BMG BullionFund

Annual Management Report of Fund Performance

For the year ended December 31, 2015

BULLION
MANAGEMENT
SERVICES INC.
A BMG Company

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 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 Annual 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 1.888.474.1001, 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

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, medium-risk method 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 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 2015.

Risk

The risks associated with investing in the BMG Fund remain as stated in the simplified prospectus dated September 14, 2015. 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 U.S. 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 2015.

Results of Operations

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

In 2015, the net asset value (“NAV”) of the BMG Fund decreased 14.9%, from $214.3 million at December 31, 2014 to $182.4 million at December 31, 2015. The $31.9 million decline was primarily driven by $30.3 million in net redemptions, with $5.7 million in expenses offset by $4.6 million in realized gains on bullion investments during the year. As at December 31, 2015, the BMG Fund’s bullion holdings were 61,937 ounces of gold, 3,287,738 ounces of silver, and 22,650 ounces of platinum, compared to 70,049 ounces of gold, 3,888,738 ounces of silver, and 31,701 ounces of platinum at December 31, 2014.

For the year ended December 31, 2015, the NAV per unit of the BMG Fund’s Class A units declined by 1.6% in Canadian dollars, and declined by 18.0% in U.S. dollars, while the NAV per unit of the BMG Fund’s Class F units declined by 0.5% in Canadian dollars, and declined by 17.1% in U.S. dollars.

Daily average net assets decreased by 16.6% from $248 million in 2014 to $206.8 million in 2015. The decrease was primarily driven by net redemptions and the performance of bullion. Total expenses decreased by 22.1% from 2014, because of the decline in assets and a continuing effort to reduce operating costs.

During 2015, the gold price increased by 8.0% to reach a high of US$1,295.75 per ounce in January. The price declined thereafter, falling to a low of US$1,049.40 per ounce in December, and closed at $1,062.25 on December 31. The prices of silver and platinum followed a similar pattern. The silver price reached a high of US$18.23 per ounce in January, fell to a low of US$13.71 per ounce in December, and closed at US$13.82 on December 31. The platinum price reached a high of US$1,285 per ounce in January, fell to a low of US$827 per ounce in November, and closed at US$872 on December 31.

A number of global economic events present at the close of 2014 continued to weigh heavily on the markets during 2015. These events and other developments affecting the performance of bullion are discussed in the “Recent Developments” section of this report.

Recent Developments

Last year was volatile for global financial markets, and 2016 is thus far following the same pattern. A number of significant factors contributed to the volatility.

China attracted much attention because of the drop in its stock market, the surprise devaluation of the yuan in August, and speculation regarding its near- to medium-term normalized level of growth as the government tries to transform the economy from an over-reliance on investment and manufacturing to consumption and services. There is market speculation that the yuan may depreciate even further during 2016. The slowing Chinese and global growth rate has translated into declining prices not only for oil, but other commodities as well.

There was much debate in the marketplace about the timing of U.S. Federal Reserve rate increase that eventually occurred in December 2015. It was the first rate hike by the Federal Reserve in about ten years, and another 1% increase is expected in 2016. This will still leave the United States with historically low interest rates, and the already strong U.S. dollar may go higher. Since this tightening of monetary policy has profound ramifications for the global economy—including the United States itself—it is debatable whether the Federal Reserve will be able to follow through with more rate increases in 2016. Many emerging markets have national and corporate debt denominated in U.S. dollars. Their weakening currencies and economies may lead to debt defaults.

The Bank of Canada moved in the opposite direction to the Federal Reserve, and cut its key interest rate by 0.25% twice in 2015 to help boost the Canadian economy, which was in a technical recession during the first half of the year. The divergent monetary policy is due to the continuing decline in the oil price, which started in 2014. Compounding the oversupply issues facing oil-producing countries such as Canada is the appreciation of the U.S. dollar which is now at historical highs. Since bullion, oil and other commodities are priced in U.S. dollars, the surging dollar is having a negative effect on prices.

Greece’s protracted renegotiation of its bailout package was concluded in August 2015 after a long, drawn-out process with much political drama. The terms of the bailout are harsh, Greece’s economy is fragile and it is debatable whether Greece will be able to live up to its end of the deal. We may see a replay of the Greece debt crisis in a few years, along with the debate regarding its future as a member of the European Union.

