



UNAUDITED INTERIM FINANCIAL STATEMENTS

JUNE 2018

EAST COAST INVESTMENT GRADE INCOME FUND

EAST COAST INVESTMENT GRADE INCOME FUND

Statements of Financial Position (Unaudited)

	As at June 30, 2018	As at December 31, 2017
ASSETS		
Current assets		
Financial assets at fair value through profit and loss		
Investments	\$481,967,405	\$388,069,184
Options - long	660	1,596
Unrealized gain on futures contracts - long	2,741,045	27,755
Unrealized gain on futures contracts - short	31,750	5,224
Cash and cash equivalents	5,507,976	813,980
Margin deposits	12,539,515	5,919,689
Accrued interest and dividends receivable	3,157,484	2,893,222
	505,945,835	397,730,650
LIABILITIES		
Current liabilities		
Financial liabilities at fair value through profit and loss		
Investments sold short	382,749,805	299,876,353
Options - short	6,226	-
Unrealized loss on futures contracts - long	10,604	1,450,249
Unrealized loss on futures contracts - short	2,937	-
Unrealized loss on swap contracts	721,380	1,329,514
Margin loan	7,031,741	8,851,452
Distributions payable	468,639	444,718
Payable for securities purchased	2,965,909	-
Accrued interest and dividends payable	985,795	695,925
Other liabilities (Note 9)	349,109	632,333
	395,292,145	313,280,544
Net assets attributable to holders of redeemable units	\$110,653,690	\$84,450,106
Number of units outstanding (Note 8)	11,715,963	8,894,356
Net assets attributable to holders of redeemable units per unit	\$9.44	\$9.49

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.

EAST COAST INVESTMENT GRADE INCOME FUND

Statements of Comprehensive Income (Unaudited)
For the periods ended June 30

	2018 \$	2017 \$
INCOME		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	6,437,799	1,342,530
Interest expense on derivatives	(217,645)	-
Interest expense on short sales	(2,720,511)	(541,469)
Dividend income	114,343	22,511
Dividend expense on short sales	(3,287)	-
Net realized gain (loss) on investments and derivatives	450,208	7,587,668
Net change in unrealized appreciation (depreciation) in value of investments and derivatives	(647,564)	(6,033,624)
Net gains (losses) on investments and derivatives	3,413,343	2,377,616
Other income items:		
Interest on cash	10,379	13,390
Foreign exchange gain (loss)	(50,626)	(159,070)
Net change in unrealized foreign exchange gain (loss)	(72,327)	162,238
Total income (net)	3,300,769	2,394,174
EXPENSES		
Securityholder reporting fees	94,376	47,753
Management fees (Note 9)	607,364	179,764
Performance fees (Note 9)	127,600	844
Interest expense on margin loan	109,838	44,670
Service fees	-	42,921
Legal	8,901	97,171
Audit fees	15,820	23,926
Independent Review Committee fees	3,312	2,715
Security borrowing expense	538,075	95,241
Commissions and other portfolio transaction costs (Note 10)	10,567	3,325
Custodial fees	16,595	1,822
Harmonized sales tax	71,085	39,203
Total expenses	1,603,533	579,355
Increase (decrease) in net assets attributable to holders of redeemable units	1,697,236	1,814,819
Increase (decrease) in Net Assets attributable to holders of redeemable units per Unit (Note 13)	0.16	0.34

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

EAST COAST INVESTMENT GRADE INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)
For the periods ended June 30

	2018 \$	2017 \$
Net assets attributable to holders of redeemable units at beginning of period	84,450,106	46,090,355
Increase (decrease) in net assets attributable to holders of redeemable units	1,697,236	1,814,819
Distributions to holders of redeemable units		
From net investment income	(2,539,336)	(886,543)
Return of capital	-	(729,282)
Total distributions to holders of redeemable units	(2,539,336)	(1,615,825)
Redeemable unit transactions		
Proceeds from redeemable units issued	27,693,059	15,101,899
Issuance costs and agents' fees	(647,375)	-
Net increase (decrease) from redeemable unit transactions	27,045,684	15,101,899
Net increase (decrease) in net assets attributable to holders of redeemable units	26,203,584	15,300,893
Net assets attributable to holders of redeemable units at end of the period	110,653,690	61,391,248

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

EAST COAST INVESTMENT GRADE INCOME FUND

Statements of Cash Flows (Unaudited)
For the periods ended June 30

	2018 \$	2017 \$
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	1,697,236	1,814,819
Adjustment for:		
Unrealized foreign exchange (gain) loss on cash and cash equivalents	114,522	(167,411)
Net realized loss (gain) on investments and derivatives	(450,208)	(7,587,668)
Net change in unrealized depreciation (appreciation) in value of investments and derivatives	647,564	6,033,624
Net change in unrealized loss (gain) on cash and cash equivalents	(37,615)	-
Purchase of investments	(1,859,829,439)	(847,336,845)
Settlement of forward agreement (1) (note 2)	-	48,304,846
Proceeds on sale of investments	1,846,833,342	766,199,669
Change in margin deposits	(6,619,826)	(1,175,340)
Change in accrued interest and dividends receivable	(264,262)	-
Change in accrued interest and dividends payable	289,870	595,957
Change in margin loan	(1,819,711)	22,879,566
Change in other liabilities	(283,224)	198,916
Net cash from (used in) operating activities	(19,721,751)	(10,239,867)
Cash flows from (used in) financing activities		
Proceeds from redeemable units issued	27,693,059	15,101,899
Issuance costs and agents' fees	(647,375)	-
Distributions paid to holders of redeemable units, net of reinvested distributions	(2,515,415)	(1,537,194)
Net cash from (used in) financing activities	24,530,269	13,564,705
Net Increase (decrease) in cash	4,808,518	3,324,838
Cash and cash equivalents at beginning of the period	813,980	101,477
Unrealized foreign exchange gain (loss) on cash and cash equivalents	(114,522)	167,411
Cash and cash equivalents at end of the period	5,507,976	3,593,726
<i>(1) Net of counterparty fees</i>		
Supplemental information:		
Interest received*	6,187,794	(193,878)
Dividends received, net of withholding tax*	118,657	19,468
Interest paid*	(40,900)	9,818

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

EAST COAST INVESTMENT GRADE INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2018 (Unaudited)

Equities - Long - 11.8%

Security Name	Currency	No. of Shares/Units	Average Cost (\$)	Fair Value (\$)
Equities - 11.8%				
Bank of Montreal, 5.20%, Preferred, Class 'B', Series '16'	CAD	101,300	2,514,591	2,546,682
Bank of Montreal, Preferred, Class 'B', Series '25', Variable Rate, Perpetual	CAD	61,500	1,336,922	1,421,265
Bank of Montreal, Preferred, Class 'B', Series '17', Floating Rate, Perpetual	CAD	183,000	4,552,400	4,589,640
Bank of Nova Scotia, Preferred, Series '32', Variable Rate, Convertible, Perpetual	CAD	7,600	170,357	176,396
Bank of Nova Scotia, Preferred, Series '21', Variable Rate, Perpetual	CAD	10,000	249,500	248,500
Enbridge Inc., Preferred, Series 'B', Variable Rate, Perpetual	CAD	12,800	232,445	236,160
Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual	USD	2,738	86,659	80,701
Kinder Morgan Canada Ltd., Preferred, Series '1', Variable Rate, Perpetual	CAD	32,000	796,480	798,080
Toronto-Dominion Bank (The), Preferred, Series 'S', Variable Rate, Convertible	CAD	55,000	1,369,235	1,383,250
Toronto-Dominion Bank (The), Preferred, Series 'Y', Variable Rate, Convertible	CAD	14,000	348,600	351,050
Toronto-Dominion Bank (The), Preferred, Series 'T', Variable Rate, Convertible, Perpetual	CAD	48,100	1,193,604	1,207,791
Trident Exploration Corp.	CAD	133,963	39,100	39,100
			12,889,893	13,078,615

