Arrow Capital
MANAGEMENT INC.

ECIGIF TRUST

Management Report of Fund Performance
June 30, 2013

Experience. Intelligent Investing.

Management Report of Fund Performance

This annual management report of fund performance for ECIGIF Trust (the "Fund") contains financial highlights but does not contain the unaudited financial statements of the Fund. The unaudited financial statements follow this report. You may obtain a copy of the 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.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance, unless otherwise noted, are based on the Fund's calculation of its Net Asset Value, which is in accordance with the terms of the Fund's declaration of trust.

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.

Risks

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

Results of Operations

Commencement of operations of the Fund was May 18, 2012, so there are no comparative periods for the period ended June 30, 2012.

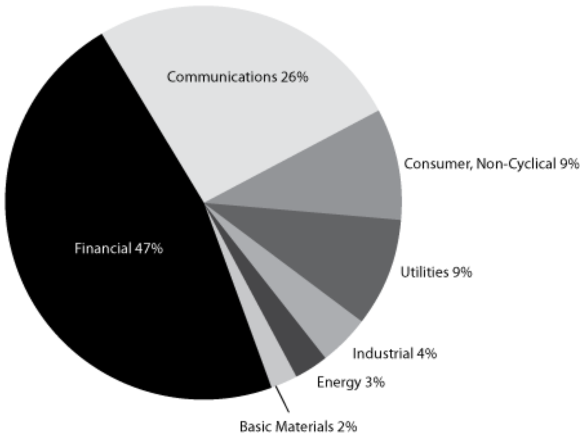
Investment Portfolio

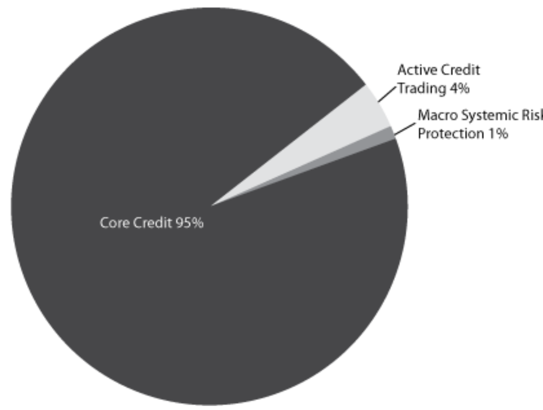
As of June 30, 2013, the Fund's portfolio included a total of 68 corporate investment grade debt securities, representing approximately 191% of the net assets of the Fund.

As part of its investment strategy, ECIGIF Trust sells government bonds short and invests its proceeds in corporate investment grade debt securities. Incorporating short sales also enhances the portfolio yield and allows the Fund to offset some or all of the interest rate risk on that portion of the portfolio. During the period ended June 30, 2013, ECIGIF Trust had $121.2 million short positions of government bonds. During the period ended June 30, 2013, ECIGIF Trust had an unrealized gain of $3.7 million from short sales.

The breakdowns of the portfolio by industry and investment strategy are shown in the accompanying pie charts, and a detailed listing of ECIGIF Trust's security holdings is provided in the financial statements.

Portfolio Sectors





During the period from January 1 to June 30, 2013, ECIGIF Trust's portfolio generated net realized and unrealized gains of $0.5 million, including net realized and unrealized losses from derivatives of $0.6 million.

Revenues, Expenses and Distributions

The Fund earned interest income of $0.53 per unit in the period ended June 30, 2013. Total expenses of the Fund for the period ended June 30, 2013 were $0.24 per unit, including interest expense on short sales and security borrowing expenses of $0.16 per unit. During the period ended June 30, 2013, the Fund declared distributions to unitholders which totaled $0.41 per unit.

Net Asset Value

During the period, the Net Asset Value per unit decreased slightly, by $0.18, from $12.13 as at December 31, 2012 to $11.95 as at June 30, 2013. The aggregate Net Asset Value of the Fund as at June 30, 2013 was $128.5 million.

Recent Developments

Future Accounting Changes

At the December 12, 2011 meeting, the Canadian Accounting Standards Board (AcSB) decided to extend the mandatory International Financial Reporting Standards (IFRS) changeover date for Canadian investment companies by an additional year. This is the third such deferral for investment companies. Accordingly, the new mandatory IFRS changeover date for these entities is January 1, 2014.

Related Party Transactions

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

Management 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 1.00% 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, 2013, the Fund had not accrued any Performance Fee.

