BMG BullionFund

Annual Management Report of Fund Performance

For the year ended December 31, 2014

BULLION
MANAGEMENT
SERVICES INC.

Caution regarding forward-looking statements

Certain portions of this Annual Management Report of Fund Performance, including, but not limited to, ‘‘Recent Developments’’, may contain forward-looking statements about the BMG BullionFund (the “BMG Fund”) including statements with respect to strategies, risks, expected performance events and conditions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “could”, “would”, “forecasts”, ‘‘expects’’, ‘‘anticipates’’, ‘‘intends’’, ‘‘plans’’, ‘‘believes’’, ‘‘estimates’’, ‘‘projects’’ and similar forward-looking expressions or negative versions thereof.

Forward-looking statements are not guarantees of future performance and actual results or events could differ materially from those expressed or implied in any forward-looking statements made by the BMG Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, such as interest and foreign currency rates, investment sentiment, volatility of precious metals prices, demand for various precious metals, and other factors affecting precious metals, currency fluctuations, global equity and capital markets, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive. Some of these risks, uncertainties and other factors are described in the BMG Fund’s simplified prospectus, under the heading ‘‘Risk Factors’’.

We encourage you to consider these and other factors carefully before making any investment decisions. Forward-looking statements should not be unduly relied upon. Further, you should be aware that the BMG Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance, and that the forward-looking statements speak only to the date of this Management Report of Fund Performance.

This Annual Management Report of Fund Performance contains financial highlights but, does not contain the complete annual financial statements of the BMG Fund. Security holders may request a copy of the BMG Fund’s annual financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure at no cost by calling 888.474.1001, by writing to us at 280-60 Renfrew Drive, Markham, Ontario, L3R 0E1, or by visiting our website at www.bmgbullion.com or SEDAR at www.sedar.com.

MANAGEMENT REPORT OF FUND PERFORMANCE

Investment Objective and Strategies

The BMG BullionFund (the "BMG Fund") invests in equal dollar proportions of unencumbered, fully allocated gold, silver and platinum bullion that is held by the Bank of Nova Scotia. The BMG Fund's objective is to provide a secure, convenient, low-cost, medium-risk alternative for investors seeking to hold gold, silver and platinum bullion for capital preservation, long-term appreciation, portfolio diversification and portfolio hedging purposes.

All physical bullion purchased by the BMG Fund meets the "London Good Delivery" standard as set out by the London Bullion Market Association (LBMA).

By investing an equal portion of the BMG Fund's subscription proceeds in gold, silver and platinum bullion, the BMG Fund should be able to effectively reduce its volatility while improving long-term returns. This can be accomplished because the value of gold is based primarily on its monetary qualities, whereas the value of silver and platinum is based primarily on their usefulness as commodities. During normal economic times, the commodity demand for silver and platinum should be higher than for gold, and the value of silver and platinum should typically outperform the value of gold. In contrast, if monetary demand increases, then the value of gold should typically increase faster than that of silver or platinum, although over time both silver and platinum should follow the price of gold. As a result, by investing in all three metals, the BMG Fund should be able to reduce volatility while improving long-term returns.

The economic factors that determine the price of gold, silver and platinum are also, in most cases, opposed to the factors that determine the prices of most other financial assets. Ownership of BMG Fund units, therefore, acts as a hedge against the volatility of other investments. Units of a class of the BMG Fund are not speculative, and are only intended to be one part of an investment strategy.

A small portion of the BMG Fund's assets (generally no more than 5%) may be held in cash to allow the BMG Fund to pay its expenses, and to facilitate any redemption of units of a class of the BMG Fund. The BMG Fund will not use derivatives or invest in securities or certificates of companies that produce gold, silver or platinum bullion. The BMG Fund will not invest in foreign securities and does not hedge its holdings. The BMG Fund's objectives and strategies did not change in 2014.

Risk

The risks associated with investing in the BMG Fund remain as stated in the simplified prospectus of the BMG Fund dated as of September 5, 2014. The principal risk associated with investing in the BMG Fund is the fluctuating price of precious metals, as well as fluctuations in the relationship between the Canadian and US dollars. In addition, the BMG Fund will be subject to precious metals risk, non-hedging strategy risk and specialization risk. Our view of the BMG Fund's risk rating was unchanged in 2014.

