

B M G B U L L I O N F U N D

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BMG BullionFund

Semi-Annual Financial Statements

For the six-month period ended June 30, 2016 (unaudited)



**BULLION
MANAGEMENT
SERVICES INC.**

A BMG Company

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STATEMENTS OF FINANCIAL POSITION

As at June 30, 2016 and December 31, 2015

(Unaudited)

	2016 \$	2015 \$
ASSETS		
Current assets		
Cash	922,337	971,760
Investments in bullion [Average cost \$140,403,661; December 2015 - \$149,235,591]	202,941,016	181,944,238
Due from broker	784,000	302,912
Subscriptions receivable	231,701	43,845
Total assets	204,879,054	183,262,755
LIABILITIES		
Current liabilities		
Management fees payable	354,048	346,414
Redemptions payable	565,715	345,493
Accounts payable and accrued liabilities	199,900	154,356
Total liabilities (excluding net assets attributable to holders of redeemable units)	1,119,663	846,263
Net assets attributable to holders of redeemable units	203,759,391	182,416,492
Net assets attributable to holders of redeemable units per class (Note 3)		
Class A	164,041,010	148,499,609
Class B2	963,528	648,868
Class B3	1,021,249	856,156
Class C1	1,607,577	1,295,071
Class C2	5,736,606	4,811,589
Class E09	-	-
Class E10	-	-
Class E11	-	-
Class E12	-	-
Class E15	959,422	1,076,115
Class F	29,429,999	25,229,084
Class G01	-	-
Class G05	-	-
Class G09	-	-
Class G10	-	-
Class G11	-	-
Class G15	-	-
	203,759,391	182,416,492

Net asset value attributable to holders of redeemable units per class is disclosed in Note 3.

See accompanying notes.

On behalf of the Board of Directors of Bullion Management Services Inc.,
Trustee and Manager of BMG BullionFund



Nick Barisheff
Director



Hema Anganu
Director

STATEMENTS OF COMPREHENSIVE INCOME

For the six-month periods ended June 30

(Unaudited)

	2016 \$	2015 \$
INVESTMENT INCOME		
Net unrealized gains on investments in bullion	29,828,708	5,234,132
Net realized gains on investments in bullion	1,429,126	3,066,450
Foreign exchange gains (losses)	1,888	(4,479)
Early redemption fees	1,265	837
Other	5,861	405
Total investment income	31,266,848	8,297,345
EXPENSES		
Management fees (Note 4)	1,966,825	2,248,251
Security holder reporting costs	301,525	326,060
Bullion storage fees	94,135	184,087
Services tax	218,604	275,838
Other administrative expenses	32,800	32,720
Legal fees	11,192	10,947
Audit fees	13,650	13,394
Filing fees	27,000	27,000
Independent Review Committee fees	10,283	12,671
Total expenses	2,676,014	3,130,968
Expenses absorbed by Manager (Note 4)	-	(17,673)
Total expenses after absorption	2,676,014	3,113,295
Increase in net assets attributable to holders of redeemable units	28,590,834	5,184,050
Increase (decrease) in net assets attributable to holders of redeemable units per class (Note 3)		
Class A	22,997,408	3,577,754
Class B2	121,398	8,696
Class B3	143,093	(14,999)
Class C1	225,647	(197,404)
Class C2	816,724	(286,816)
Class E09	-	10,525
Class E10	-	24,661
Class E11	-	249,348
Class E12	-	172,545
Class E15	162,306	46,814
Class F	4,124,258	(106,391)
Class G01	-	601,521
Class G05	-	36,727
Class G09	-	809,145
Class G10	-	90,363
Class G11	-	161,397
Class G15	-	164
	28,590,834	5,184,050

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six-month periods ended June 30

(Unaudited)

	2016 \$	2015 \$
Net assets attributable to holders of redeemable units, beginning of period	182,416,492	214,268,054
Issue of redeemable units	8,497,775	7,969,990
Redemption of redeemable units	(15,745,710)	(23,917,367)
Increase in net assets attributable to holders of redeemable units	28,590,834	5,184,050
Net assets attributable to holders of redeemable units, end of period	203,759,391	203,504,727

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30

(Unaudited)