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 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)

	Six Months Ended June 30, 2013	Period Ended December 31, 2012(2)
Net Assets per unit, beginning of period(3)	**$12.13**	**$12.00**
Increase (decrease) from operations(4)		
Total revenue	0.53	0.43
Total expenses	(0.24)	(0.17)
Realized gains	0.17	0.02
Unrealized gains	(0.13)	0.02
Total increase (decrease) in Net Assets from operations	**$0.33**	**$0.30**
Distributions to unitholders:(3)		
From net investment income	($0.41)	($0.37)
Total distributions to unitholders	**($0.41)**	**($0.37)(5)**
Net Assets per unit, end of period(3)	**$11.90**	**$12.06**

(1) This information is derived from the Fund's audited annual financial statements. The Net Assets per unit presented in the financial statements differs from the Net Asset Value per unit calculated for daily Net Asset Value purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for daily Net Asset Value purposes.

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

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

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

(5) 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.

Ratios and Supplemental Data (Based on Net Asset Value)

As at	June 30, 2013	December 31, 2012(1)
Net Asset Value (in 000s)	$128,512	$129,613
Number of units outstanding (in 000s)	10,750	10,750
Management expense ratio ("MER")(2)	1.27%	1.26%
Trading expense ratio(3)	2.68%	0.96%
Portfolio turnover rate(4)	65.3%	155.7%
Net Asset Value per unit	11.95	$12.13

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

(2) 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. Please see the Expense Ratio section following this table for further discussion of the calculation.

(3) The trading expense ratio represents total commissions, cost of borrowing expenses and interest expenses on short sale, expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.

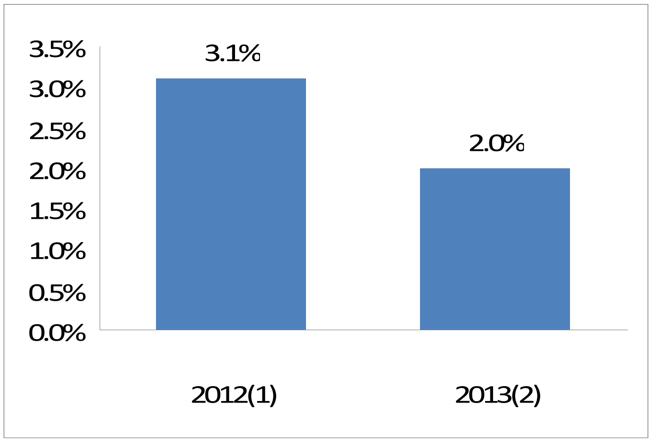
(4) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio 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.

Past Performance

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

The bar chart shows the Fund's overall total return for the period since inception to June 30, 2013. 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) Period from May 18, 2012 (commencement of operations) to December 31, 2012.
(2) Period from January 1, 2013 to June 30, 2013.

The following table shows the Fund's compound return for the period indicated, compared with the 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 Compound Returns

	Six Months Ended June 30, 2013	Since Inception(1)
East Coast Investment Grade Income Fund	2.0%	5.1%
DEX Universe All Corporate Bond Index (PC-Bond)	(0.5%)	5.1%

(1) Period from May 18, 2012 (commencement of operations) to June 30, 2013.

In the period ended June 30, 2013, the Fund provided a positive return of 2.0%, even after taking into account the administration costs of the Fund. This outperformance can be attributed to the rise in interest rates. ECIGIF Trust hedges interest rate risk at trade inception. Canadian 10 Year Yields rose 64 bps from the beginning of the year until June 30th 2013.

Summary of Investment Portfolio

As at June 30, 2013

Portfolio Composition

Industry Sector	% of Net Asset Value
Financial	89.8%
Communications	49.5%
Consumer, Non-cyclical	17.4%
Utilities	16.7%
Industrial	7.5%
Energy	6.7%
Basic Materials	3.9%
Government	-93.5%
Cash and Cash Equivalents	0.9%
Other Net Assets	1.1%
Total Net Asset Value	100.0%

Top 25 Holdings

Security Name	% of Net Asset Value
Long Positions	
Ford Credit Canada Ltd	9.0%
Cogeco Cable Inc	7.5%
First National Financial Corp	7.3%
Shaw Communications Inc	7.1%
Videotron Ltd	6.8%
Bell Aliant Regional Communications LP	6.3%
JPMorgan Chase & Co	6.2%
Royal Bank of Canada	6.0%
Enbridge Income Fund Holdings Inc	5.9%
Canada Safeway Ltd	5.6%
Toronto-Dominion Bank	5.3%
Canadian Western Bank	5.1%
BMO Capital Trust	4.9%
Aon Finance NS 1 ULC	4.9%
Penske Truck Leasing Canada Inc	4.6%
Leisureworld Senior Care LP	4.5%
Sydney Airport Finance Co Pty Ltd	4.4%
Canadian Western Bank	3.9%
Short Positions	
Canadian Government Bond	-22.4%
Canadian Government Bond	-21.2%
Canadian Government Bond	-17.2%
Canadian Government Bond	-10.5%

Canadian Government Bond	-5.5%
Canadian Government Bond	-5.5%
Canadian Government Bond	-4.4%

Portfolio Advisor

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

Portfolio Advisor's Report

Macro Summary

The first half of the year was characterized by rising asset prices, QE (quantitative easing) and more QE. This resulted in a volatile 6 months again for the markets, however, there was a strong bias to rising prices for risk assets.