Results of Operations

All monetary amounts are expressed in Canadian dollars, unless otherwise indicated.

In 2014, the net asset value ("NAV") of the BMG Fund decreased 14.9 % from $251.7 million at December 31, 2013 to $214.3 million at December 31, 2014. The decline was primarily driven by $7.3 million in unrealized losses in the price of bullion, together with $29.4 million in net redemptions during the period. As at December 31, 2014, the BMG Fund's precious metals holdings were 70,049 ounces of gold, 3,888,738 ounces of silver, and 31,701 ounces of platinum, compared to 79,019 ounces of gold, 4,488,282 ounces of silver, and 39,924 ounces of platinum at December 31, 2013.

For the year ended December 31, 2014, NAV per unit of BMG Fund's Class A declined by 4.1% in Canadian dollars and 12.0% in US dollars, while the NAV per unit of BMG Fund's Class F declined by 3.1% and 11.1% respectively. Daily average net assets decreased from $311.3 million in 2013 to $248.0 million in 2014. This represents a 20.3% decrease, which is in line with the decrease in total expenses after absorption of $259,486 by Bullion Management Services Inc. (the "Manager"). The decrease is primarily driven by the net redemptions and the performance of precious metals.

Gold's 2014 year-end price was US$1,199.25, not far removed from its 2013 year-end price of US$1,201.50. The year had a promising start as the gold price increased by 15% to reach a high of US$1,385 per ounce in March, but moved downward thereafter, falling to a low of US$1,142 per ounce in November. The prices of silver and platinum followed a similar pattern upward in the earlier part of the year, and drifted downward thereafter. Silver reached a high of US$22.05 per ounce in February, fell to a low of US$15.28 per ounce in November, and closed the year at US$15.97. Platinum reached a high of US$1,512 per ounce in July, declined to a low of US$1,178 per ounce in November, and ended the year at US$1,210.

A number of factors have contributed to the price of bullion remaining subdued. The official inflation rate has been trending lower in most major economies, and in certain economies there are even concerns of deflation. The US Federal Reserve ended its quantitative easing program, which signaled to the financial markets the central bank's confidence in an improving US economy. This resulted in the US dollar gaining strength against other global currencies during the year. Because bullion is priced in US dollars, the strengthening dollar has placed downward pressure on the bullion price. Commodity prices, especially oil, came under significant pressure in the latter half of the year, and bullion was also affected by the broad sell off. The escalation of global geopolitical uncertainties in Ukraine and the Middle East did not provide enough support in the price of bullion as a safe haven asset to counter the negative headwinds.

Recent Developments

The International Monetary Fund has reduced the global GDP outlook for 2015 by 0.3%, to between 3.5% and 3.7%, because GDP growth outside the US has failed to gain momentum. The more than 50% decline in oil prices over the past six months will benefit the global economy. However, this positive effect is expected to be outweighed by negative factors, such as the downside risks in oil-producing countries, minimal growth in the European Union and Japan, and slowing emerging economies, including China. The financial markets have become more volatile as a result of these uncertainties. While there has been much discussion regarding an increase in interest rates in 2015 after the US Federal Reserve ended its quantitative easing program, the markets have actually seen the opposite. The Bank of Canada recently cut interest rates by 0.25%, and the European Central Bank expanded its stimulus measures with a €60 billion per month bond-buying program, beginning in March 2015, to support their respective economies. The euro has been under pressure due to renewed concerns over Greek debt, speculation over its potential exit from the euro, and the Swiss National Bank unpegging the Swiss franc from the euro.

Gold

The price of gold traded in a narrow range between US$1,142 and US$1,385 during 2014, which is close to the estimated average all-in cost of production –US$1,200– for many miners. The mining industry has curtailed its investment in exploration and production, cancelled projects and sought to lower its average cost by focusing on higher-grade ore. While this helps the miners in the short-term, over the longer term production may be curtailed since, the current level of exploration may not be sufficient to replace depleted supplies. This is likely to put upward pressure on the gold price over the mid to longer term due to a supply deficit.

Consumer demand for gold was high in 2013 because of the declining bullion price. While demand in 2014 may not have been as brisk, it is nevertheless expected to be robust, based on longer term trends. China, already the world's largest gold producer, overtook India in 2013 as the world's largest consumer of gold, a trend that continued in 2014. The imposition of import duties in India last year has not significantly dampened demand for gold jewelry which is linked to deep-rooted cultural traditions.