The Middle East continues to be the focus of significant geopolitical upheaval. While the situation in Ukraine is unresolved, it seems to have taken a backseat, especially during the latter part of 2015, to the Middle East, terrorism and the refugee crisis.

Against this backdrop, the International Monetary Fund’s (“IMF”) latest update in January 2016 estimates global GDP growth for 2015 of 3.1%, declining from the 3.5% to 3.7% forecast in March 2015. The IMF’s projection for 2016 is 3.4 %. We are therefore entering 2016 with the global growth rate declining for the fifth consecutive year, alongside a volatile financial market. There are many downside risks, and few signs of upside potential. The risk of contagion in this environment is heightened.

Bullion is experiencing a multi-year retreat that started in 2011 and continued into 2015, making it the longest period of decline since 2000. At the end of 2015, it had been fifty-two months since the gold bullion price began its descent, and the market remains bearish. However, bullion remains an important portfolio diversification and risk management asset which is especially important in this financial environment.

Gold

The price of gold ended the year at US$1,062.25, a decrease of 11.4% from the prior year's close. The price increased in most other currencies, and in Canadian dollars it increased by 6.2% over the same period, due to the weakening currency.

Central banks have been net buyers of gold since 2010, and that trend continued in 2015. Russia has long been a major purchaser of gold, and its latest holdings were reported to be 1,370.6 tonnes, up 13.4% from the end of 2014.

China has made a number of strategic moves that have implications for gold. Since 2009, China's official holdings of gold have been static at 1,054 tonnes. In July 2015, however, China disclosed that its holdings had increased to 1,658 tonnes at the end of June, a 57% increase. China boosted its holdings over the next six months to 1,722.5 tonnes as of December 2015. There has been speculation as to whether the updated Chinese disclosure represents the full amount of its total holdings, as analysts had estimated the amount to be significantly more than the official number of 1,054 tonnes. Regardless, there is now more transparency. The yuan has been accepted into the IMF's Special Drawing Rights program, with full implementation in the fall of 2016, at a 10.92% allocation. The Shanghai Gold Fix is being introduced in spring of 2016; it will deal only in physical gold, and may impact the level of short selling on the COMEX through arbitrage trades. India has indicated that it also intends to establish a gold exchange.

India launched three gold monetization programs in November 2015, as it attempted to lure an estimated 20,000 tonnes of gold from households and temples into the banking system, thus reducing the amount of imported gold. India's large appetite for gold has strained its current account. So far, the program has not been successful, and the government is taking steps to make it more attractive. Its viability, and the effect it could have on the gold price, is questionable.

Jewelry remains the largest component of gold demand, over 50% in 2013, 2014 and year-to-date third quarter 2015, with China and India being the major purchasers. The World Gold Council's latest statistics to the end of September 2015 indicate that demand was about 3% lower compared to the same period in 2014 for China, and slightly higher—4.6%—for India. The drop in the gold price during July and August resulted in higher demand in the third quarter, but demand in the first half of the year was weak. Overall global demand for jewelry was 3% lower year-to-date September 2015 over the same period in 2014.

Silver

The price of silver ended the year at US$13.82, a decrease of 13.5% from the prior year's close. In Canadian dollars, the price of silver increased by 3.8% over the same period.

The Silver Institute is forecasting a 21.3 million ounce supply deficit in 2015, compared to a 27.5 million deficit for 2014. Total supply is expected to fall about 3% from 2014, due to scrap supply continuing its annual decline from 2011, when prices and scrap level peaked. While demand for jewelry and silverware is likely to be marginally lower for the year, and demand for coins and bars marginally higher, the ten-year trend has been upward, especially for bars and coins. Bar and coin demand has increased fourfold over the past ten years. There was a surge in coin demand in 2015, especially in North America. In July, the United States Mint sold out of American Eagle silver coins. The low price of silver and the fact that the gold:silver ratio is out of sync from historic norms are contributing to the rise in demand.