Fixed Income - Long - 423.7%

Security Name	Maturity Date	Coupon Rate (%)	Currency	Par Value	Average Cost (\$)	Fair Value (\$)
Corporate Bonds - 417.7%						
Alimentation Couche-Tard Inc. ⁽²⁾	07-26-24	3.06	CAD	895,000	871,097	877,996
Allied Properties REIT, Series 'A' ⁽²⁾	05-13-20	3.75	CAD	1,273,000	1,333,633	1,291,131
AltaGas Ltd., Series '7' ⁽²⁾	06-01-20	4.07	CAD	1,814,000	1,861,063	1,855,578
AltaGas Ltd. ⁽²⁾	09-28-21	3.72	CAD	6,647,000	6,884,552	6,780,467
APT Pipelines Ltd.	07-24-19	4.25	CAD	5,847,000	5,979,798	5,942,406
Artis REIT, Series 'B', Floating Rate	02-07-20	2.81	CAD	870,000	870,000	873,236
AT&T Inc.	11-25-20	3.83	CAD	6,200,000	6,440,799	6,343,225
Bank of America Corp., Floating Rate ⁽²⁾	04-24-24	3.30	CAD	1,453,000	1,461,718	1,455,049
Bank of America Corp., Variable Rate ⁽²⁾	03-15-23	2.60	CAD	8,066,000	7,912,133	7,935,663
Bank of Montreal ⁽²⁾	09-13-18	3.21	CAD	1,841,000	1,862,862	1,845,959
Bank of Montreal, Variable Rate ⁽²⁾	09-19-24	3.12	CAD	12,073,000	12,166,915	12,135,387
Bank of Montreal	03-04-19	2.43	CAD	4,125,000	4,139,225	4,135,273
Bank of Nova Scotia	03-14-19	2.46	CAD	23,000,000	23,084,750	23,059,659
Bell Canada ⁽²⁾	09-29-21	3.15	CAD	5,013,000	5,056,203	5,054,893
BRP Finance ULC ⁽²⁾	02-07-22	4.79	CAD	4,002,000	4,265,695	4,233,217
Bruce Power L.P., Restricted	06-23-21	2.84	CAD	3,250,000	3,361,800	3,246,987
SmartCentres REIT ⁽²⁾	07-27-20	4.05	CAD	1,544,000	1,629,744	1,581,047
SmartCentres REIT, Series 'L'	02-11-21	3.75	CAD	9,670,000	9,853,515	9,852,667
Canadian Imperial Bank of Commerce	07-12-21	1.64	CAD	5,712,000	5,530,415	5,534,304
Canadian Imperial Bank of Commerce, Variable Rate ⁽²⁾	04-04-28	3.45	CAD	5,553,000	5,543,315	5,516,842
Canadian Imperial Bank of Commerce	06-24-19	2.35	CAD	1,998,000	2,000,637	2,000,948
Canadian Imperial Bank of Commerce, Variable Rate ⁽²⁾	01-26-26	3.42	CAD	1,728,000	1,743,155	1,741,455
Canadian Imperial Bank of Commerce	10-09-18	1.70	CAD	26,500,000	26,477,890	26,491,959
Canadian Natural Resources Ltd., Series '2' ⁽²⁾	08-14-20	2.89	CAD	9,041,000	9,123,936	9,069,553
Canadian Western Bank	06-29-20	2.75	CAD	4,310,000	4,312,434	4,306,507
Central 1 Credit Union, Series '16', Floating Rate	02-05-21	2.09	CAD	3,825,000	3,825,000	3,809,356
Central 1 Credit Union	03-16-20	1.87	CAD	4,801,000	4,827,229	4,736,434
Choice Properties L.P., Series '7' ⁽²⁾	09-20-19	3.00	CAD	2,902,000	2,924,752	2,915,942
Choice Properties L.P., Series '9' ⁽²⁾	09-20-21	3.60	CAD	2,753,000	2,798,514	2,798,094
Choice Properties REIT ⁽²⁾	03-21-22	3.01	CAD	1,873,000	1,871,559	1,866,974
Choice Properties REIT, Series 'K', Restricted ⁽²⁾	09-09-24	3.56	CAD	787,000	787,000	784,342
Choice Properties REIT, Series 'B' ⁽²⁾	07-05-23	4.90	CAD	1,423,000	1,517,217	1,518,471
Choice Properties REIT	02-08-21	3.50	CAD	946,000	960,298	959,582
CI Financial Corp.	12-07-20	2.65	CAD	5,645,000	5,642,969	5,627,746
Citigroup Inc.	11-18-21	3.39	CAD	1,905,000	1,929,366	1,935,024
Cominar REIT	12-04-19	4.23	CAD	2,484,000	2,514,001	2,514,638
Cominar REIT, Series '7'	06-21-19	3.62	CAD	7,506,000	7,565,458	7,540,883
Crombie REIT	10-31-18	3.99	CAD	1,989,000	2,009,121	1,999,379
Crombie REIT	06-01-21	3.96	CAD	1,476,000	1,491,419	1,486,281
Crombie REIT, Series 'C'	02-10-20	2.78	CAD	674,000	669,012	669,045
Dollarama Inc., Floating Rate	03-16-20	2.35	CAD	4,946,000	4,980,870	4,973,945
Enbridge Inc., Variable Rate	05-24-19	2.34	CAD	5,000,000	5,013,550	5,012,000
Enbridge Inc., Variable Rate ⁽²⁾	09-27-77	5.38	CAD	2,835,000	2,734,133	2,696,938
Enbridge Inc. Discount Note	08-01-18	0.00	CAD	11,500,000	11,475,965	11,475,965
Enbridge Inc. Discount Note	07-30-18	0.00	CAD	7,500,000	7,484,925	7,484,925
Enbridge Income Fund (The) ⁽²⁾	11-12-20	4.85	CAD	3,193,000	3,408,389	3,336,027

EAST COAST INVESTMENT GRADE INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2018 (Unaudited)

Fixed Income – Long (Cont'd)