	2016 \$	2015 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Increase in net assets attributable to holders of redeemable units	28,590,834	5,184,050
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities		
Proceeds from sales of investments in bullion	10,261,056	19,246,145
Net realized gains on investments in bullion	(1,429,126)	(3,066,450)
Net unrealized gains on investments in bullion	(29,828,708)	(5,234,132)
Net changes in non-cash operating balances:		
Increase in due from broker	(481,088)	(597,999)
Decrease in due from manager	-	170,244
Increase/(decrease) in management fees payable	7,634	(33,602)
Increase/(decrease) in accounts payable and accrued liabilities	45,544	(88,965)
Net cash provided by operating activities	7,166,146	15,579,291
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	8,497,775	7,969,990
(Increase)/decrease in subscriptions receivable	(187,856)	220,832
Amounts paid on redemption of redeemable units	(15,745,710)	(23,917,367)
Increase in redemptions payable	220,222	16,377
Net cash used in financing activities	(7,215,569)	(15,710,168)
Net decrease in cash during the period	(49,423)	(130,877)
Cash, beginning of period	971,760	986,821
Cash, end of period	922,337	855,944

See accompanying notes.

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2016

(Unaudited)

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Gold Bullion	59,560.828	256.527	59,817.355	59,743,238	102,602,353	50.3
Platinum Bullion	19,782.502	152.658	19,935.160	29,570,508	25,864,377	12.7
Silver Bullion	3,105,489.522	17,887.417	3,123,376.939	51,089,915	74,474,286	36.5
Cash				921,672	922,337	0.5
Total Investment				141,325,333	203,863,353	100.0

The BMG Fund's assets are held pursuant to a custodial agreement with a major Canadian chartered bank (or subsidiary thereof) on an allocated, segregated basis.

The allocated bullion is recorded by refinery, exact weight in ounces and identification number.

The BMG Fund's bullion is free and clear of any lien or claim that the major Canadian chartered bank (or subsidiary thereof) may have, except where the claim arises from any unpaid costs.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. Formation of the Fund

BMG BullionFund (the "BMG Fund") was established under the laws of Ontario by a Master Declaration of Trust and a Regulation, each dated January 15, 2002, as amended. The address of the BMG Fund's registered office is: 280-60 Renfrew Drive, Markham, ON, L3R 0E1. Bullion Management Services Inc. (the "Manager") is the trustee and manager of the BMG Fund. The BMG Fund currently offers seven classes of units. These financial statements pertain to Class A, Class B2, Class B3, Class C1, Class C2, Class E15 and Class F.

The classes were first offered on the following dates:

Class A	March 5, 2002	Class C2	March 12, 2014
Class B2	February 24, 2014	Class E15	February 20, 2008
Class B3	November 11, 2013	Class F	September 15, 2004
Class C1	March 27, 2015		

Up to March 27, 2015, the BMG Fund also issued units for Class E09, Class E10, Class E11, Class E12, Class G01, Class G05, Class G09, Class G10, Class G11 and Class G15 (see Note 3, Reclassification of Certain Classes).

The BMG Fund is also authorized to issue Class G, Class I, Class S1 and Class S2 units, none of which are currently issued. All classes share the same attributes from a valuation perspective, except that they are subject to different management fee rates.

The BMG Fund invests in equal dollar proportions of unencumbered gold, silver and platinum bullion, with the objective of providing a secure, convenient, low-cost, medium-risk alternative for investors seeking to hold bullion for capital preservation, long-term appreciation, portfolio diversification and portfolio hedging purposes. The BMG Fund's fixed investment strategy avoids the need for a portfolio manager.

NOTES TO FINANCIAL STATEMENTS *(continued)*

(Unaudited)

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

Basis of Preparation

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The BMG Fund prepared these interim financial statements for the six-month period ended June 30, 2016 (and comparative results for the six-month period ended June 30, 2015) in accordance with International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*. These interim financial statements should be read in conjunction with the annual financial statements contained in the BMG Fund’s 2015 Annual Report.

The interim financial statements were authorized for issue by the Board of Directors on August 11, 2016.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, and are presented in Canadian dollars, which is the BMG Fund’s functional and presentation currency.

Financial Instruments

(a) Classification

The BMG Fund classifies its investments in bullion at fair value through profit or loss.

