Arrow Capital
Management Inc.

ECIGIF TRUST

Management Report of Fund Performance

June 30, 2014

Experience. Intelligent Investing.

ECIGIF TRUST

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2014

Semi-Annual 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 ECIGIF Trust (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., 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 proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

The Fund

ECIGIF Trust (the "Fund") is an investment trust managed by Arrow Capital Management Inc. (the "Manager"). East Coast Fund Management Inc. (the "Portfolio Advisor"), is the portfolio advisor for the Portfolio held by the Fund.

Investment Objectives and Strategies

The Fund's investment objectives are to provide unitholders with attractive 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 Advisor intends to achieve the Fund's investment objectives by implementing four specific portfolio management strategies for managing the portfolio: the Core Credit Portfolio Strategy, the Relative Value Trading Strategy, the Active Credit Trading Strategy and the Macro Systemic Risk Protection Program. A detailed description of the trading strategies is provided 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.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund's non-offering 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 over the period that materially affected the risks associated with an investment in the units of the Fund.

Results of Operations

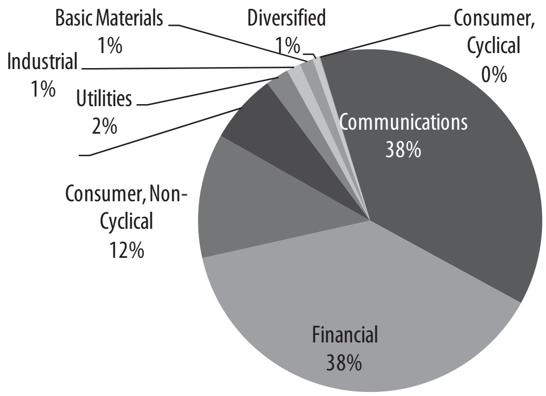
Investment Portfolio

As of June 30, 2014, the Fund's portfolio included a total of 75 [December 31, 2013 - 61] corporate investment grade debt securities, representing approximately 169% [December 31, 2013 - 195%] of the net asset value of the Fund.

As part of its investment strategy, the Fund sells government bonds short and invests its proceeds in corporate investment grade debt securities. Incorporating short sales also enhances the portfolio yield and allows the Fund to offset some or all of the interest rate risk on that portion of the portfolio. As at June 30, 2014, the Fund had $80.7 million [December 31, 2013 - $112.8] short positions of government bonds and an unrealized loss of $1.1 million [December 31, 2013 - $2.5 million unrealized gain] from short sales.

The breakdown of the portfolio by industry showing long positions only is shown in the accompanying pie chart. A detailed listing of the Fund's security holdings is provided in the financial statements.

Portfolio Sectors



During the period, the Fund's portfolio generated net realized and unrealized gains of $0.9 million [December 31, 2013 – $0.7 million], including net realized and unrealized losses from derivatives of ($1.5) million [December 31, 2013 – ($1.6) million].

Revenues, Expenses and Distributions

The Fund earned interest income of $0.52 per unit during the period [December 31, 2013 - $1.11]. Total expenses of the Fund for the period were $0.27 per unit [December 31, 2013 - $0.48], including interest expense on short sales and security borrowing expenses of $0.14 per unit [December 31, 2013 - $0.33]. During the period ended June 30, 2014, the Fund declared distributions to unitholders which totaled $0.41 per unit [December 31, 2013 - $0.82].

Cash Overdraft

The Fund utilizes leverage and trades on margin as a component of its investment strategy. As a result, as at June 30, 2014 the Fund had a cash overdraft balance of $9.5 million [December 31, 2013 - $3.5 million] representing cash balances advanced under margin lending agreements with the Fund's brokers, which are payable on demand. Interest is charged on outstanding balances at the contractual rate.

Net Asset Value

During the period, the Net Asset Value per unit decreased by ($0.06) per unit from $11.93 at the close of business December 31, 2013 to $11.87 at the end of June 30, 2014. The aggregate Net Asset Value of the Fund as at June 30, 2014 was $113.5 million [December 31, 2013 - $114.1 million]. There were distributions of $4.0 million during the period.