Industrial demand continues to decline on a yearly basis, and the figure for 2015 is expected to be around 54% of total demand compared to 69% ten years ago. The industrial sector and the consumer electronics sector are improving efficiencies with respect to silver usage. Total inventory deficit would have been double, but exchange-traded funds and exchange inventory saw another year of outflows.

Platinum

The price of platinum ended the year at US$872, a decrease of 27.9% from the prior year's close. In Canadian dollars, the price of platinum decreased by 13.6% over the same period.

Platinum traded at a discount to gold during 2015, a reversal from the historical relationship when it traded at a premium. At December 31, 2015, the discount to gold was 17.9%. The platinum price slumped during 2015 to levels not seen in more than six years. For 2015, the World Platinum Investment Council ("WPIC") is forecasting a recovery of supply from South African production that is expected to result in a year-over-year increase from 2014, which was affected by strike action. However, 2015 supply is not expected to recover to 2013 levels, as recycled platinum is declining due to lower prices and falling jewelry demand in China.

The automotive, jewelry and industrial sectors are the key areas of demand. Investment demand accounts for only a small percentage. The WPIC is forecasting automotive and industrial sector demand to increase by 4% and 2% respectively in 2015, while jewelry demand is expected to decrease by 5%. The WPIC forecast calls for a balance between supply and demand in 2016.

Related-Party Transactions

Manager and Trustee

Bullion Management Services Inc. (the "Manager") 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 operations, including providing fund and unitholder accounting, recordkeeping and other administrative services. At December 31, 2015, the Manager held one Class A unit of the BMG Fund.

In consideration of 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, 2015, the BMG Fund incurred management fees of $4,242,668.

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 in the exempt market pursuant to prospectus exemptions.

Operating Expenses

For the year ended December 31, 2015, the Manager did not absorb BMG Fund operating expenses because the management expenses ratios were below the expenses cap. 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 BMG Fund. The IRC prepares an annual report of its activities for interested parties. A copy of the IRC's report for 2015 is available at www.bmgbullion.com.

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 particular class was first offered. The information is derived from the BMG Fund's financial statements.

THE FUND'S NET ASSETS PER CLASS A UNIT	2015	2014	2013	2012	2011
Net assets - beginning of year(1)	**$ 8.78**	**$ 9.16**	**$ 12.19**	**$ 12.03**	**$ 12.62**
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.27)	(0.29)	(0.32)	(0.38)	(0.41)
Realized gains for the period	0.20	0.25	0.33	0.24	0.30
Unrealized gains (losses) for the period	(0.04)	(0.29)	(3.08)	0.24	(0.53)
Total increase (decrease) from operations(2)	**(0.11)**	**(0.33)**	**(3.07)**	**0.10**	**(0.64)**
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	**$ 8.64**	**$ 8.78**	**$ 9.16**	**$ 12.19**	**$ 12.03**
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's)(1)	$ 148,500	$ 170,303	$ 198,337	$ 293,476	$ 276,877
Number of units outstanding(1)	17,188,905	19,394,233	21,660,979	24,078,744	23,010,538
Management expense ratio (%)(2)	3.00	3.06	3.05	3.03	3.02
Management expense ratio before waivers or absorption (%)	3.00	3.18	3.05	3.03	3.02
Trading expense ratio (%)(3)	-	-	-	-	-
Portfolio turnover rate (%)(4)	-	0.90	2.66	4.01	5.62
Net asset value per unit	$ 8.64	$ 8.78	$ 9.16	$ 12.19	$ 12.03

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	2015	2014*
Net assets - beginning of year(1)	**$ 8.43**	**$ 10.00**
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses (excluding distributions)	(0.18)	(0.17)
Realized gains for the period	0.18	0.17
Unrealized losses for the period	(0.16)	(1.73)
Total decrease from operations(2)	**(0.16)**	**(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	**$ 8.37**	**$ 8.43**
RATIOS AND SUPPLEMENTAL DATA:		
Total net asset value (000's)(1)	$ 649	$ 358
Number of units outstanding(1)	77,500	42,407
Management expense ratio (%)(2)	2.07	2.22
Management expense ratio before waivers or absorption (%)	2.07	2.34
Trading expense ratio (%)(3)	-	-
Portfolio turnover rate (%)(4)	-	0.90
Net asset value per unit	$ 8.37	$ 8.43