This category has two subcategories: financial assets or financial liabilities held for trading; and financial assets or financial liabilities designated at fair value through profit or loss at inception.

i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together, and for which there is evidence of a recent actual pattern of short-term profit taking.

ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the BMG Fund’s documented investment strategy.

The BMG Fund classifies financial assets and financial liabilities other than its investments in bullion into the following categories:

- Financial assets at amortized cost and designated as loans and receivables: Cash, due from broker and subscriptions receivable.
- Financial liabilities at amortized cost and designated as other financial liabilities: Accounts payable and accrued liabilities, redemptions payable, and management fees payable.

NOTES TO FINANCIAL STATEMENTS *(continued)*

(Unaudited)

(b) Recognition/derecognition

Purchases and sales of investments in bullion are recognized on the trade date, the date on which the BMG Fund commits to purchase or sell the investment. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities, cost is the fair value of the consideration received. Transaction costs for such instruments are recognized directly in the Statement of Comprehensive Income as incurred. Financial assets classified as loans and receivables are recognized on the day that they are transferred to the BMG Fund at fair value, plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired, or the BMG Fund has transferred substantially all risks and rewards of ownership.

Financial liabilities, other than those at fair value through profit or loss, are recognized initially at fair value plus transaction costs that are directly attributable to their acquisition or issue. Financial liabilities arising from the redeemable units issued by the BMG Fund are presented at the redemption amount representing the investors' right to a residual interest in the BMG Fund's assets. Financial liabilities are not recognized unless one of the parties has performed its obligation.

Realized gains and losses on investments in bullion are recognized in the Statement of Comprehensive Income. Costs of investments in bullion are determined on an average-cost basis.

(c) Subsequent measurement

Subsequent to initial recognition, the BMG Fund measures all financial instruments classified at fair value through profit or loss at fair value, with changes in the fair value recognized in the Statement of Comprehensive Income. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments traded in active markets is based on their quoted market prices at the close of trading on the reporting date. The fair value of financial instruments that are not traded in an active market is determined using a valuation technique, or sourced from a reputable broker/counterparty.

(d) Fair value measurement

Fair value is the price that would be received on the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the BMG Fund has access at that date.

When the London market is open for trading, gold, silver and platinum bullion are priced at fair value by using the London Bullion Market Association (LBMA) internationally recognized price benchmarks: the LBMA Gold Price PM, the LBMA Silver Price, and the LBMA Platinum Price PM. Gold and platinum have a price fix generally set twice daily, and identified by an AM or PM suffix. Silver has one price fix per day. COMEX closing prices will be used when the London market is not open.

Commencing in 2014, the operation and administration systems of the internationally recognized benchmarks for gold, silver and platinum were revised. The London Fix price for silver, platinum and gold formerly used to fair value bullion was replaced by the LBMA Silver Price, LBMA Platinum Price and LBMA Gold Price effective August 15, 2014, December 1, 2014 and March 20, 2015, respectively.

The difference between these official bullion prices and the average cost of the respective investments in bullion is shown as "Net unrealized gains/(losses) on investments in bullion." The market values of investments denominated in foreign currencies are translated into Canadian dollars at the rates of exchange applicable on the relevant valuation date.

NOTES TO FINANCIAL STATEMENTS *(continued)*

(Unaudited)

(e) Classification of fair value measurement

IFRS 13 requires the BMG Fund to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

Level 1	Unadjusted quoted prices in active markets
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices)
Level 3	Unobservable inputs

Fair value of investments in bullion is classified at Level 1 within the fair value hierarchy.

Income and Expense Recognition

The BMG Fund follows the daily accrual method of recording investment income and expenses. Expenses specifically related to each class of units of the BMG Fund are charged directly to that class of units. Income, expenses and realized and unrealized gains (losses) are allocated to each class of the BMG Fund based on that class's pro-rated share of the total net assets of the BMG Fund.

Foreign Currency Translation

The BMG Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates that transactions occur. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing on the measurement date. Foreign exchange gains and losses are presented in the statements of comprehensive income.

Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The BMG Fund assesses on each reporting date whether a financial asset or group of financial assets measured at amortized cost is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's amortized cost and the present value of estimated future cash flows discounted using the asset's original effective interest rate. Impairment losses on assets measured at amortized cost are reversed in subsequent periods if the amount of the loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized.