Security Name	Maturity Date	Coupon Rate (%)	Currency	Par Value	Average Cost (\$)	Fair Value (\$)
First Capital Realty Inc., Series 'N'	03-01-21	4.50	CAD	794,000	835,256	824,859
Ford Credit Canada Co., Floating Rate	09-21-20	2.59	CAD	9,789,000	9,819,973	9,798,691
Ford Credit Canada Co.	05-07-20	2.45	CAD	4,476,000	4,434,792	4,438,077
Ford Credit Canada Co. ⁽²⁾	09-16-20	2.92	CAD	1,388,000	1,387,695	1,384,661
Ford Credit Canada Co.	06-14-19	3.14	CAD	3,117,000	3,137,167	3,133,825
Ford Credit Canada Co.	05-10-21	2.58	CAD	3,000,000	2,967,299	2,951,028
General Motors Financial Co. Inc. ⁽²⁾	06-19-23	4.15	USD	995,000	1,302,232	1,309,216
General Motors Financial of Canada Ltd. ⁽²⁾	05-22-20	3.08	CAD	6,239,000	6,279,351	6,260,647
Goldman Sachs Group Inc. (The)	02-12-21	3.55	CAD	2,986,000	3,043,086	3,038,866
Goldman Sachs Group Inc. (The), Variable Rate ⁽²⁾	04-26-23	2.43	CAD	6,168,000	6,016,544	5,998,075
Goldman Sachs Group Inc. (The), Variable Rate ⁽²⁾	06-05-23	2.91	USD	2,734,000	3,502,634	3,471,893
HSBC Bank Canada	07-07-20	1.82	CAD	1,454,000	1,433,499	1,428,938
IGM Financial Inc.	04-08-19	7.35	CAD	2,801,000	2,942,321	2,901,880
Kraft Canada Inc. ⁽²⁾	07-06-20	2.70	CAD	3,593,000	3,615,399	3,590,350
Laurentian Bank of Canada	06-27-23	3.45	CAD	2,610,000	2,609,060	2,601,613
Leisureworld Senior Care L.P., Series 'B' ⁽²⁾	02-03-21	3.47	CAD	4,664,000	4,798,063	4,754,294
Manufacturers Life Insurance Co. (The), Variable Rate ⁽²⁾	06-01-25	2.10	CAD	5,000,000	4,958,000	4,945,787
Manulife Financial Capital Trust II, Series '1', Variable Rate ⁽²⁾	12-31-2108	7.41	CAD	5,679,000	6,139,267	6,060,603
MCAP Commercial L.P.	12-14-22	5.00	CAD	679,000	683,250	674,999
Medavie Inc., Series '1', Variable Rate ⁽²⁾	05-21-24	6.00	CAD	380,000	383,165	384,678
Merrill Lynch & Co. Inc., Variable Rate ⁽²⁾	05-30-22	2.66	CAD	15,689,000	15,683,384	15,693,550
Molson Coors International L.P. ⁽²⁾	07-15-23	2.84	CAD	1,774,000	1,710,267	1,723,765
Molson Coors International L.P., Series '2' ⁽²⁾	09-18-20	2.75	CAD	2,111,000	2,119,650	2,104,463
Morgan Stanley, Floating Rate ⁽²⁾	10-15-21	2.12	CAD	5,261,000	5,256,800	5,251,635
Morgan Stanley, Variable Rate ⁽²⁾	12-29-20	2.47	CAD	3,422,000	3,448,618	3,440,410
Nissan Canada Financial Services Inc., Series 'D'	10-19-20	2.42	CAD	5,451,000	5,470,452	5,407,734
Pembina Pipeline Corp. ⁽²⁾	03-29-21	4.89	CAD	3,447,000	3,673,460	3,625,745
Reliance L.P.	03-15-19	5.19	CAD	8,111,000	8,329,041	8,259,689
RioCan REIT	08-26-20	2.19	CAD	2,356,000	2,366,178	2,325,962
RioCan REIT, Series 'U'	06-01-20	3.62	CAD	2,476,000	2,519,157	2,516,157
Royal Bank of Canada	12-11-18	2.77	CAD	22,000,000	22,166,546	22,083,078
Royal Bank of Canada, Variable Rate ⁽²⁾	07-17-24	3.04	CAD	3,230,000	3,256,458	3,244,446
Royal Bank of Canada, Variable Rate ⁽²⁾	01-20-26	3.31	CAD	3,797,000	3,821,491	3,821,721
Royal Bank of Canada	03-15-21	2.03	CAD	12,217,000	12,000,297	12,009,984
Shaw Communications Inc.	02-19-21	3.15	CAD	4,844,000	4,942,758	4,880,231
SNC-Lavalin Group Inc. ⁽²⁾	07-03-19	6.19	CAD	2,500,000	2,595,032	2,590,990
Sun Life Financial Inc., Variable Rate ⁽²⁾	09-25-25	2.60	CAD	11,822,000	11,849,423	11,762,394
Thomson Reuters Corp. ⁽²⁾	11-12-21	3.31	CAD	2,085,000	2,102,579	2,113,344
Thomson Reuters Corp. ⁽²⁾	09-30-20	4.35	CAD	2,036,000	2,115,057	2,109,929
Toronto-Dominion Bank (The)	04-02-19	2.45	CAD	19,375,000	19,441,306	19,430,369
TransCanada Pipelines Ltd. ⁽²⁾	05-15-28	4.25	USD	1,740,000	2,280,938	2,299,179
TransCanada Trust, Variable Rate ⁽²⁾	03-15-77	5.30	USD	1,094,000	1,340,593	1,362,562
Ventas Canada Finance Ltd. ⁽²⁾	02-01-22	3.30	CAD	2,193,000	2,229,272	2,211,578
Veresen Inc. ⁽²⁾	11-10-21	3.43	CAD	1,291,000	1,312,495	1,309,487
VW Credit Canada Inc.	03-29-21	2.90	CAD	1,458,000	1,456,756	1,457,117
VW Credit Canada Inc., Floating Rate	03-30-20	2.22	CAD	300,000	300,000	300,189
VW Credit Canada Inc.	06-24-20	2.15	CAD	1,421,000	1,403,507	1,404,060
Wells Fargo Financial Canada Corp.	11-15-18	2.78	CAD	9,676,000	9,732,605	9,704,911
Wells Fargo Financial Canada Corp.	01-29-21	3.04	CAD	8,473,000	8,555,323	8,534,847
					463,965,527	462,235,905
Federal Bonds - 6.01%						
Export-Import Bank of Korea	02-24-20	1.93	CAD	301,000	294,850	296,888
Export-Import Bank of Korea	02-24-20	1.93	CAD	4,750,000	4,708,218	4,685,115
Government of Canada	09-01-23	2.00	CAD	43,000	43,034	42,805
Government of Canada	06-01-37	5.00	CAD	76	106	109
Government of Canada	06-01-24	2.50	CAD	339,000	347,950	346,181
Government of Canada	03-01-19	1.75	CAD	66,000	66,066	66,051
Government of Canada	06-01-26	1.50	CAD	1,275,000	1,219,028	1,215,736
					6,679,252	6,652,885
					470,644,779	468,888,790

EAST COAST INVESTMENT GRADE INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2018 (Unaudited)

Fixed Income - Short - (345.9%)