Central bank demand for gold remains strong, and Russia continues to be a major purchaser, especially in light of its geopolitical issues, sanctions and a falling ruble. Russia's latest holdings were reported to be 1,206.8 tonnes, up 17% from 2013, and this reflects a tripling in the last ten years. Macroeconomic events as noted above are providing further impetus for central banks to diversify their reserves and increase their gold holdings.

Silver

According to the Thomson Reuters interim silver market review, demand for physical silver is expected to be down by 6.7% in 2014. Mining production reached all-time highs as supply from Mexico and South America increased. After a record 2013, retail investment demand declined slightly, but was especially strong in the US and India. This pace of demand led to the United States Mint selling a record 44 million Silver Eagle coins during the year, and running out of the year's allocation by December 24.

Industrial demand declined slightly in 2014, because industries continue to develop more economical methods ("thrifting") of using silver in industrial applications such as electronics.

HSBC is forecasting an 11-million ounce silver deficit in 2015, driven in part by lower mine production and lower scrap supplies. This tighter market is expected to provide some support to prices. Thrifting in industrial applications may limit growth in industrial demand. Retail investment demand is forecast to remain strong, but any major movement in silver prices will likely depend on institutional investors and speculative buying to boost a store-of-value demand in light of global political and economic uncertainties. Open interest in silver on the COMEX reached record levels during the year.

Silver prices traded at an average multiple to gold of 67 during 2014, which is a widening trend from 60 during 2013 and 54 during 2012. Silver ended the year at a multiple of 75, which may be an indication that it is undervalued relative to gold (the long-term ratio is 56). A return to the long-term ratio may lead to an increase in the price of silver.

Platinum

Platinum prices ended 2014 at US$1,210, down 11% from the US$1,358 close of the previous year. Platinum traded at up to 13% higher than gold in the first half of 2014, but the premium narrowed to approximately 1% by the year-end. The disruption in global supply resulting from the miners' strike in South Africa, the world's largest platinum producer, was expected to lead to an improvement in prices, but this failed to occur.

In November 2014, six of the world's leading producers launched the World Platinum Investment Council ("WPIC") to promote the global market for platinum investment, and to make platinum more accessible to investors around the world. The WPIC estimates that demand has been outstripping supply for the past three years, with a shortfall in 2014 of 885,000 ounces. The two largest sources of demand, catalytic converters and jewelry, continued to grow in 2014. As with gold, jewelry demand for platinum is heavily influenced by the Chinese and Indian markets. Investment demand, on the other hand, is expected to have declined from 2013.

In 2015, supply is likely to return to normal levels as the South African mines recover from the strike. Industrial demand is expected to remain strong as a higher proportion of Euro 6-compliant vehicles are manufactured in Europe. Similarly, jewelry demand is forecast to remain at a healthy level in the key markets. The confluence of these factors does not indicate any major price movements.

Reclassification of Certain Classes

On or around March 27, 2015, all of the outstanding units of certain classes of the BMG Fund on that date will be reclassified into certain other classes of the BMG Fund as noted below:

Class being Reclassified	Class being Reclassified into
Class E09 and G09	Class F
Class E10, G10 and G11	Class C1
Class E11 and E12	Class C2
Class G1	Class A
Class G05	Class B3

Transition to International Financial Reporting Standards ("IFRS")

The BMG Fund adopted International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") in 2014, as required by Canadian securities regulation and the Canadian Accounting Standards Board. Previously, the BMG Fund prepared interim and annual financial statements in accordance with Canadian Generally Accepted Accounting Principles as defined in Part V of the CPA Handbook ("Canadian GAAP"). The adoption of IFRS did not result in any changes to the previously reported net assets of the BMG Fund.

The only voluntary exemption adopted by the BMG Fund upon transition was the ability to designate a financial asset or financial liability at fair value through profit and loss ("FVTPL") upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

Under Canadian GAAP, the BMG Fund was exempt from providing a statement of cash flows. Under IFRS, IAS 1 requires that a complete set of financial statements includes a statement of cash flows for the current and comparative periods, without exception.