Calculation of Per-Unit Net Asset Value ("NAV") Attributable to Holders of Redeemable Units

The NAV of each class of units of the BMG Fund is calculated in Canadian dollars at 4:00 p.m. (EST) on each day that the Toronto Stock Exchange is open for trading.

The NAV per unit of each class of the BMG Fund that is used for subscriptions and redemptions is the same as the net assets attributable to holders of redeemable units per class that is disclosed in these financial statements.

A separate NAV is calculated for each class of units of the BMG Fund by taking that class's proportionate share of the BMG Fund's assets less that class's proportionate share of the BMG Fund's common liabilities, and deducting from this amount all liabilities that relate solely to that specific class. The NAV per unit for each class is determined by dividing the NAV of each class by the number of units of that class outstanding at the relevant valuation date.

Income Taxes

The BMG Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the BMG Fund's net income for tax purposes and sufficient capital gains realized in any period are required to be distributed to unitholders such that no tax is payable by the BMG Fund. As a result, the BMG Fund does not record income taxes. Since the BMG Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. Refer to Note 6 for unused losses.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

Increase (Decrease) in Per-Unit Net Assets Attributable to Holders of Redeemable Units

Any increase (decrease) in per-unit net assets attributable to holders of redeemable units represents the change in net assets attributable to holders of redeemable units of each class divided by the weighted average number of units of that class of the BMG Fund outstanding during the period (see Note 3).

Critical Estimates and Judgments

In the application of the BMG Fund's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience, and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Board of Directors considers the currency of the primary economic environment in which the BMG Fund operates to be the Canadian dollar, as this is the currency that, in their opinion, most faithfully represents the economic effects of underlying transactions, events and conditions. Furthermore, the Canadian dollar is the currency in which the BMG Fund measures its performance, and also issues and redeems its redeemable units.

New Standards, Interpretations and Amendments Not Yet Adopted

A number of new standards, amendments to standards, and interpretations have been issued but are not yet effective for the six months ended June 30, 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the BMG Fund, with the possible exception of IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9 was issued by the International Accounting Standards Board ("IASB") on October 28, 2010, and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach, and is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The BMG Fund is currently evaluating the impact of IFRS 9 on its financial statements.

3. Redeemable Units

Each unit of each class of the BMG Fund represents an interest in the assets of that class of the BMG Fund. All units of a class of the BMG Fund generally have the same rights and privileges. Each unit of each class of the BMG Fund is entitled to one vote at any meeting of unitholders of the BMG Fund. Each unit of each class of the BMG Fund is also entitled, subject to any management fee distributions, to participate equally in any distributions by the BMG Fund. Fractional units of a class of the BMG Fund are proportionately entitled to all the same rights as other units of that class of the BMG Fund, except that they are non-voting. All units of each class of the BMG Fund are fully paid when issued, and are generally not transferable. Units of each class of the BMG Fund are redeemable at the option of the unitholder owning such units. The number of units of the BMG Fund that may be issued is unlimited. The units of each class of the BMG Fund are issued and redeemed at the NAV per unit of that class of the BMG Fund. There are no differences between the NAV per unit of each class of the BMG Fund and the Net Assets Attributable to Holders of the Redeemable Units per unit of each class of the BMG Fund.

Unitholder transactions during the six-month periods ended June 30:

	Class A		Class B2	
	2016	2015	2016	2015
Balance - beginning of period	17,188,905	19,394,233	77,500	42,407
Issued	557,480	510,195	22,734	-
Redeemed	(1,352,204)	(2,047,677)	(1,318)	(25)
Reclassified in/(out)	-	642,936	-	-
Balance - end of period	16,394,181	18,499,687	98,916	42,382
Average units outstanding	16,800,025	19,044,123	84,050	42,403

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)	Class B3		Class C1	
	2016	2015	2016	2015
Balance - beginning of period	93,156	50,000	141,903	-
Issued	2,201	-	10,434	-
Redeemed	-	(450)	(1,375)	(169)
Reclassified in/(out)	-	43,606	-	324,745
Balance - end of period	95,357	93,156	150,962	324,576
Average units outstanding	94,365	73,011	150,137	324,670