Security Name	Maturity Date	Coupon Rate (%)	Currency	Par Value	Average Cost (\$)	Fair Value (\$)
Corporate Bonds - (4.8%)						
Bell Canada ⁽²⁾	08-12-26	2.90	CAD	(1,313,000)	(1,267,242)	(1,259,780)
Rogers Communications Inc. ⁽²⁾	03-13-24	4.00	CAD	(2,900,000)	(3,035,228)	(3,025,610)
Walt Disney Co. (The)	10-07-24	2.76	CAD	(990,000)	(983,219)	(976,245)
					(5,285,689)	(5,261,635)
Federal Bonds - (341.1%)						
Government of Canada	09-01-20	0.75	CAD	(55,203,000)	(53,937,195)	(53,812,695)
Government of Canada	06-01-19	3.75	CAD	(25,054,000)	(25,701,439)	(25,507,578)
Government of Canada	06-01-20	3.50	CAD	(33,374,000)	(34,626,457)	(34,354,204)
Government of Canada	06-01-22	2.75	CAD	(3,541,000)	(3,628,340)	(3,636,620)
Government of Canada	06-01-21	3.25	CAD	(7,875,020)	(8,189,169)	(8,153,554)
Government of Canada	06-01-23	1.50	CAD	(3,140,000)	(3,062,160)	(3,055,691)
Government of Canada	06-01-27	1.00	CAD	(118,128,000)	(104,490,718)	(107,106,491)
Government of Canada	09-01-22	1.00	CAD	(484,000)	(462,821)	(464,003)
Government of Canada	09-01-19	1.75	CAD	(22,770,000)	(22,774,631)	(22,756,156)
Government of Canada	03-01-20	1.50	CAD	(22,235,000)	(22,213,286)	(22,092,617)
Government of Canada	12-01-48	2.75	CAD	(21,000)	(22,489)	(23,540)
Government of Canada	03-01-23	1.75	CAD	(6,950,000)	(6,852,068)	(6,853,685)
Government of Canada	03-01-22	0.50	CAD	(16,087,000)	(15,154,626)	(15,229,731)
Government of Canada	09-01-21	0.75	CAD	(18,279,000)	(17,521,523)	(17,583,077)
Government of Canada	03-01-21	0.75	CAD	(53,178,000)	(51,409,446)	(51,495,645)
United States Treasury Bond	05-15-28	2.88	USD	(991,000)	(1,312,804)	(1,305,592)
United States Treasury Bond	05-31-23	2.75	USD	(3,082,000)	(4,068,989)	(4,057,291)
					(375,428,161)	(377,488,170)
					(380,713,850)	(382,749,805)
Commissions					(85)	
Total Investments - 89.7%					102,820,737	99,217,600
Derivatives (see schedule of derivative instruments) - 1.8%						2,032,308
Cash and Other Net Assets (Liabilities) - 8.5%						9,403,782
Net Assets Attributable to Holders of Redeemable Units - 100.0%						110,653,690

⁽¹⁾ Convertible ⁽²⁾ Callable

SCHEDULE OF DERIVATIVE INSTRUMENTS

Options Bought - 0.00%

Security Name	Strike Price (\$)	Expiry Date	Currency	No. of Contracts	Average Cost (\$)	Fair Value \$
Markit CDX.NA.IG.S30 JUL 18 RECEIVE Put Option	1	07-18-18	USD	18,000,000	13,138	660

Options Written - (0.01%)

Security Name	Strike Price	Expiry Date	Currency	No. of Contracts	Proceeds (\$)	Fair Value (\$)
Markit CDX.NA.IG.S30 JUL 18 PAYER Put Option	0.80	07-18-18	USD	(18,000,000)	(13,138)	(6,226)

Futures Contracts - Long - 2.5%

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value	Unrealized Gain/(Loss) (\$)
Bond Futures - 2.5%						
Canada 10 Year Bond Futures	1,000	09-19-18	CAD	767	102,115,525	2,741,045
Currency Futures - 0.0%						
Canadian Dollar Futures	1,000	09-18-18	USD	8	811,594	(10,604)
						2,730,441

EAST COAST INVESTMENT GRADE INCOME FUND

Schedule of Investment Portfolio – As at June 30, 2018 (Unaudited)

SCHEDULE OF DERIVATIVE INSTRUMENTS (Cont'd)

Futures Contracts - Short - 0.0%

Security Name	Contract Size	Expiry Date	Currency	No. of Contracts	Notional Value	Unrealized Gain/(Loss) (\$)
Bond Futures - 0.0%						
Ultra 10-Year US Treasury Note Futures	1,000	09-19-18	USD	(11)	(1,851,479)	(2,937)
Interest Rate Futures - 0.03%						
Bank Acceptance Futures	2,500	12-17-18	CAD	(143)	(35,023,850)	31,750
						<u>28,813</u>

Swaps - (0.7%)

Security Name		Currency	Notional Value	Average Cost (\$)	Unrealized Gain/(Loss) (\$)
BP CDS Republic Of Korea 12/20/2022	Credit Default Swap	USD	1,500,000	(25,546)	(44,777)
BP CDX HY S30 500 06/20/2023	Credit Default Swap	USD	2,250,000	(199,235)	(169,947)
BP Markit CDX.NA.IG.S29-5Y 12/20/2022	Credit Default Swap	USD	22,500,000	(582,593)	(506,656)
				<u>(807,374)</u>	<u>(721,380)</u>

Total derivative instruments at fair value					\$(807,374)	\$2,032,308
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EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

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 trust indenture was last amended on April 17, 2017.

The Fund completed its initial public offering ("IPO") and commenced operations on May 18, 2012.

The Fund's investment objectives are to maximize total returns to unitholders while reducing risk; and to provide unitholders with attractive monthly cash distributions.

The Fund will seek to achieve these investment objectives by investing in a diversified portfolio comprised primarily of investment grade debt securities (both long and short positions) of Canadian corporate and government issuers.

Prior to April 17, 2017, the Fund achieved its investment objective by obtaining exposure to ECIGIF Trust (the "Underlying Fund") which invests in a broad range of public and private corporate debt securities. Through a forward agreement, on April 17, 2017, the forward agreement settled and the Fund acquired the Underlying Fund. The Manager of the Underlying Fund was Arrow Capital Management Inc. (the "Manager"). East Coast Fund Management Inc. (the "Portfolio Advisor"), was the portfolio advisor of the Underlying Fund.

The Manager of the Fund is Arrow Capital Management Inc. (the "Manager"). East Coast Fund Management Inc. (the "Portfolio Advisor"), is the portfolio advisor of the Fund.

The Fund's units are listed on the Toronto Stock Exchange and trade under the symbol ECF.UN. The closing market price on June 30, 2018 was \$9.79 (December 31, 2017: \$10.06).

The address of the Fund's registered office is 36 Toronto Street, Suite 750, Toronto, Ontario, M5C 2C5.

The Statements of Financial Position of the Fund are as at June 30, 2018 and December 31, 2017, unless otherwise noted. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows for the Fund are for the periods ended June 30, 2018 and 2017, except if a series of the Fund is established during the period, in which case the information for the applicable series is provided for the period from the start date of the series to the period ended. The Schedule of Investment Portfolio for the Fund is as at June 30, 2018.

2. FORWARD AGREEMENT

On May 18, 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 the Underlying Fund, with the profit and loss allocated to the Fund.