**Data is from February 24, 2014, the date the Class B2 units were first offered, to December 31, 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	2015	2014	2013*
Net assets - beginning of year(1)	**$ 9.23**	**$ 9.52**	**$ 10.00**
Increase (decrease) from operations:			
Total revenue	-	-	-
Total expenses (excluding distributions)	(0.17)	(0.20)	(0.02)
Realized gains for the period	0.20	0.26	0.05
Unrealized losses for the period	(0.52)	(0.35)	(0.51)
Total decrease from operations(2)	**(0.49)**	**(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	**$ 9.19**	**$ 9.23**	**$ 9.52**
RATIOS AND SUPPLEMENTAL DATA:			
Total net asset value (000's)(1)	$ 856	$ 462	$ 476
Number of units outstanding(1)	93,156	50,000	50,000
Management expense ratio (%)(2)	1.82	1.98	1.69
Management expense ratio before waivers or absorption (%)	1.82	2.09	1.69
Trading expense ratio (%)(3)	-	-	-
Portfolio turnover rate (%)(4)	-	0.90	2.66
Net asset value per unit	$ 9.19	$ 9.23	$ 9.52

**Data is from November 11, 2013, the date the Class B3 units were first offered, to December 31, 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 C1 UNIT	2015*
Net assets - beginning of year(1)	**$ 10.00**
Increase (decrease) from operations:	
Total revenue	-
Total expenses (excluding distributions)	(0.11)
Realized gains for the period	0.15
Unrealized losses for the period	(0.95)
Total decrease from operations(2)	**(0.91)**
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	**$ 9.13**
RATIOS AND SUPPLEMENTAL DATA:	
Total net asset value (000's)(1)	$ 1,295
Number of units outstanding(1)	141,903
Management expense ratio (%)(2)	1.58
Management expense ratio before waivers or absorption (%)	1.58
Trading expense ratio (%)(3)	-
Portfolio turnover rate (%)(4)	-
Net asset value per unit	$ 9.13

**Data is from March 27, 2015, the date the Class C1 units were first offered, to June 30, 2015. 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 C2 UNIT	2015	2014*
Net assets - beginning of year[(1)]	**$ 8.46**	**$ 10.00**
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses (excluding distributions)	(0.13)	(0.12)
Realized gains for the period	0.18	0.18
Unrealized losses for the period	(0.98)	(1.35)
Total decrease from operations[(2)]	**(0.93)**	**(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	**$ 8.45**	**$ 8.46**
RATIOS AND SUPPLEMENTAL DATA:		
Total net asset value (000's)[(1)]	$ 4,812	$ 483
Number of units outstanding[(1)]	569,627	57,063
Management expense ratio (%)[(2)]	1.48	1.60
Management expense ratio before waivers or absorption (%)	1.48	1.68
Trading expense ratio (%)[(3)]	-	-
Portfolio turnover rate (%)[(4)]	-	0.90
Net asset value per unit	$ 8.45	$ 8.46

**Data is from March 12, 2014, the date the Class C2 units were first offered, to December 31, 2014. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.*

THE FUND'S NET ASSETS PER CLASS F UNIT	2015	2014	2013	2012	2011
Net assets - beginning of year[(1)]	**$ 9.82**	**$ 10.13**	**$ 13.34**	**$ 13.03**	**$ 13.51**
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.19)	(0.22)	(0.23)	(0.27)	(0.28)
Realized gains for the period	0.22	0.28	0.36	0.26	0.32
Unrealized gains (losses) for the period	(0.39)	(0.17)	(3.48)	0.40	(1.88)
Total increase (decrease) from operations[(2)]	**(0.36)**	**(0.11)**	**(3.35)**	**0.39**	**(1.84)**
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	**$ 9.77**	**$ 9.82**	**$ 10.13**	**$ 13.34**	**$ 13.03**
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's)[(1)]	$ 25,229	$ 18,065	$ 22,643	$ 35,919	$ 38,241
Number of units outstanding[(1)]	2,583,455	1,840,183	2,235,041	2,692,893	2,935,910
Management expense ratio (%)[(2)]	1.88	2.02	1.95	1.94	1.93
Management expense ratio before waivers or absorption (%)	1.88	2.07	1.95	1.94	1.93
Trading expense ratio (%)[(3)]	-	-	-	-	-
Portfolio turnover rate (%)[(4)]	-	0.90	2.66	4.01	5.62
Net asset value per unit	$ 9.77	$ 9.82	$ 10.13	$ 13.34	$ 13.03