	Class C2		Class E09	
	2016	2015	2016	2015
Balance - beginning of period	569,627	57,063	-	11,601
Issued	18,420	9,714	-	-
Redeemed	(6,120)	(6,388)	-	-
Reclassified in/(out)	-	534,924	-	(11,601)
Balance - end of period	581,927	595,313	-	-
Average units outstanding	579,460	342,024	-	11,601

	Class E10		Class E11	
	2016	2015	2016	2015
Balance - beginning of period	-	27,014	-	267,120
Issued	-	-	-	-
Redeemed	-	(313)	-	-
Reclassified in/(out)	-	(26,701)	-	(267,120)
Balance - end of period	-	-	-	-
Average units outstanding	-	26,737	-	267,120

	Class E12		Class E15	
	2016	2015	2016	2015
Balance - beginning of period	-	247,373	102,822	136,821
Issued	-	-	-	-
Redeemed	-	(1,000)	(24,429)	(18,669)
Reclassified in/(out)	-	(246,373)	-	-
Balance - end of period	-	-	78,393	118,152
Average units outstanding	-	247,021	87,535	132,845

	Class F		Class G01	
	2016	2015	2016	2015
Balance - beginning of period	2,583,455	1,840,183	-	719,021
Issued	261,058	270,390	-	636
Redeemed	(256,525)	(336,528)	-	(85,031)
Reclassified in/(out)	-	917,943	-	(634,626)
Balance - end of period	2,587,988	2,691,988	-	-
Average units outstanding	2,547,065	2,273,920	-	681,617

	Class G05		Class G09	
	2016	2015	2016	2015
Balance - beginning of period	-	40,983	-	896,512
Issued	-	-	-	22,392
Redeemed	-	-	-	(6,141)
Reclassified in/(out)	-	(40,983)	-	(912,763)
Balance - end of period	-	-	-	-
Average units outstanding	-	40,983	-	905,217

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

	Class G10		Class G11	
	2016	2015	2016	2015
Balance - beginning of period	-	99,897	-	175,000
Issued	-	-	-	-
Redeemed	-	-	-	-
Reclassified in/(out)	-	(99,897)	-	(175,000)
Balance - end of period	-	-	-	-
Average units outstanding	-	99,897	-	175,000

	Class G15	
	2016	2015
Balance - beginning of period	-	1,000
Issued	-	-
Redeemed	-	(1,000)
Reclassified in/(out)	-	-
Balance - end of period	-	-
Average units outstanding	-	1,000

Total Net Assets Attributable to Holders of Redeemable Units per Class and per Unit
For the six-month period ended June 30, 2016

	Net assets attributable to holders of redeemable units, beginning of period	Subscriptions	Redemptions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period	Net assets attributable to holders of redeemable units per unit	Increase in net assets attributable to holders of redeemable units per unit
	\$	\$	\$	\$	\$	\$	\$
Class A	148,499,609	5,233,613	(12,689,620)	22,997,408	164,041,010	10.01	1.37
Class B2	648,868	204,975	(11,713)	121,398	963,528	9.74	1.44
Class B3	856,156	22,000	-	143,093	1,021,249	10.71	1.52
Class C1	1,295,071	100,000	(13,141)	225,647	1,607,577	10.65	1.50
Class C2	4,811,589	163,631	(55,338)	816,724	5,736,606	9.86	1.41
Class E15	1,076,115	-	(278,999)	162,306	959,422	12.24	1.85
Class F	25,229,084	2,773,556	(2,696,899)	4,124,258	29,429,999	11.37	1.62
Total	182,416,492	8,497,775	(15,745,710)	28,590,834	203,759,391	N/A	N/A