On April 17, 2017, the Manager settled the Forward Agreement in accordance with the terms of the Forward Agreement. The Fund also consummated a portfolio acquisition agreement (the "Acquisition Agreement") with the Underlying Fund pursuant to which the Fund purchased all of the Underlying Fund's assets comprised primarily of investment grade debt securities (both long and short positions) 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 Forward Agreement was terminated in response to certain changes to the Income Tax Act (Canada) and in connection with the implementation of certain amendments to the Fund's declaration of trust (the "Declaration of Trust") to, among other things, extend the term of the Fund to May 31, 2022 (the "Extension"). The Extension was approved by the Fund's unitholders at a special meeting on April 12, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Presentation

These unaudited interim financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities that have

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

2.1 Basis of Presentation (cont'd)

been measured at fair value. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2017.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in its process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5: FINANCIAL INSTRUMENTS – RISK MANAGEMENT.

These financial statements were authorized for issue by the Manager on August 27, 2018.

a) New Standards Effective January 1, 2018

In July 2014, the International Accounting Standards Board ('IASB') issued the final version of IFRS 9, *Financial Instruments* ("IFRS 9"), which introduces new requirements for classification, measurement, impairment and hedge accounting. It replaces the multiple classification and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and is effective for reporting periods beginning on or after January 1, 2018. The Fund has adopted IFRS 9 effective January 1, 2018 retrospectively and without restatement.

The new standard requires financial instruments to be either carried at amortized cost or at fair value with changes in fair value recognized in profit and loss ("FVTPL") or in other comprehensive income ("FVOCI"), based on the Fund's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments.

2.2 Foreign Currency Translation

The Funds' functional and presentation currency is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as 'Foreign exchange gain (loss)' and those relating to other investments and derivatives are presented within 'Net realized gain (loss) on investments and derivatives' and 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income.

2.3 Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classify and measure financial instruments in accordance with IFRS 9.

a) Classification

Assets

The Fund classify its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as FVOCI. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at FVTPL.

Liabilities

The Fund may make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Derivative contracts that have a negative fair value are presented as liabilities at FVTPL. As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as FVTPL.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

The Fund's policy requires the Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Investments in financial assets previously designated at fair value through profit or loss.

Upon transition to IFRS 9, the Fund's financial assets and financial liabilities previously designated at FVTPL at inception or classified as held for trading under IAS 39 continue to be classified as FVTPL under IFRS 9. The Fund holds equity and debt securities of \$481,967,405 (2017: \$388,069,184) which had previously been designated at FVTPL at inception. It also held equity and debt securities sold short of \$382,749,805 (2017: \$299,876,353) and derivative instruments net assets (liabilities) of \$2,032,308 (2017: (\$2,745,188)) which were previously designated as held for trading. These financial assets and liabilities are mandatorily classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for the Fund's financial assets and financial liabilities upon transition to IFRS 9.

b) Recognition, Derecognition and Measurement

Regular purchases and sales of financial assets are recognized in the Statements of Financial Position at their trade date – the date on which the Fund commit to purchase or sell the investment. Financial assets and financial liabilities at FVTPL are initially recognized at fair value. Transaction costs are expensed as incurred.

All financial instruments are recognized in the Statements of Financial Position when the Fund becomes a party to the contractual requirements of the instrument.

Financial assets are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is discharged, cancelled or expires.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at FVTPL category are recognized in the Statements of Comprehensive Income in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives'.

The Funds' accounting policies for measuring the fair value of their investments and derivatives are the same as those used in measuring its net asset value ("NAV") for transactions with shareholders. There were no differences between the net assets attributable to holders of redeemable shares used for reporting purposes under IFRS and that used for transactions with shareholders as at June 30, 2018 or December 31, 2017.

Realized gains and losses on sale of investments and unrealized appreciation or depreciation in investments are determined on an average cost basis excluding commissions and other portfolio transaction costs, which are separately reported in the Statements of Comprehensive Income in 'Commissions and other portfolio transaction costs'. Realized gains and losses on securities sold short and unrealized appreciation or depreciation on securities sold short are calculated with reference to the average proceeds of the related securities. Average cost does not include amortization of premiums or discounts on fixed income securities.

Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by a Fund accounted for on an accrual basis. The Fund does not amortize premiums or discounts received on the purchase of fixed income securities.

Dividend income and dividend expense on short sales is recognized in the Statements of Comprehensive Income on the ex-dividend date. Distributions received from investment trust units are recorded as dividends, interest for distribution purposes, net realized gains (losses) on sale of investments or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information.

c) Financial Instruments - Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for securities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of bonds is determined using mid-market pricing derived from bid and ask prices provided by independent security pricing services or recognized investment dealers. The fair value of futures contracts is based on the settlement price assigned

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

c) Financial Instruments - Fair Value Measurement (cont'd)

by the exchange. Gains and losses arising from changes in the fair value of financial assets or liabilities are presented in the Statements of Comprehensive Income. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels at the beginning of each period.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and other commonly used methods by market participants which make the maximum use of observable inputs.

d) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. Options held by the Fund are exchange-traded. Subsequent to initial recognition, changes in fair value, the difference between the premium paid or received, and fair value, are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the Statements of Comprehensive Income within 'Net realized gain (loss) on investments and derivatives'.

e) Forward Currency Contracts

The Fund may enter into forward currency contracts for purposes of minimizing currency exposure or to establish an exposure to a particular currency. The value of forward currency contracts entered into by the Fund is recorded as the difference between the contract rate and the current forward rates at the measurement date, applied to the contract's notional amount and adjusted for counterparty risk. The change in the fair value of forward currency contracts is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

f) Futures Contracts

The Fund may purchase or sell exchange traded futures contracts. Futures contracts are contractual obligations to buy or sell financial instruments or commodities on a future date at a specified price established in an organized market. Subsequent to initial recognition, changes in fair value are presented in 'Change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. When futures contracts are closed out, the gain or loss is presented in the Statements of Comprehensive Income within 'Net realized gain (loss) on investments and derivatives'.

g) Credit Default Swap Contracts

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Fund as a seller of protection would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third party. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations.

The Fund as a buyer of protection would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third party. In return, the Fund would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Premiums received or paid for entering into a credit default swap are included in the Statements of Financial Position as either an asset or liability. Credit default swap contracts are fair valued on each valuation day based upon quotations from independent security pricing sources. The change in the difference between the premium and the fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing or expiry of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

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h) Interest Rate Swap Contracts

An interest swap contract is a contractual agreement entered into between the Fund and a counterparty under which each party agrees to exchange periodic fixed or variable payments, based upon a stated notional amount, over the stated life of the agreement. The net differential paid or received is recognized over the life of the agreement as a realized gain or loss on investments. Interest rate swap contracts are fair valued on each valuation day using indicative bid/ask prices from third party broker dealers. The change in fair value is included in 'Net change in unrealized appreciation (depreciation) in value of investments and derivatives' in the Statements of Comprehensive Income. Upon closing or expiry of a contract, the gain or loss is included in 'Net realized gain (loss) on investments and derivatives' in the Statements of Comprehensive Income.

i) Investments in Structured Entities

The Fund may invest in underlying investment vehicles ("Structured Investments") that are managed by their respective Investment Advisors and whose investment objectives may range from achieving short-term to long-term income and capital growth. Structured Investments may use leverage in a manner consistent with their respective objectives and as permitted by their respective governing regulatory authorities. Structured Investments finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportionate stake in the respective fund's net assets. The Fund's interest in Structured Investments as at June 30, 2018 and December 31, 2017, held the form of redeemable units, which are included at their fair value in the Statements of Financial Position which represents the Fund's maximum exposure in these Structured Investments. The Fund does not provide, and has not committed to provide, any additional significant financial or other support to the Structured Investments. The change in fair value of each of the Structured Investments during the periods is included in 'Change in unrealized appreciation (depreciation) of value of investments and derivatives' in the Statements of Comprehensive Income in 'Net gains (losses) on investments and derivatives'.