Recent Developments

Adoption of International Financial Reporting Standards ("IFRS")

The unaudited semi-annual financial statements have been prepared in compliance with IFRS, including IAS 34 and IFRS 1. The Fund adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook.

Related Party Transactions

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

At June 30, 2014 the Fund issued 1 Class A unit to the Manager at an issue price of $10. No management fees are charged on Class A units.

Management and Performance Fees

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund and for paying the fees of the Portfolio Advisor. The Fund pays management fees equal to 1.0% per annum of the Net Asset Value of the Fund, plus applicable taxes. The management fees from the Fund 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.

The Manager is also entitled to receive from the Fund an annual Performance Fee equal to 10% of the increase in the net asset value of the Fund (including any distributions paid on the units of the Fund), subject to an annual hurdle rate of 5.30%.

The Performance Fee will be calculated daily and payable on the last valuation date of each calendar year, except when units of the Fund are redeemed on the applicable redemption date, in which case, the Fund shall pay a Performance Fee in respect of any concurrently redeemed units of the Fund (the "Interim Performance Fee"). The Interim Performance Fees shall be payable on the applicable redemption date. For any partial fiscal year, including with respect to Interim Performance Fees the hurdle rate will be pro-rated. As at June 30, 2014, the Manager had earned $378,794 in Performance Fees [December 31, 2013 - $14,915].

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 unaudited semi-annual financial statements and audited annual 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 period, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Assets per Unit[1]	Period ended June 30, 2014	Year ended December 31, 2013	Period ended December 31, 2012[5]
Net Assets per unit, beginning of period [1][2]	**$11.93**	**$12.06**	**$12.00**
Increase (decrease) from operations:[3]			
Total revenue	0.40	1.11	0.43
Total expenses	(0.14)	(0.48)	(0.17)
Realized gains (losses)	(0.12)	0.19	0.02
Unrealized gains (losses)	0.21	(0.19)	0.02
Total increase in Net Assets from operations	**$0.35**	**$0.63**	**$0.30**
Distributions to unitholders:[2]			
From net investment income	($0.41)	($0.63)	($0.37)
Return of capital	-	(0.19)	-
Total distributions to unitholders	**($0.41)**	**($0.82)**	**($0.37)**[4]
Net Assets per unit, end of period[2]	**$11.87**	**$11.87**	**$12.06**

(1) This net assets per unit shown for June 30, 2014 are referenced to net assets attributable to holders of redeemable units determined in accordance with IFRS and are derived from the Fund's unaudited interim financial statements. The net assets per unit shown for prior periods are referenced to Net Assets determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are derived from the Fund's 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 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 financial statements. Net Assets are based on the actual number of units outstanding at the relevant time.

(2) Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time

(3) The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the period.

(4) A year end distribution of $1,360,424/$0.13 per unit was reinvested and the units were immediately consolidated so that the number of units outstanding equaled the number of units outstanding immediately prior to the distribution.

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

Ratios and Supplemental Data (Based on Net Asset Value)	June 30, 2014	December 31, 2013	December 31, 2012[4]
Net Asset Value (in 000s)	$113,493	$114,083	$129,613
Number of units outstanding (in 000's)	9,560	9,560	10,750
Management expense ratio ("MER")[1]	2.09%*	1.29%	1.26%*
Trading expense ratio[2]	2.45%*	2.73%	0.96%*
Portfolio turnover rate[3]	122.72%	106.3%	155.7%
Net Asset Value per unit	$11.87	$11.93	$12.13

* Ratios have been annualized

(1) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction costs) of the Fund for the stated period, including interest expense and 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, cost of security borrowing expenses and interest expense on short sales, 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 for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

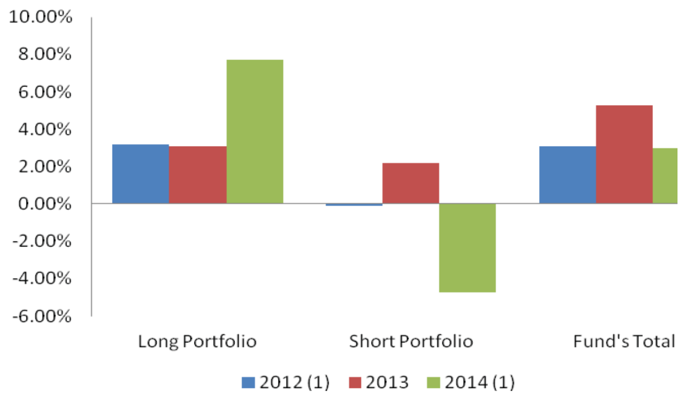
(4) Period from May 18, 2012 (commencement of operations) to December 31, 2012.