We began 2013 with a number of significant macro issues) US$ budget (debt ceiling and tax reform) and the continuation (or not) of the FED asset purchase program, ii) Europe Debt Crisis and iii) Japan's 'Abenomics'. As we enter the 2nd half of 2013 these are still the key issues. Some have eased into the background but there have been no meaningful structural improvements to any of them.

The US went over the fiscal cliff on Jan 1st without a passed budget and that is where we sit 7 months later. The US debt ceiling agreement is now scheduled to be negotiated by September. The original debt ceiling debate caused the markets some considerable angst, however, since then the issue has been kicked down the road so many times that it doesn't appear to be a major issue for the markets anymore…a small speed bump at most.

Europe stepped out of the limelight for the most part during the 1st half of 2013. The Cyprus banking crisis was the only major stumbling point for Europe in the first half. The Troika refused to "Bail Out" the Cyprus banks without creditors taking a haircut. After closing on a Friday the Cyprus "Bail In" was announced. This led to the longest bank closure in their history as the Cyprus government prevented depositors from withdrawing their money while negotiating a "Bail Out"/"Bail In" with the Troika. This was settled but not before the largest depositors were forced to take haircuts approaching a staggering 50%.

Central Bank QE accelerated on April 4thwith the Bank of Japan committing to double the monetary base by the end of 2014. To put the magnitude of the Japanese QE program into perspective it is similar to if the FED's QE program was more than doubled to $200bn of asset purchases monthly. This money started inflating risk asset valuations almost immediately and causing JGBs (Japanese Government bonds) to almost double in yield. Precious metal also experienced unprecedented volatility in April with a 7 sigma move in both gold and silver. Although the spot prices of these metals were crushed, physical markets saw record demand and the price actually increased.

The beginning of the end of the Fed QE era was ushered in during May when the Fed signaled a slowdown in asset purchases, likely by the end of the year. US 10 year bonds started May yielding 1.63% and finished 50bps higher at 2.13%. Equities decided to ignore this news and rally until the FOMC meeting where Bernanke again indicated a slowdown in asset purchases was imminent. This caused a bit of a market panic as US 10 year bonds traded to a yield of 2.6% and a highly correlated all asset sell off that saw the S&P index drop 8%. Credit spreads, typically negatively correlated to Treasuries, were dumped all the same.

This led to every Fed member with a podium trying to calm the markets fears and stop the market free fall which has been successful as the S&P has since rebounded to record highs. Going into the second half of the year equity markets are at record highs, Credit spreads are about 20% tighter than they were at the beginning of the year and 10 year interest rates have risen by approximately 65% to 2.6%.

Canada

The Canadian bond market was characterized by record issuance, higher rates and tighter credit spreads throughout the first half of 2013.The DEX Universe All Corporate Bond Index had negative returns in 3 of the 6 months as the loss from the rise in rates offset gains from spread compression with a year to date return of -0.41% (gross of fees). Companies rushed to take advantage of the low rate environment before the inevitable normalization of interest rates. Year to date issuance of $53B is the largest amount on record. Canadian 10 year yields followed the US yields closely, selling off in January, and then rallying from February until May. May and June saw a rise from 1.67% to 2.44%devastating long only bond funds. Credit spreads for both Investment Grade and High Yield companies were considerably tighter over the first four months of the year but gave back most of this spread tightening in May and June as the Fed signaled that they will soon taper their asset purchase program resulting in higher bond yields and wider credit spreads. Markets were uncharacteristically correlated in June with all asset prices down (equity, credit and interest rate).

Outlook

We think that the bond market is in a transition phase from artificially low rates assisted by the central banks to more market based interest rates and through this period (3 to 9 months) it is likely that rates and credit spreads will be positively correlated (ie. when rates rise so will credit spreads). We are not recommending increased leverage and credit exposure right now. We think credit spread improvement will be short term and its narrowing premature. This transition period should widen credit spreads and create an excellent opportunity to add credit exposure at much more attractive/wider credit spreads. Once the corporate bond market acclimatizes to more normalized interest rates credit spreads should then behave as they have historically with rates rising and credit spreads narrowing.

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