2.4 Offsetting Financial Statements

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

2.5 Due from and to Brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statements of Financial Position date respectively. The due from brokers balance is held for collection.

These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

2.6 Cash and Cash Equivalents

Cash and cash equivalents which includes cash deposited with financial institutions and short-term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Funds in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity.

2.7 Cash Collateral on Swap Contracts

Cash collateral provided by the Fund to brokers for counterparties to swap transactions is identified in the Statements of Financial Position as 'Cash collateral on swap contracts'.

EAST COAST INVESTMENT GRADE INCOME FUND

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2.8 Collateral

For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral and such party has identified the securities which are pledged as collateral, the Fund classifies that asset in the Statements of Financial position as 'pledged collateral'.

2.9 Margin Deposits

Cash collateral provided by each Fund to brokers for securities sold short and counterparties to derivative transactions is identified in that Fund's Statements of Financial Position as 'Margin Deposits'.

2.10 Margin Loan

Margin loan represents cash amounts borrowed under a margin agreement with the Fund's prime broker. The Fund has granted a first priority security interest over investments and other assets held at the prime broker in support of its obligations under its margin lending agreement. Amounts owing are payable on demand.

2.11 Commissions and Other Portfolio Transaction Costs

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers. Such costs are expensed when incurred.

2.12 Income and Expense Allocation

The net assets of each class are computed by calculating the value of that class' proportionate share of the Fund's assets less that class' proportionate share of the Fund's common liabilities less class specific liabilities, if any. Expenses directly attributable to a class are charged to that class. Other income, expenses and gains/losses are allocated based on a reasonable allocation methodology which will include allocations based upon the assets of the Fund or the number of unitholders in the Fund or other methodology the Manager determines is fair.

2.13 Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to the class by the weighted average number of units outstanding in that class during the period. Refer to Note 13 for the calculation.

2.14 Classification of Redeemable Units issued by the Fund

The Fund's redeemable securities contain multiple dissimilar contractual obligations and therefore meet the criteria for classification as financial liabilities under IAS 32, *Financial Instruments: Presentation*. The Fund's obligation for net assets attributable to securityholders is presented at the redemption amount.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting estimates and judgments that the Fund has made in preparing the financial statements:

Use of Estimates

Fair Value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair value of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

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considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Refer to Note 6: FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT for further information about the fair value measurement of the Fund's financial instruments.

Use of Judgments

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments in order to determine the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model, the manner in which all financial instruments are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial statements.

Assessment as Investment Entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The Fund meets the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to their investors that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

Determination if Underlying Funds Meet the Structured Entity Definition

The Fund has concluded that its investments in the Underlying Funds are investments in unconsolidated structured entities. This represents a significant judgment by the Fund that is based generally on the fact that the decision making about the Underlying Funds investing activities is not governed by voting rights held by the Fund and other investors.

Capital Risk Management

Units issued and outstanding are considered to be the capital of the Fund. The Fund does not have any specific capital requirements on the subscription and redemption of units. Additional redemption requirements are disclosed in Note 12.

5. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

Risk Management

In the normal course of business, the Fund's activities expose it to a variety of risks associated with financial instruments: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk), concentration risk and capital risk.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. All investments present a risk of loss of capital. The maximum loss of capital on long equity, options, interest rate swaps, credit default swaps and debt securities is limited to the fair value of those positions. The maximum loss on equities, options and debt sold short can be unlimited and the maximum loss on futures contracts is the notional contract value of those positions.

The management of these risks is carried out by the Manager and Investment Advisor in accordance with the Declaration of Trust.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn can also increase the potential returns the Fund can achieve. The Investment Advisor uses leverage against assets with satisfactory liquidity characteristics in order to increase return on capital subject to market conditions.

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 positions and market events, diversifying the investment portfolio within the constraints of the investment objectives of the Fund, and periodically may use derivatives to hedge certain risk exposures.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

5. FINANCIAL INSTRUMENTS – RISK MANAGEMENT (cont'd)

Credit Risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The majority of the credit risk to which the Fund is exposed arises from its investments in debt securities.

The Fund's policy to manage this risk is to not invest more than 10% of its net assets in the securities of any single issuer (as determined at the time of purchase), other than securities issued or guaranteed by the Government of Canada, the Government of the United States of America or a province, state or territory thereof; to not invest more than 12.5% of its net assets in non-investment grade securities and to not invest more than 10% of its net assets in illiquid assets.

The analysis below summarizes the credit quality of the Fund's debt portfolio at June 30, 2018 and December 31, 2017.

Credit Rating*	Percentage of total debt securities	
	June 30, 2018 %	December 31, 2017 %
AAA	42.2	34.5
AA	-	-
A	-	-
BBB	42.6	45.4
Below BBB	-	-
Not Rated	15.2	20.1
Total	100.0	100.0

* Credit ratings are obtained from Standard & Poor's, Moody's and / or Dominion Bond Rating Service.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. Management consider the probability of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The Fund has provided the broker with a general lien over assets held in return for services including borrowed securities and derivatives trading. The terms and conditions associated with collateral have no significant unusual requirements from the usual practice of recourse when a default occurs. Therefore, the Fund is also exposed to credit risk of the broker.

The Fund is exposed to counterparty credit risk on cash, cash collateral, margin deposits, swaps, futures contracts, receivable for securities sold, and other receivable balances. The Fund's brokerage agreements require cash collateral in return for services including borrowed securities and derivatives trading. The counterparties to the Fund's swaps are Bank of America and JP Morgan Chase & Co. which have credit rating as rated by Moody's bond rating services of A3 and A3 respectively (December 31, 2017: A3 and A3 respectively). The counterparty to the Fund's futures contracts is Bank of America which has a credit rating of A3 (December 31, 2017: A3) as rated by Moody's bond rating services. The Fund's broker and custodian services are provided by CIBC Mellon, TD Securities, Bank of Montreal and The Bank of Nova Scotia, which have credit ratings as rated by Moody's bond rating services of Aa3, Aa1, Aa2 and Aa2 respectively (December 31, 2017: A1, Aa2, Aa3, and A1, respectively).

The Fund's maximum exposure to counterparty risk is the carrying value of its swaps, futures contracts, cash, margin deposits, and other receivable balances.

The Fund is also exposed to credit risk on margin deposits held at TD Canada Trust which has a credit rating as rated by Moody's bond rating services of Aa1 (December 31, 2017: Aa2).