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 and the total return for long portfolio positions and short portfolio positions for each period. 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.

Year-by-Year Returns



(1) Represents partial year.

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

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 Returns

	Period ended June 30, 2014	Year ended December 31, 2013	Period ended December 31, 2012(1)
ECIGIF Trust	3.0%	5.3%	3.1%
FTSE TMX Canada All Corporate Bond Index (2)	4.8%	0.9%	5.6%

(1) Period from May 18, 2012 (commencement of operations) to December 31, 2012.
(2) Formerly DEX Universe All Corporate Bond Index (PC- Bond)

For the period ended June 30, 2014, the Fund provided a return of 3.0% which underperformed the Fund's benchmark index, the FTSE TMX Canada All Corporate Bond Index, by 1.8%.

ECIGIF TRUST

MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2014

Summary of Investment Portfolio

Top 25 Holdings

Security Name	% of Net Asset Value
Long Positions	
Videotron Ltd 5.625% 15Jun25	10.7%
Shaw Communications Inc. 4.35% 31Jan24	10.1%
Aon Finance NS1 ULC 4.76% 8Mar18	9.1%
Telus Corp 4.4% 1Apr43	9.1%
First National Financial 5.07% 7May15	8.2%
Penske Truck Leasing Canada Inc 3.65% 1Feb18	7.2%
Manufacturers Life Insurance 4.21% 18Nov21	6.0%
Leisureworld Senior Care LP 3.474% 3Feb21	5.7%
Telus Corp 4.85% 5Apr44	5.2%
JPMorgan Chase & Co 2.92% 19Sep17	5.1%
Ford Credit Canada 2.634% 21Nov16	3.8%
APT Pipelines Ltd 4.245% 24Jul19	3.8%
Rogers Communication 5.38% 4Nov19	3.8%
Bell Canada 4.7% 11Sep23	3.7%
Goldman Sachs Group Inc. 5.0% 3May18	3.6%
Bell Canada 4.4% 16Mar18	3.6%
Lloyds TSB Bank PLC 5.28% 19Apr16	3.5%
JPMorgan Chase & Co FRN 29Dec49	3.5%
Short Positions	
Canadian Government Bond 2.5% 1Jun24	-22.7%
Canadian Government Bond 4.0% 1Jun41	-11.4%
Canadian Government Bond 1.5% 1Sep17	-7.9%
Canadian Government Bond 3.5% 1Dec45	-5.1%
US Treasury Note/Bond 1.625% 30Apr19	-4.9%
Canadian Government Bond 3.25% 1Jun21	-4.1%
Canadian Government Bond 1.75% 1Mar19	-4.0%

Portfolio Composition

Industry Sector	% of Net Asset Value
Financial	67.2%
Communications	65.7%
Utilities	3.8%
Energy	11.5%
Basic Materials	2.2%
Consumer, Cyclical	0.2%
Consumer, Non-cyclical	20.4%
Industrial	2.3%
Diversified	1.1%
Government, Long	-
Government, Short	-71.1%
Cash and Cash Equivalents	-3.0%
Other Net Assets	-0.3%
Total Net Asset Value	**100.0%**
Total Long Positions	174.4%
Total Short Positions	-71.1%

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

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

Contractionary U.S. Monetary Policy

The first half of 2014 saw further retrenchment of U.S. monetary stimulus, with the Federal Reserve "tapering" $10B in asset purchases at each of its FOMC meetings. QE3, at one time monthly total purchase of $85B, is now due to be wound down to zero in the next two months. Federal Reserve Chair Janet Yellen also commented that the Federal Reserve could start raising short term interest rates as early as six months following the end of its bond buying program. It seems plausible that we could see an increase in the general level of interest rates if the trend in lower unemployment and higher inflation continues.