Previously under Canadian GAAP, the fair value of the BMG Fund's investments in bullion was measured at the London PM Fix price for gold and platinum bullion, and London Fix price (now the LBMA Silver Price) for silver bullion. Under IFRS, the Manager concluded that previous fair value measurements are representative, and are used to measure the fair value of bullion investments. As a result, the aggregate adjustment to net assets attributable to holders of redeemable units as at January 1, 2013 and December 31, 2013 is nil. Under Canadian GAAP, the BMG Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liabilities. The BMG Fund's units do not meet the criteria in IAS 32 for classification as equity, and have therefore been reclassified as financial liability on transition to IFRS.

Related-Party Transactions

Manager and Trustee

Bullion Management Services Inc. is the manager, trustee, registrar and transfer agent for the BMG Fund. The Manager provides, or arranges for the provision of, all management and administrative services for day-to-day BMG Fund operations, including providing BMG Fund and unitholder accounting, recordkeeping and other administrative services. At December 31, 2014, the Manager held 1 Class A unit of the BMG Fund.

In consideration of the management and administrative services, the BMG Fund pays the Manager a monthly management fee based on the NAV of the various classes of units of the BMG Fund, calculated daily. For the year ended December 31, 2014, the BMG Fund incurred management fees of $5,111,829.

Distributor

Bullion Marketing Services Inc., an affiliate of the Manager, has been retained by the Manager to assist with the marketing and distribution of units of the BMG Fund.

Operating Expenses

For the year ended December 31, 2014, the Manager absorbed Fund operating expenses of $259,486. The decision to reduce operating expenses is made at the discretion of the Manager, and may be changed at any time.

Independent Review Committee

The Manager has created an independent review committee ("IRC") to review and provide impartial judgment on conflict of interest matters. The IRC reviews potential conflicts of interest referred to it by the Manager, and makes recommendations on whether a course of action is fair and reasonable for the Fund. The IRC prepares an annual report of its activities for interested parties. A copy of the IRC's report for 2014 will be available at www.bmgbullion.com at the end of March 2015.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about each class of units of the BMG Fund, and are intended to help you understand the BMG Fund's financial performance for the years shown ended December 31, and/or from the period since the inception of a particular class. The information is derived from the BMG Fund's audited annual financial statements.

THE FUND'S NET ASSETS PER CLASS A UNIT	2014	2013	2012	2011	2010
Net assets - beginning of year[1]	**$9.16**	**$12.19**	**$12.03**	**$12.62**	**$9.62**
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.29)	(0.32)	(0.38)	(0.41)	(0.32)
Realized gains for the period	0.25	0.33	0.24	0.30	0.33
Unrealized gains (losses) for the period	(0.29)	(3.08)	0.24	(0.53)	2.95
Total increase (decrease) from operations[2]	**(0.33)**	**(3.07)**	**0.10**	**(0.64)**	**2.96**
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions[3]	-	-	-	-	-
Net assets at December 31 of year shown	**$8.78**	**$9.16**	**$12.19**	**$12.03**	**$12.62**
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's)[1]	$170,303	$198,337	$293,476	$276,877	$263,032
Number of units outstanding[1]	19,394,233	21,660,979	24,078,744	23,010,538	20,846,609
Management expense ratio (%)[2]	3.06	3.05	3.03	3.02	3.06
Management expense ratio before waivers or absorption (%)	3.18	3.05	3.03	3.02	3.06
Trading expense ratio (%)[3]	-	-	-	-	-
Portfolio turnover rate (%)[4]	0.90	2.66	4.01	5.62	2.54
Net asset value per unit	$8.78	$9.16	$12.19	$12.03	$12.62

Class A was incepted on March 5, 2002. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

THE FUND'S NET ASSETS PER CLASS B2 UNIT	2014*
Net assets - beginning of year[1]	**$10.00**
Increase (decrease) from operations:	
Total revenue	-
Total expenses (excluding distributions)	(0.17)
Realized gains for the period	0.17
Unrealized losses for the period	(1.73)
Total increase (decrease) from operations[2]	**(1.73)**
Distributions:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total distributions[3]	-
Net assets at December 31 of year shown	**$8.43**
RATIOS AND SUPPLEMENTAL DATA:	
Total net asset value (000's)[1]	$358
Number of units outstanding[1]	42,407
Management expense ratio (%)[2]	2.22
Management expense ratio before waivers or absorption (%)	2.34
Trading expense ratio (%)[3]	-
Portfolio turnover rate (%)[4]	0.90
Net asset value per unit	$8.43