For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

FINANCIAL HIGHLIGHTS *(continued)*

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 a particular class was first offered to the end of the period. Information for 2013 and subsequent years is in accordance with IFRS. Information for years prior to 2013 is reported under Canadian GAAP. The NAV per class presented in the financial statements does 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) The 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. 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.

Management Fees
Management fees are paid by each class of the BMG Fund to the Manager, 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 applicable class of units of the BMG Fund that are held by the dealers' clients. No trailer fees are paid with respect to Class C1, 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 C1, 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 C1	Class C2	Class F
Management Fee	2.25%	1.49%	1.25%	1.00%	0.87%	1.25%
Portfolio Administration Fee	55.6%	59.4%	60%	100%	100%	100%
Trailer Fee (*maximum rate as a percentage of management fees*)	44.4%	41.6%	40%	0%	0%	0%

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of $1,668,884 during the year ended December 31, 2015.

PAST PERFORMANCE

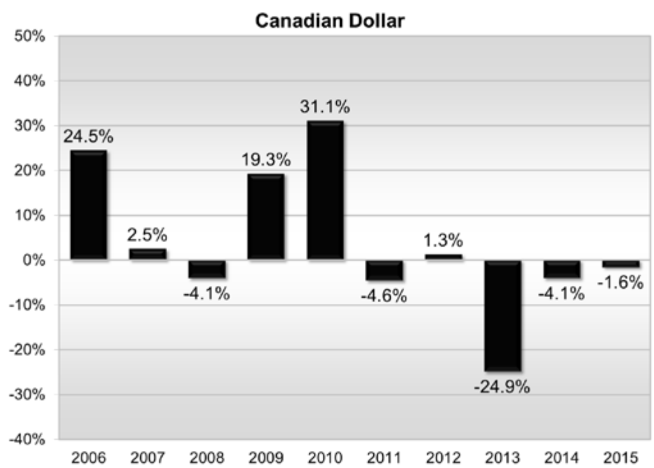
The following information does not take into account sales or redemption charges that would have reduced returns. Past performance does not necessarily indicate how the BMG Fund will perform in the future.

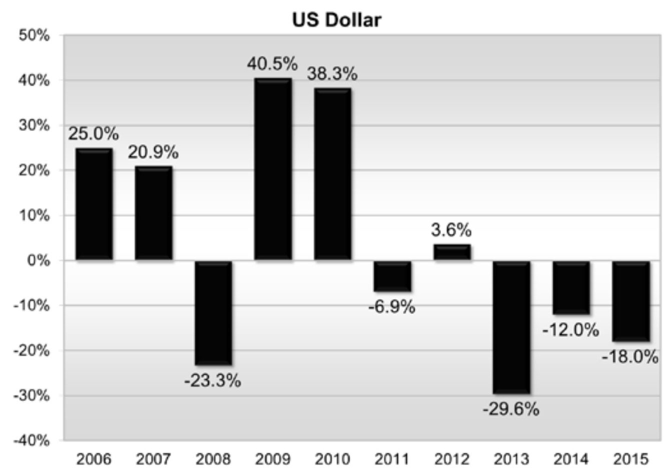
Class C1 units have been offered for fewer than twelve months, therefore performance is not available for disclosure for this class.