Fed's Dual Mandate

As the only major central bank with a dual mandate of stable prices and full employment, it is clear that Chair Yellen is paying less attention to the inflation portion and focusing more on the unemployment aspect of the mandate. She has tossed out the window Bernanke's original 6.5% unemployment threshold and has clung steadfastly to the refrain of rates staying low for a 'considerable period'.

Most economists agree that the NAIRU (level of unemployment below which inflation rises) in the US is between 5% - 6.5%. Although notoriously difficult to estimate, the OECD published the level at 6.1%. Oddly enough, the BLS just reported the US unemployment rate on July 3rd to be 6.1%.

The latest CPI readings have US CPI at 2.1%, up from 1.1% just three months prior. However, it is well known that the Fed prefers the PCE deflator as an inflation measure, a quarterly measure that was reported at 1.2% in March. The next release on July 30th will be very closely watched.

With the recent spate of strong economic releases, the odds are that the economy continues to take up excess capacity. Capacity Utilization was 79.1% in May, back to pre-crisis levels. Chair Yellen and the Fed believe that the recent increase in CPI is temporary and their focus has been to reduce the unemployment rate. If CPI shows continued strength and the PCE deflator catches up with CPI the Fed could easily find themselves behind the inflation curve.

The story is much the same in Canada. Canadian monetary policy tracks that of the US very closely. Canadian CPI is running at 2.3% and 1.7% less food and energy, up substantially over the same 3 month period. The Bank of Canada's former governor, Mark Carney, moved swiftly from April to September in 2010 to move the BOC's overnight rate from 0.25% to 1.00% where it stands today. The BOC does not have a dual mandate like the Fed. Their mandate is to maintain price stability only. If CPI continues its trend higher as we expect it will, the BOC should begin to raise rates in step with the FOMC.

Canadian Corporate Credit

Corporate issuance in H1 2014 slowed in the Canadian market to 52.9B down from the record issuance of $62.9B in H1 2013. Almost all the decrease came in Q1 2014, even so H1 2014 still had some of the most issuance on record. Investor demand remains extremely strong and deals continue to be many times oversubscribed and smaller than average allocations. Consequently, new issue concessions have continued to fall with many transactions printing in-line or through secondary levels. This dynamic has continued to drive spreads tighter. Noticeably absent from H1 issuance have been Canadian Banks. Usually accounting for the largest percentage of new deals, Canadian Banks have increasingly chosen to issue in international markets where funding costs are lower and demand for their product remains frothy. In the future, Canadian Banks will be forced to issue new bonds with bail-in mechanisms to comply with new capital rules and it's taking some time to find a structure that investors will be comfortable with. Understanding these new structures will be important as they become a greater part of the Canadian bond universe and we are watching these new developments closely. The first of these new deals was launched in early July by RBC and our opinion is that the securities are a very cheap source of capital for the banks and not a good risk reward for the investors.

Path to Higher Rates

In the absence of an external shock to the economy, we believe that the risk is for interest rates to go higher from here rather than lower. As the economy gains momentum the Fed will be forced to begin raising Fed Funds (overnight rates) at some point. Whether it is in late 2015 or 2016 is not really important. As this increase becomes more anticipated, the yield curve will likely flatten and the front end of the yield curve will rise quickly.

Preceding into the second half of 2014 it appears the Fed will stick to its current plan of stopping asset purchases sometime before year end. The rates market, especially in the front end, will likely be volatile as market participants adjust their portfolios in anticipation of the first rate hike since 2006. On the other side of the Atlantic in Europe the ECB will release the results of its Assets Quality Review of banks assets, which should reveal a better picture of the gradual recovery. The ECB has been fighting a losing battle with inflation, which is clearly represented in the market pricing of sovereign and peripherals bonds vs. US treasuries.

We believe the normalization of rates is inevitable and are positioned to take advantage of market movements. We will continue to hedge downside risk as we have done since inception and take advantage of current market structure to protect the portfolio in an efficient manner consistent with our objective primary of capital preservation.

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.

Arrow Capital Management Inc.
36 Toronto Street, Suite 750 • Toronto, Ontario • Canada • M5C 2C5 • Tel: 416.323.0477 • Tel: 1.877.327.6048 • Fax: 416.323.3199 • www.arrow-capital.com