**Data is from the date of inception of Class B2 to December 31, 2014. Class B2 was incepted on February 4, 2014. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.*

FINANCIAL HIGHLIGHTS *(continued)*

THE FUND’S NET ASSETS PER CLASS B3 UNIT	2014	2013*
Net assets - beginning of year(1)	**$9.52**	**$10.00**
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses (excluding distributions)	(0.20)	(0.02)
Realized gains for the period	0.26	0.05
Unrealized losses for the period	(0.35)	(0.51)
Total increase (decrease) from operations(2)	**(0.29)**	**(0.48)**
Distributions:		
From net investment income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions(3)	-	-
Net assets at December 31 of year shown	**$9.23**	**$9.52**
RATIOS AND SUPPLEMENTAL DATA:		
Total net asset value (000's)(1)	$462	$476
Number of units outstanding(1)	50,000	50,000
Management expense ratio (%)(2)	1.98	1.69
Management expense ratio before waivers or absorption (%)	2.09	1.69
Trading expense ratio (%)(3)	-	-
Portfolio turnover rate (%)(4)	0.90	2.66
Net asset value per unit	$9.23	$9.52

**Data is from the date of inception of Class B3 to December 31, 2013. Class B3 was incepted on November 11, 2013. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.*

THE FUND’S NET ASSETS PER CLASS C2 UNIT	2014*
Net assets - beginning of year(1)	**$10.00**
Increase (decrease) from operations:	
Total revenue	-
Total expenses (excluding distributions)	(0.12)
Realized gains for the period	0.18
Unrealized losses for the period	(1.35)
Total increase (decrease) from operations (2)	**(1.29)**
Distributions:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total distributions(3)	-
Net assets at December 31 of year shown	**$8.46**
RATIOS AND SUPPLEMENTAL DATA:	
Total net asset value (000's)(1)	$483
Number of units outstanding(1)	57,063
Management expense ratio (%)(2)	1.60
Management expense ratio before waivers or absorption (%)	1.68
Trading expense ratio (%)(3)	-
Portfolio turnover rate (%)(4)	0.90
Net asset value per unit	$8.46

**Data is from the date of inception of Class C2 to June 30, 2014. Class C2 was incepted on March 12, 2014. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.*

FINANCIAL HIGHLIGHTS *(continued)*

THE FUND'S NET ASSETS PER CLASS F UNIT	2014	2013	2012	2011	2010
Net assets - beginning of year[1]	**$10.13**	**$13.34**	**$13.03**	**$13.51**	**$10.20**
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.22)	(0.23)	(0.27)	(0.28)	(0.22)
Realized gains for the period	0.28	0.36	0.26	0.32	0.34
Unrealized gains (losses) for the period	(0.17)	(3.48)	0.40	(1.88)	3.19
Total increase (decrease) from operations [2]	**(0.11)**	**(3.35)**	**0.39**	**(1.84)**	**3.31**
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total distributions[3]	-	-	-	-	-
Net assets at December 31 of year shown	**$9.82**	**$10.13**	**$13.34**	**$13.03**	**$13.51**
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's)[1]	$18,065	$22,643	$35,919	$38,241	$26,591
Number of units outstanding[1]	1,840,183	2,235,041	2,692,893	2,935,910	1,968,387
Management expense ratio (%)[2]	2.02	1.95	1.94	1.93	1.99
Management expense ratio before waivers or absorption (%)	2.07	1.95	1.94	1.93	1.99
Trading expense ratio (%)[3]	-	-	-	-	-
Portfolio turnover rate (%)[4]	0.90	2.66	4.01	5.62	2.54
Net asset value per unit	$9.82	$10.13	$13.34	$13.03	$13.51

Class F was incepted on September 15, 2004. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

Explanatory Notes to Financial Highlights

Fund's Net Assets per Unit of each Class

(1) This information is derived from the BMG Fund's financial statements. In the period a BMG Fund or Class is established, the financial information is provided from the date of inception to the end of the period. Information from 2014 and 2013 is in accordance with IFRS. Information for years prior to 2013 is reported under Canadian GAAP. The NAV per class presented in the financial statement do not differ from the NAV per class calculated for fund pricing purposes.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets from operations is based on the weighted average number of units outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per unit.