Year-by-Year Returns

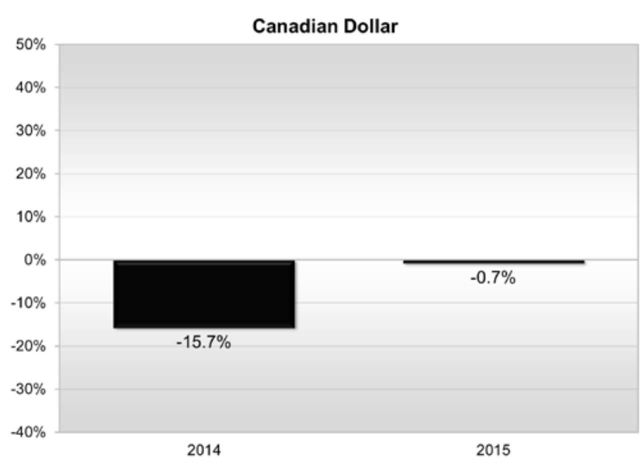
The following bar charts show the BMG Fund's performance for each class of units of the BMG Fund in Canadian and U.S. dollars, as applicable, in each of the years shown. They illustrate how the BMG Fund’s performance has changed year over year. In percentage terms, the charts show how much an investment made on the first day of each financial year has increased or decreased by the last day of each financial year.

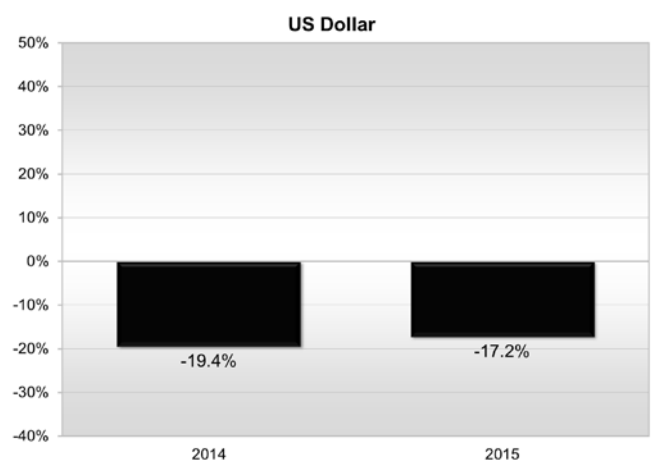
Class A





Class B2

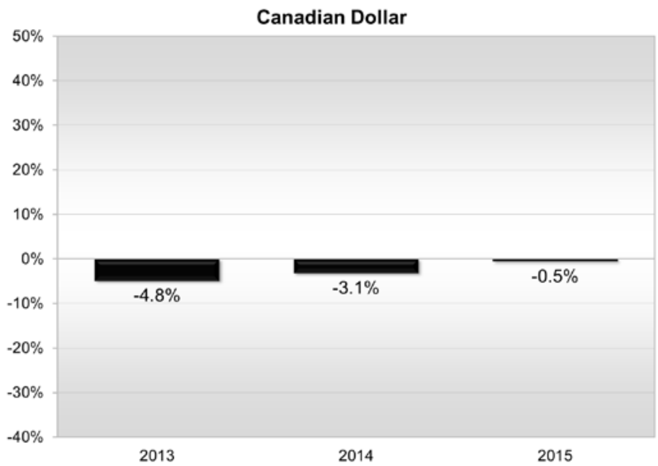


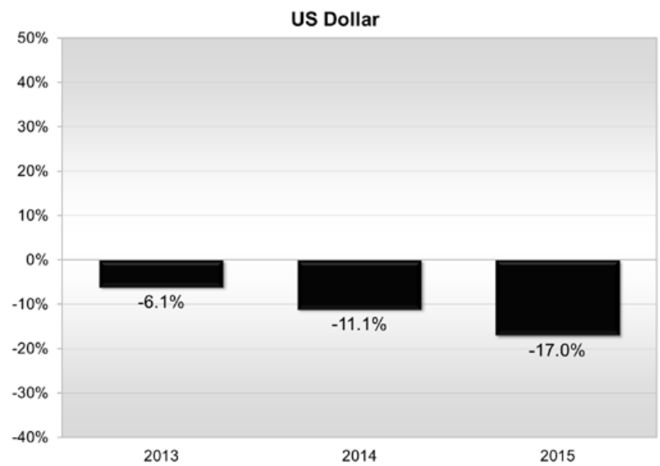


The return shown for 2014 is for the period from February 24, 2014, the date the Class B2 units were first offered.

