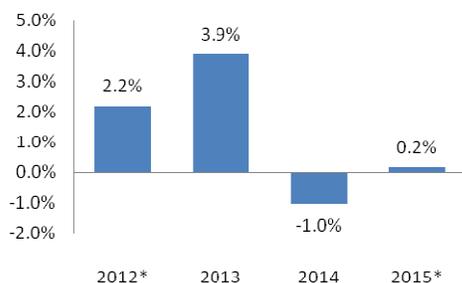
The bar chart shows the Fund's overall total return for each period since inception. The chart shows, in percentage terms, how an investment held on the first day of the fiscal period would have changed by the last day of the fiscal period.

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

Year-by-Year Returns



* Represents partial year

The following table shows the Fund's return for the periods indicated, compared with the FTSE TMX Canada Universe Bond Index (formerly FTSE TMX Canada All Corporate Bond Index).

The benchmark index is calculated without the deduction of fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Annual Compound Returns

The following table shows the annual compound total returns of the Fund, for the periods ended June 30, 2015.

	1 Year	3 Years	5 Years	Annualized Since Inception ⁽¹⁾
East Coast Investment Grade Income Fund	(3.1%)	1.7%	n/a	1.7%
FTSE TMX Canada Universe Bond Index ⁽²⁾	6.3%	3.8%	n/a	4.3%

(1) Period from May 18, 2012 (commencement of operations) to December 31, 2012

(2) Formerly FTSE TMX Canada All Corporate Bond Index

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

Summary of Investment Portfolio

Top 25 Holdings		Portfolio Composition ⁽¹⁾	
Security Name	% of Net Asset Value	Industry Sector	% of Net Asset Value
Long Positions			
VW Credit Canada, Inc., 1.37% 19Aug15	12.5	Financial	96.4
Daimler Canada Finance Inc., 1.58% 16Jul15	12.5	Communications	68.1
Shaw Communications Inc., 4.35% 31Jan24	12.2	Utilities	6.0
Rogers Communications Inc., 5.80% 26May16	12.0	Energy	11.7
National Bank of Canada, 1.13% 22Jun16	10.8	Technology	1.8
Aon Finance N.S. 1, ULC, 4.76% 08Mar18	10.0	Consumer, Cyclical	27.5
Anheuser-Busch InBev Worldwide Inc., 3.65% 15Jan16	10.0	Consumer, Non-cyclical	16.8
Videotron Ltd., 5.63% 15Jun25	9.1	Industrial	2.9
Government of Canada, 1.50% 01Sep17	6.7	Diversified	2.1
TransCanada PipeLines Ltd., 9.45% 20Mar18	6.2	Government, Long	24.3
Bank of America Corporation, 3.23% 22Jun22	5.9	Government, Short	(158.8)
The Goldman Sachs Group Inc., 5.00% 03May18	5.9		
WTH Car Rental, ULC, 1.91% 20Jul20	5.8	Cash and Cash Equivalents	(4.4)
Manitoba Telecom Services Inc., 6.65% 11May16	5.5	Other Net Assets	5.6
The Manufacturers Life Insurance Co., 4.21% 18Nov21	5.2		
Thomson Reuters Corporation, 4.35% 30Sep20	5.2	Total Net Asset Value	100.0
KRC North Holdings III, Inc., 3.86% 04Aug20	5.2		
Thomson Reuters Corporation, 3.37% 23May19	5.2		
	145.9		
Short Positions			
Canadian Government Bond 4.25% 1Jun18	(44.2)		
Canadian Government Bond 1.50% 1Jun23	(37.5)		
Canadian Government Bond 3.75% 1Jun19	(22.4)		
Canadian Government Bond 3.50% 1Jun20	(15.8)		
Canadian Government Bond 2.75% 1Jun22	(7.5)		
Canadian Government Bond 4.00% 1Jun41	(6.6)		
Canadian Government Bond 1.50% 1Mar20	(5.8)		
	(139.8)		
Total	6.1		

(1) Through the Forward Agreement, the Fund is exposed to the portfolio of ECIGIF Trust. This composition is based on the financial statements of ECIGIF Trust.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly update is available.

EAST COAST INVESTMENT GRADE INCOME FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2015

Portfolio Advisor

East Coast Fund Management Inc. ("ECFMI"), incorporated under Business Corporations Act (Ontario) on June 22, 2009, is the portfolio advisor of the ECIGIF Trust. ECFMI is responsible for all portfolio advisory and investment management services that are provided to ECIGIF Trust.

Portfolio Advisor Report

Both Canadian and US bond yields rose during the 2nd quarter of the year. Canadian bond yields rose by 10bps less than US bond yields did, we think mainly reflecting what is going on in Greece and China spooking investors. Investment grade spreads rose significantly in Q2 worldwide. Surprisingly, high yield credit spreads were unchanged in the quarter.

We thought the FED wasn't going to raise rates in the first half of the year, and they did not. We believe this will happen in the second half of the year.

Credit markets became more cautious in Q2 especially in lower parts of the credit spectrum. The Greece issue was a major theme of Q1 and Q2 but we believe this to be primarily transitional and in the next few months we will likely look back on this as an event that cleared the way for markets to go higher.

Supply is high which we believe is driven by companies trying to raise money before rates start rising. Concessions haven't been as high as they needed to be so we have stepped back from this active trading part of our portfolio.

Canadian spreads continue to rise from the tights in January 2014 as oil has stayed low and global issues in Greece and China have caused investors to step back on risk taking. Spreads have risen 30% from their tights without a corresponding fall in the equity markets. We believe this gives Canadian investment grade credit good value compared to other assets classes.

The Canadian vs US government interest rate differential has continued to expand as Canadian rates remain below US government bond rates. We don't expect this to last as there is a weaker economy in Canada and has a more volatile currency. Over the next several years we expect these two rates to come together, in particular that Canadian rates will rise by more than the US rates will.

We saw reasonable improvement in the spreads of BB & BBB bonds in Q2 and exited these positions which, has helped increase the liquidity of the portfolio. We have also reduced our credit average term to maturity to limit exposure to spread widening. We are planning on increasing credit quality and liquidity in the second half of the year. Because of the diverging policies of the US Federal Reserve and the Bank of Canada we also are continuing to stay exposed to the benefit from an appreciation of the US Dollar.

Forward-Looking Statements

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof, and we assume no obligation to update or revise them to reflect new events or circumstances.