(3) The BMG Fund did not make any distributions.

Ratios and Supplemental Data

(1) This information is provided as at the end of the period shown.

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average NAV during the period.

(3) The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of NAV during the period.

(4) The BMG Fund's portfolio turnover rate indicates how actively the BMG Fund's bullion investments are traded. A portfolio turnover rate of 100% is equivalent to the BMG Fund buying and selling all its bullion once in the course of the relevant period. There is no trading cost payable by the BMG Fund in the year. The higher a portfolio turnover rate in a year, 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 BMG Fund.

FINANCIAL HIGHLIGHTS *(continued)*

Management Fees

Management fees are paid by each class of the BMG Fund, and are calculated at the applicable annual percentage of the NAV of each class of the BMG Fund. A portion of the management fees paid by the BMG Fund is for trailer fees paid to dealers. The trailer fees are a percentage of the daily average NAV of the Class A and Class B units of the BMG Fund that are held by the dealers' clients. No trailer fees are paid with respect to Class C2 and Class F units of the BMG Fund. The table below outlines the BMG Fund's annual management fees for the Class A, Class B2, Class B3, Class C2, and Class F units of the BMG Fund, and how those fees are split between trailer fees and portfolio administration

	Class A	Class B2	Class B3	Class C2	Class F
Management Fee	2.25%	1.49%	1.25%	0.87%	1.25%
Portfolio Administration Fee	55.6%	59.4%	60%	100%	100%
Trailer Fee (*maximum rate as a percentage of management fees*)	44.4%	41.6%	40%	0%	0%

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of $2,026,379 during the year ended December 31, 2014.

PAST PERFORMANCE

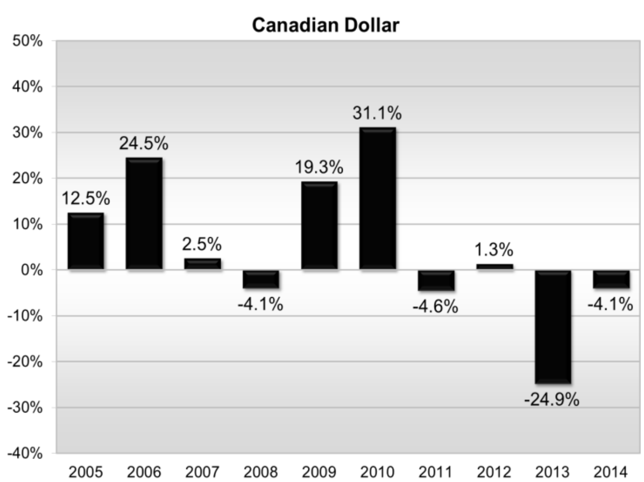
The following information does not take into account sales or redemption charges that would have reduced returns. Past performance does not necessarily indicate how the BMG Fund will perform in the future.

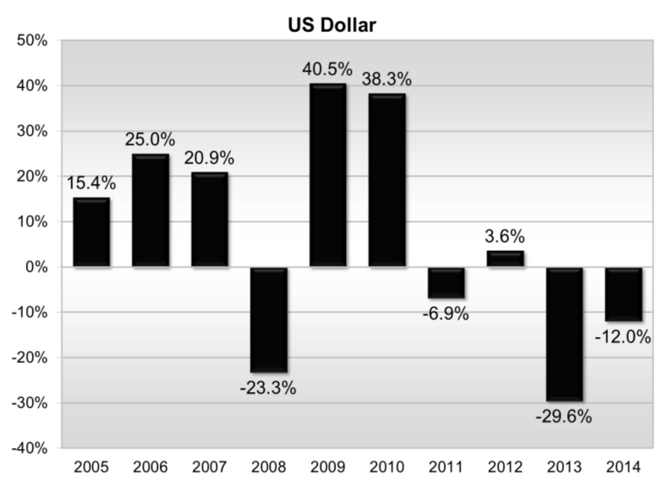
Classes B2 and C2 have existed for less than 12 months, therefore performance is not available for disclosure for these classes.