The Fund may also participate in securities lending up to a maximum of 50% of the aggregate net asset value of the Fund, excluding the collateral held in respect to such loans, and is exposed to counterparty risk on all such loans, if any. The credit risk related to the securities lending program is limited as the Fund holds a minimum collateral equal to 102% of the fair value of the loaned securities. The collateral and loaned securities are marked to market on each valuation date.

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There are also risks involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Fund. Therefore, the Fund should not be exposed to credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolio of the Fund may experience increased exposure to credit risk associated with the applicable custodians or brokers.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

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 on demand at the holder's option before the 15th business day of the month following the Annual Redemption Date while monthly redemptions are payable on demand at the holder's option or before the last business day of the following month.

The Fund aims to retain sufficient cash to maintain adequate liquidity including coverage of obligations related to all current liabilities payable (liabilities are typically due within three months except for monthly distributions which are payable monthly).

From time to time, the Fund may use margin borrowings in one or more of its brokerage accounts. During the period ended June 30, 2018, the minimum margin borrowings used was \$8,773,250 (December 31, 2017: \$3,605,440) and the maximum net margin borrowings used was \$22,518,796 (December 31, 2017: \$23,468,660).

Market Risk

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

The Fund invests in financial instruments and enters into transactions that are denominated in currencies other than the Canadian dollar, primarily US dollars (USD). Consequently, the Fund was exposed to currency risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Prior to the settlement of the Forward Agreement the Underlying Fund invests in financial instruments and enters into transactions that are denominated in currencies other than the Canadian dollar, primarily US dollars (USD). Consequently, the Fund is indirectly exposed to currency risk to the extent of the Fund's Underlying Fund Exposure.

The table below indicates the Fund's exposure to foreign currencies as at June 30, 2018 and December 31, 2017, in Canadian dollar terms. The table below also illustrates the potential impact on the net assets attributable to holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to foreign currencies, with all other variables held constant. Non-monetary is comprised of long and short equities. Monetary includes cash, derivatives, fixed income securities, and other current receivables and payables.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

June 30, 2018	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	10,007,229	80,701	10,087,930	1,000,723	8,070	1,008,793
United States Dollar - Short	(9,080,249)	-	(9,080,249)	(908,025)	-	(908,025)
Total	926,980	80,701	1,007,681	92,698	8,070	100,768
% of net assets attributable to holders of redeemable units	0.8%	0.1%	0.9%	0.1%	0.0%	0.1%

December 31, 2017	Exposure			Impact on net assets attributable to holders of redeemable units		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
Currency	\$	\$	\$	\$	\$	\$
United States Dollar - Long	9,309,180	82,325	9,391,505	930,918	8,233	939,151
United States Dollar - Short	(8,630,816)	-	(8,630,816)	(863,082)	-	(863,082)
Total	678,364	82,325	760,689	67,836	8,233	76,069
% of net assets attributable to holders of redeemable units	0.8%	0.1%	0.9%	0.1%	0.0%	0.1%

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2018 the Fund holds securities with fixed interest rates that expose the Fund to fair value interest rate risk. The Portfolio Advisor manages this risk by short selling primarily government bonds to reduce the interest rate risk inherent in the Fund's corporate investment grade debt positions.

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2018 and December 31, 2017. The table also illustrates the potential impact, or sensitivity, on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1.0%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to Maturity	Long Exposure			Short Exposure		
	June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017	
Less than 1 year	\$ 156,626,753	\$ 144,521,857		\$ (25,507,578)	\$ -	
1-3 years	171,551,565	99,417,112		(192,664,871)	(123,533,377)	
3-5 years	76,774,026	74,811,774		(50,880,098)	(61,289,672)	
Greater than 5 years	158,161,646	159,004,095		(115,741,513)	(117,097,559)	
Total	\$ 563,113,990	\$ 477,754,838		\$ (384,794,060)	\$ (301,920,608)	
Sensitivity:						
Total \$ sensitivity	+/- \$ 20,984,590	+/- \$ 17,337,038		+/- \$ 15,697,317	+/- \$ 14,355,520	
Total % sensitivity	19.0%	20.5%		14.2%	17.0%	

(c) Price Risk

The Fund is exposed to price risk, which 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). The Fund's investments are subject to the risk of changes in the prices of bonds, options and futures contracts.

The Fund's policy is to manage price risk through diversification and selection of investments within specified limits established by the investment restrictions within the Declaration of Trust. The Fund will not have total exposure exceeding 400% determined on a daily mark-to-market basis; will not have net long exposure exceeding 300% determined on a daily mark-to-market basis and also will not have net short exposure exceeding 150% determined on a daily mark-to-market basis. The Fund's investment restrictions also limits investments in any single issuer to 10% of the Fund's net assets (as determined at the time of purchase), limits investments in non-investment grade debt securities to no more than 12.5% of the Fund's net assets and limits

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investments in illiquid assets to no more than 10% of its net assets. The Fund generally invests in bonds that have observable market prices that are quoted by multiple dealers.

As at June 30, 2018, if the Fund's relevant benchmark index, FTSE TMX Canada Universe Bond Index, had increased or decreased by 10%, with all other variables constant, the net assets attributable to holders of redeemable units of the Fund would have increased or decreased by approximately \$1,327,844 (December 31, 2017: \$844,501) representing 1.2% of net assets attributable to holders of redeemable units (December 31, 2017: 1.0%).

The Fund engages in short selling activities, wherein it borrows securities and sells them to third parties. Until the Fund 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.

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.

The following is a summary of the Fund's concentration risk as at June 30, 2018 and December 31, 2017:

Market Segment	June 30, 2018		December 31, 2017	
	Long (%)	Short (%)	Long (%)	Short (%)
Equities	11.8	-	5.4	-
Corporate Bonds	417.7	(4.8)	454.1	(2.7)
Federal Bonds	6.0	(341.1)	0.0	(352.4)
Derivatives	2.5	(0.6)	(1.7)	(1.6)
Totals	438.0	(346.5)	457.8	(356.7)

6. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are unobservable for the asset or liability.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2018 and December 31, 2017:

June 30, 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities long	13,039,515	-	39,100	13,078,615
Fixed income long	-	468,888,790	-	468,888,790
Derivatives	660	2,772,795	-	2,773,455
Total	13,040,175	471,661,585	39,100	484,740,860
Financial liabilities				
Equities sold short	-	-	-	-
Fixed income short	-	(382,749,805)	-	(382,749,805)
Derivatives	(6,226)	(734,921)	-	(741,147)
Total	(6,226)	(383,484,726)	-	(383,490,952)

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December 31, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets				
Equities long	4,500,447	-	39,100	4,539,547
Fixed income long	-	383,529,638	-	383,529,638
Derivatives	34,575	-	-	34,575
Total	4,535,022	383,529,638	39,100	388,103,760
Financial liabilities				
Fixed income short	-	(299,876,353)	-	(299,876,353)
Derivatives	(1,450,249)	(1,329,514)	-	(2,779,763)
Total	(1,450,249)	(301,205,867)	-	(302,656,116)

All fair value measurements above are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it would be classified as Level 3.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. This includes private and illiquid securities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As observable prices are not available for these securities, the Manager has used its best judgment to derive the fair value.