PAST PERFORMANCE *(continued)*

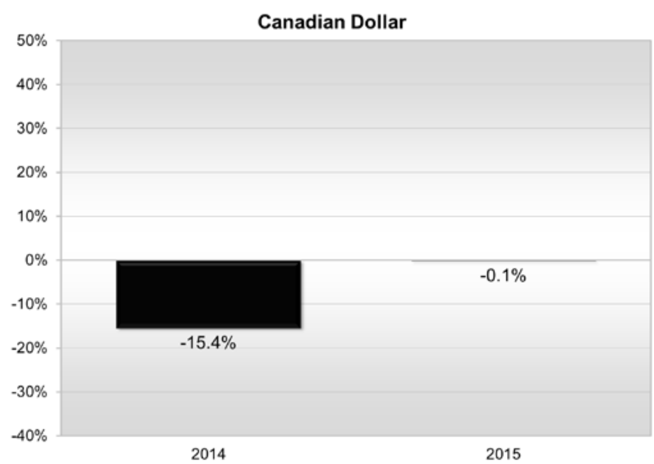
Class B3

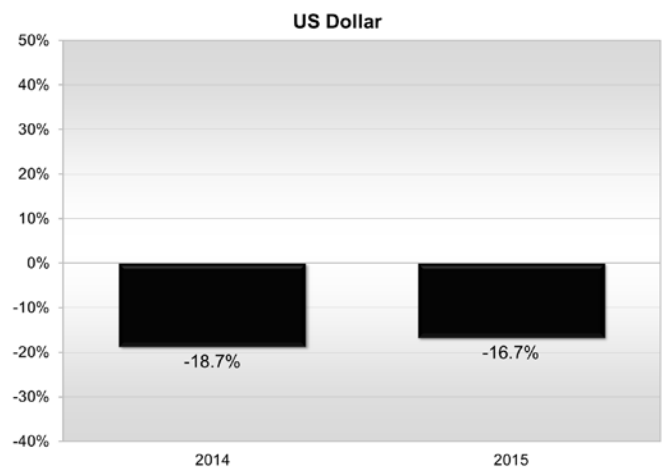




The return shown for 2013 is for the period from November 11, 2013, the date the Class B3 units were first offered.

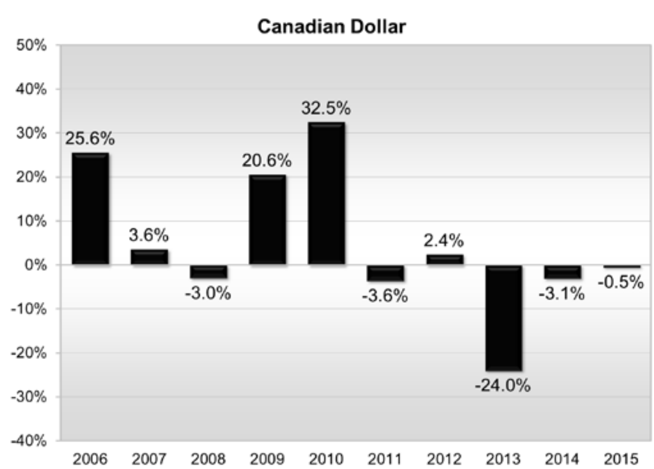
Class C2

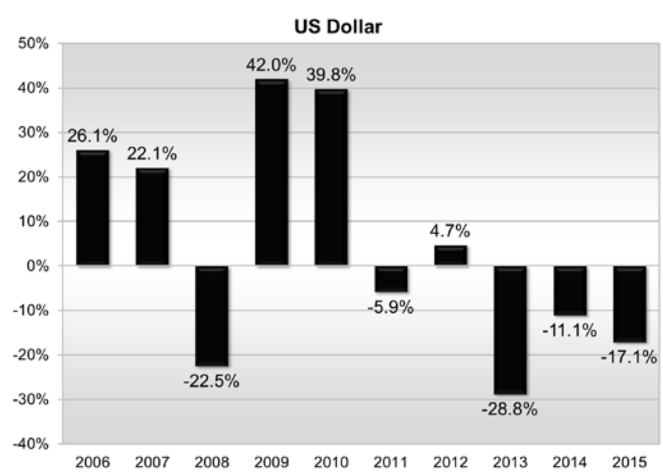




The return shown for 2014 is for the period from March 12, 2014, the date the Class C2 units were first offered.