Year-by-Year Returns

The following bar charts show the BMG Fund's performance for each class of units of the BMG Fund in Canadian and US dollars, as applicable, in each of the years shown. They illustrate how the BMG Fund's performance has changed from year to year. In percentage terms, the charts show how much an investment made on the first day of each financial year has increased or decreased by the last day of each financial year. The return shown for 2013 for Class B3 is for the period from inception on November 11, 2013.

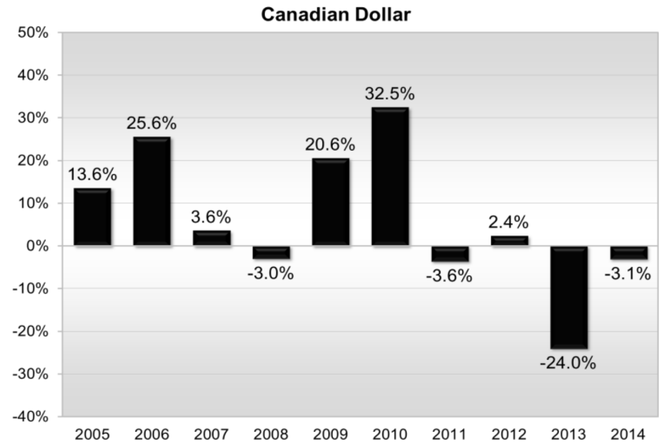
Class A

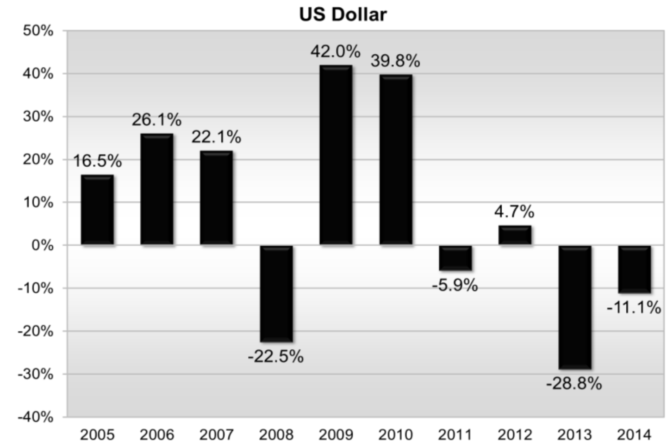




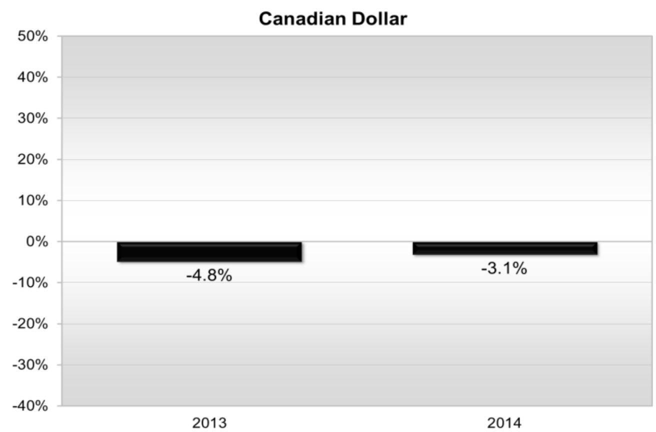
PAST PERFORMANCE *(continued)*

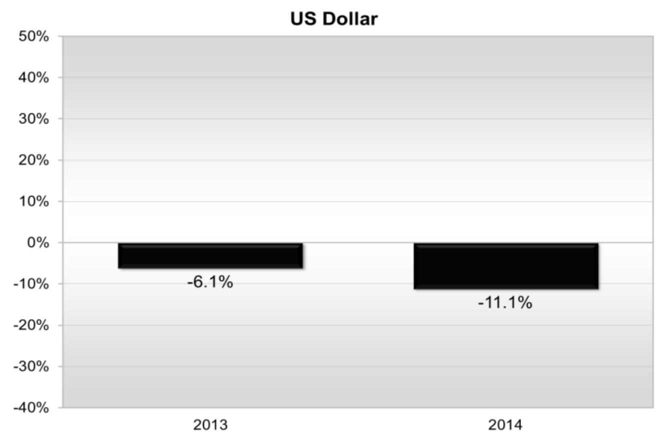
Class F





Class B3





Annual Compound Returns

The following table shows the annual compound total returns for each class of units of the BMG Fund in Canadian and US dollars since inception, or for the ten, five, three and one year periods ended on December 31, 2014, as applicable. Annual returns in Canadian dollars are compared to inflation as measured by the Canadian Consumer Price Index ("CPI") as calculated by Statistics Canada, as well as to Bank of Canada's 3-month Treasury Bills. Annual returns in US dollars are compared to inflation as measured by the US CPI as calculated by the US Department of Labor, as well as to US 3-month Treasury Bills.