The following table presents the movement in Level 3 instruments for the periods ended June 30, 2018 and December 31, 2017 by class of financial instrument:

	Equities		Bonds		Warrants	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
	\$	\$	\$	\$	\$	\$
Opening balance	39,100	-	-	-	-	-
Net purchases and sales	-	39,100	-	-	-	-
Net transfers in (out)	-	-	-	-	-	-
Realized gain (loss)	-	-	-	-	-	-
Unrealized gain (loss)	-	-	-	-	-	-
Closing balance	39,100	39,100	-	-	-	-

There were no transfers from Level 2 to Level 1 during the period ended June 30, 2018, (December 31, 2017: \$nil)

a) Equities

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

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The Level 3 equity that amounts to \$39,100 (December 31, 2017: \$39,100) consists of the following private equity positions:

June 30, 2018

Security Name	Currency	Quantity	Average Cost \$	Fair Value \$
Trident Exploration Corp.	CAD	133,963	39,100	39,100

December 31, 2017

Security Name	Currency	Quantity	Average Cost \$	Fair Value \$
Trident Exploration Corp.	CAD	133,963	39,100	39,100

The Fund values these instruments based on cost as there is lack of market data throughout the period. The Fund also considers other liquidity, credit and market risk factors, and adjusts the valuation model as deemed necessary. The change in valuation disclosed in the below table shows the direction an increase or decrease in the respective input variables would have on the valuation result.

Description	Value \$	Valuation Technique	Unobservable inputs	Weighted average input %	Reasonable possible shift (+/-) %	Change in valuation (+/-) \$
Equities – Private companies	39,100	Cost with adjustments	Probability of Bankruptcy	-	10.0	4,000

b) Bonds

The Fund's bond portfolio is comprised primarily of investment grade Canadian bonds and also includes government bonds. Bond pricing is obtained from bid and ask prices provided by independent security pricing services or recognized investment dealers. Bond prices may be derived by using models which include inputs such as interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

c) Derivative assets and liabilities

Derivative assets and liabilities consist of futures contracts, options, interest rate swaps, and credit default swaps. Futures contracts and options are exchange traded and are classified as Level 1 as they are actively traded and a reliable price is observable. Interest rate swaps are valued using indicative bid/ask prices from third party broker dealers while credit default swaps are valued based upon quotations from independent security pricing sources. The inputs that are significant to valuation are generally observable and therefore both interest rate swaps and credit default swaps have been classified as Level 2.

7. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the Fund enters into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statements of financial position, but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables show financial instruments that may be eligible for offset, if such conditions were to arise, as at June 30, 2018 and December 31, 2017. The "Net Amount" column displays what the net impact would be on the Fund's Statements of Financial Position if all amounts were set off.

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

7. OFFSETTING OF FINANCIAL INSTRUMENTS (cont'd)

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Cash collateral	Net amount
June 30, 2018	\$	\$	\$	\$	\$	\$
Financial assets:						
Counterparty 1	2,772,795	-	2,772,795	(690,144)	-	2,082,651
Counterparty 2	660	-	660	(660)	-	-
Financial liabilities:						
Counterparty 1	(690,144)	-	(690,144)	690,144	-	-
Counterparty 2	(51,003)	-	(51,003)	660	50,343	-

	Gross amounts	Financial instruments eligible for offset	Net amounts presented in the Statement of Financial Position	Related amounts not set-off in the Statement of Financial Position		
				Financial instruments	Cash collateral	Net amount
December 31, 2017	\$	\$	\$	\$	\$	\$
Financial assets:						
Counterparty 1	32,979	-	32,979	(32,979)	-	-
Counterparty 2	-	-	-	-	-	-
Financial liabilities:						
Counterparty 1	(2,738,205)	-	(2,738,205)	32,979	2,705,226	-
Counterparty 2	(41,559)	-	(41,559)	-	-	(41,559)

8. REDEEMABLE UNITS

During the periods ended June 30, 2018 and 2017, the number of units issued, redeemed and outstanding was as follows:

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
June 30, 2018					
Units	8,894,356	2,821,607	-	-	11,715,963

	Redeemable units outstanding at beginning of period	Redeemable units issued	Redeemable units issued on reinvestments	Redeemable units redeemed	Redeemable units issued and outstanding at end of period
June 30, 2017					
Units	4,861,877	1,572,623	-	-	6,434,500

EAST COAST INVESTMENT GRADE INCOME FUND

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9. RELATED PARTY TRANSACTIONS

The Manager is responsible for making decisions relating to the investment of the Fund's assets and providing key management personnel.

Management and Performance Fee

On April 17, 2017, the Management Agreement between the Fund and the Manager (the "Management Agreement") was amended to reflect changes made to the investment mandate of the Fund to hold securities directly instead of through a Forward Contract with an underlying fund. (See Note 2 – Forward Agreement). The Manager is entitled to a single management fee of 1.25% per annum on the NAV of the Fund, instead of an aggregate direct and indirect management fee of approximately 1.25%. Management fees are calculated and paid as of the last Valuation Date of each month.

The Manager is also entitled to receive an annual Performance Fee from the Fund. Further to changes made in the Management Agreement, effective April 17, 2017 the annual Performance Fee is 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 4%. Prior to April 17, 2017 the hurdle rate was 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 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. During the period ended June 30, 2018, the Manager earned \$216,061 in Performance Fees (December 31, 2017: \$nil).

The Fund is responsible for all operating expenses incurred by or on behalf of the Fund.

As at June 30, 2018, included in other liabilities are amounts owing to the Manager relating to management fees of \$103,384 (excluding HST) (December 31, 2017: \$89,991) and performance fees of \$137,986 (December 31, 2017: \$431,335). 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 \$23,254 (December 31, 2017: \$23,356).

10. BROKERAGE COMMISSIONS

Total commissions paid to dealers for the period ended June 30, 2018 in connection with portfolio transactions were \$10,567 (2017: \$1,454).

11. TAXATION

The Fund qualifies as a mutual fund trust as defined in the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains realized in any taxation year are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and noncapital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. As at December 31, 2017 the Fund had \$2,076,769 of unused non-capital losses which expire no earlier than 2032 and \$nil unused allowable capital losses.

12. 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

EAST COAST INVESTMENT GRADE INCOME FUND

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

June 30, 2018

12. REDEMPTION (cont'd)

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

Differences, if any, between the redemption price per unit and the NAV per unit at the redemption date is recorded as a realized gain or loss on redemption of redeemable units in the statement of comprehensive income.

13. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2018 and 2017 is calculated as follows:

	June 31, 2018	June 31, 2017
Increase (decrease) in net assets attributable to holders of redeemable units	\$1,697,236	\$1,814,819
Weighted average units outstanding during the year	10,383,105	5,313,680
Increase (decrease) in net assets attributable to holders of redeemable units per unit	\$0.16	\$0.34

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

August 27, 2018

The accompanying unaudited 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 International Financial Reporting Standards 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.

"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.

NOTICE TO UNITHOLDERS

The auditor of the Fund has neither audited nor reviewed these interim financial statements.

The Manager of the Fund appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

Arrow Capital Management Inc.

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