Class F





PAST PERFORMANCE *(continued)*

Annual Compound Returns

The following table shows the annual compound total returns for each class of units of the BMG Fund in Canadian and U.S. dollars since inception, or for the ten, five, three and one year periods ended on December 31, 2015, 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 U.S. dollars are compared to inflation as measured by the U.S. CPI as calculated by the U.S. Department of Labor, as well as to U.S. 3-month Treasury Bills.

Class A

	Since Inception (January 2002)	10 Years	5 Years	3 Years	1 Year
The BMG Fund Class A CDN$	2.6%	2.7%	-7.3%	-10.8%	-1.6%
Inflation (CPI, Statistics Canada)	1.9%	1.6%	1.5%	1.4%	1.6%
Bank of Canada, 3-month Treasury Bills	1.9%	1.6%	0.9%	0.8%	0.5%
The BMG Fund Class A US$	3.6%	1.0%	-13.3%	-20.2%	-18.0%
Inflation (CPI, US Dept. of Labor)	2.1%	1.8%	1.5%	1.0%	0.6%
U.S., 3-month Treasury Bills	1.3%	1.1%	0.1%	0.0%	0.1%

Class B2

	Since Inception (February 2014)	1 Year
The BMG Fund Class B2 CDN$	-9.1%	-0.7%
Inflation (CPI, Statistics Canada)	1.0%	1.6%
Bank of Canada, 3-month Treasury Bills	0.7%	0.5%
The BMG Fund Class B2 US$	-19.6%	-17.2%
Inflation (CPI, US Dept. of Labor)	0.3%	0.6%
U.S., 3-month Treasury Bills	0.0%	0.1%

Class B3

	Since Inception (November 2013)	1 Year
The BMG Fund Class B3 CDN$	-3.9%	-0.5%
Inflation (CPI, Statistics Canada)	1.4%	1.6%
Bank of Canada, 3-month Treasury Bills	1.4%	0.5%
The BMG Fund Class B3 US$	-15.8%	-17.0%
Inflation (CPI, US Dept. of Labor)	0.7%	0.6%
U.S., 3-month Treasury Bills	0.0%	0.1%

PAST PERFORMANCE *(continued)*

Class C2

	Since Inception (March 2014)	1 Year
The BMG Fund Class C2 CDN$	-8.9%	-0.1%
Inflation (CPI, Statistics Canada)	0.8%	1.6%
Bank of Canada, 3-month Treasury Bills	0.7%	0.5%
The BMG Fund Class C2 US$	-19.4%	-16.7%
Inflation (CPI, US Dept. of Labor)	0.0%	0.6%
U.S., 3-month Treasury Bills	0.0%	0.1%

Class F

	Since Inception (September 2004)	10 Years	5 Years	3 Years	1 Year
The BMG Fund Class F CDN$	4.4%	3.8%	-6.3%	-9.9%	-0.5%
Inflation (CPI, Statistics Canada)	1.7%	1.6%	1.5%	1.4%	1.6%
Bank of Canada, 3-month Treasury Bills	1.7%	1.6%	0.9%	0.8%	0.5%
The BMG Fund Class F US$	3.8%	2.1%	-12.4%	-19.3%	-17.1%
Inflation (CPI, US Dept. of Labor)	1.9%	1.8%	1.5%	1.0%	0.6%
U.S., 3-month Treasury Bills	1.3%	1.1%	0.1%	0.0%	0.1%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2015

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost $	Fair Value $	Total %
Gold Bullion	61,577.902	359.099	61,937.001	61,860,257	91,392,589	49.96
Platinum Bullion	22,183.273	466.255	22,649.528	33,596,752	27,435,704	15.00
Silver Bullion	3,260,767.093	26,970.741	3,287,737.834	53,778,583	63,115,945	34.51
Cash				970,956	971,760	0.53
Total Investment				**150,206,548**	**182,915,998**	**100.00**

Since the BMG Fund does not rebalance its portfolio holdings, the 33.3% allocation target may differ 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").

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