Class A

	Since Inception (January 2002)	10 Years	5 Years	3 Years	1 Year
The BMG Fund Class A CDN$	3.0%	4.1%	-1.8%	-10.0%	-4.1%
Inflation (CPI, Statistics Canada)	2.0%	1.7%	1.6%	1.2%	1.5%
Bank of Canada, 3-month Treasury Bills	2.0%	1.8%	0.9%	0.9%	0.9%
The BMG Fund Class A US$	5.5%	4.5%	-3.8%	-13.8%	-12.0%
Inflation (CPI, US Dept. of Labor)	2.2%	2.1%	1.7%	1.3%	0.8%
US, 3-month Treasury Bills	1.4%	1.4%	0.1%	0.1%	0.0%

PAST PERFORMANCE *(continued)*

Class F

	Since Inception (September 2004)	10 Years	5 Years	3 Years	1 Year
The BMG Fund Class F CDN$	4.9%	5.2%	-0.8%	-9.0%	-3.1%
Inflation (CPI, Statistics Canada)	1.7%	1.7%	1.6%	1.2%	1.5%
Bank of Canada, 3-month Treasury Bills	1.8%	1.8%	0.9%	0.9%	0.9%
The BMG Fund Class F US$	6.1%	5.6%	-2.7%	-12.8%	-11.1%
Inflation (CPI, US Dept. of Labor)	2.1%	2.1%	1.7%	1.3%	0.8%
US, 3-month Treasury Bills	1.4%	1.4%	0.1%	0.1%	0.0%

Class B3

	Since Inception (November 2013)	1 Year
The BMG Fund Class B3 CDN$	-7.7%	-3.1%
Inflation (CPI, Statistics Canada)	1.1%	1.5%
Bank of Canada, 3-month Treasury Bills	0.9%	0.9%
The BMG Fund Class B3 US$	-16.5%	-11.1%
Inflation (CPI, US Dept. of Labor)	0.7%	0.8%
US, 3-month Treasury Bills	0.0%	0.0%

The above comparison demonstrates how the BMG Fund has generally achieved its objective of preserving capital while providing appreciation over the time periods indicated. For example, over a 10-year period, the BMG Fund's Canadian dollar Class A units returned 2.4% above inflation and Class F units returned 3.5% above inflation, while 3-month Canadian Treasury Bills had almost the same return as inflation.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2014

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost $	Fair Value $	Total %
Gold Bullion	69,588.295	460.678	70,048.973	69,962,174	97,300,423	45.33
Platinum Bullion	31,211.806	489.504	31,701.310	47,023,339	44,429,392	20.70
Silver Bullion	3,853,400.173	35,337.345	3,888,737.518	63,609,327	71,931,082	33.51
Cash				983,864	986,821	0.46
Total Investment				**181,578,704**	**214,647,718**	**100.00**

Because the BMG Fund does not rebalance portfolio holdings, the differential over an exact 33.3% allocation is due to the difference in performance of each metal.

Due to ongoing portfolio transactions, the Summary of Investment Portfolio may have changed by the time you purchase units of the BMG Fund. A quarterly update is available. To obtain a copy please contact our Client Services team at 1.888.474.1001 or visit www.bmgbullion.com.

The BMG Group of Companies includes the parent company, Bullion Management Group Inc., and its wholly owned subsidiaries, Bullion Management Services Inc., Bullion Marketing Services Inc., BMG DSC Inc. and Bullion Custodial Services Inc. (collectively "BMG").

www.bmgbullion.com

Head office:
Bullion Management Services Inc.
60 Renfrew Drive, Suite 280
Markham, ON L3R 0E1
Canada

Tel: 905.474.1001 / 888.474.1001
www.bmgbullion.com
info@bmgbullion.com

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