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

For the six-month period ended June 30, 2015

	Net assets attributable to holders of redeemable units, beginning of period	Subscriptions	Redemptions	Reclassified in/(out)	Increase/ (decrease) in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period	Net assets attributable to holders of redeemable units per unit	Increase/ (decrease) in net assets attributable to holders of redeemable units per unit
	\$	\$	\$	\$	\$	\$	\$	\$
Class A	170,302,667	4,818,851	(19,182,081)	6,151,817	3,577,754	165,669,008	8.96	0.19
Class B2	357,616	-	(221)	-	8,696	366,091	8.64	0.21
Class B3	461,695	1	(4,386)	439,874	(14,999)	882,185	9.47	(0.21)
Class C1	-	5	(1,621)	3,247,448	(197,404)	3,048,428	9.39	(0.61)
Class C2	482,689	86,709	(56,718)	4,947,567	(286,816)	5,173,431	8.69	(0.84)
Class E09	113,925	-	-	(124,450)	10,525	-	-	0.91
Class E10	267,286	-	(3,250)	(288,697)	24,661	-	-	0.92
Class E11	2,683,017	-	-	(2,932,365)	249,348	-	-	0.93
Class E12	1,850,732	-	(8,075)	(2,015,202)	172,545	-	-	0.70
Class E15	1,427,974	-	(205,370)	-	46,814	1,269,418	10.74	0.35
Class F	18,065,378	2,822,224	(3,528,684)	9,843,639	(106,391)	27,096,166	10.07	(0.05)
Class G01	6,395,917	6,327	(851,948)	(6,151,817)	601,521	-	-	0.88
Class G05	403,147	-	-	(439,874)	36,727	-	-	0.90
Class G09	8,738,285	235,873	(64,114)	(9,719,189)	809,145	-	-	0.89
Class G10	973,866	-	-	(1,064,229)	90,363	-	-	0.90
Class G11	1,733,125	-	-	(1,894,522)	161,397	-	-	0.92
Class G15	10,735	-	(10,899)	-	164	-	-	0.16
Total	214,268,054	7,969,990	(23,917,367)	-	5,184,050	203,504,727	N/A	N/A

Reclassification of Certain Classes

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

Classes reclassified	Total units of the classes reclassified	Value of the units reclassified	Classes reclassified into	New units issued of the classes reclassified into	Value of new units issued
Class E09	11,601	\$ 124,450	Class F	11,605	\$ 124,450
Class E10	26,701	\$ 288,697	Class C1	28,870	\$ 288,697
Class E11	267,120	\$ 2,932,365	Class C2	317,042	\$ 2,932,365
Class E12	246,373	\$ 2,015,202	Class C2	217,882	\$ 2,015,202
Class G01	634,626	\$ 6,151,817	Class A	642,936	\$ 6,151,817
Class G05	40,983	\$ 439,874	Class B3	43,606	\$ 439,874
Class G09	912,763	\$ 9,719,189	Class F	906,338	\$ 9,719,189
Class G10	99,897	\$ 1,064,229	Class C1	106,423	\$ 1,064,229
Class G11	175,000	\$ 1,894,522	Class C1	189,452	\$ 1,894,522
Total		\$ 24,630,345	Total		\$ 24,630,345

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

4. Related-Party Transactions

Management Fees

The Manager is responsible for the day-to-day activities of the BMG Fund, providing or arranging for all required administrative services, and arranging for the distribution of units of the BMG Fund. For these services, the BMG Fund pays the Manager an annual management fee as defined by the rates set out below. The fees are payable monthly in arrears based on the average daily net assets of the BMG Fund.

Class A	2.25%	Class C2	0.87%
Class B2	1.49%	Class E15	0.50%
Class B3	1.25%	Class F	1.25%
Class C1	1.00%		

For the six months ended June 30, 2016, the BMG Fund incurred management fees of \$1,966,825 [2015: \$2,248,251].

For the six months ended June 30, 2016, the Manager absorbed the BMG Fund operating expenses of \$Nil [2015: \$17,673]. The decision to reduce the BMG Fund operating expenses is made at the discretion of the Manager, and may be changed at any time.

Holdings of Related Party

The Manager held units in the following Class as at June 30:

	2016	2015
Class A	1	1

5. Sales Commission

A sales commission may be charged by a registered dealer or representative at the time an investor buys Class A units, Class B units, Class E units, Class G units or Class S units of the BMG Fund. The maximum amount of the sales commission for Classes A, B, E and G is 5.26% of the net amount invested. The sales commission is only negotiable for Classes A, B, E and G. No sales commission is currently charged for the other classes of units of the BMG Fund.

The Manager paid trailer fees to dealers of \$771,758 during the first six months of 2016 [2015: \$887,633].

6. Income Tax Loss Carryforwards

The BMG Fund has non-capital loss carryforwards of approximately \$38,435,000 [2015: \$36,589,000] available to offset future years' taxable income.

Non-capital losses expire in the taxation year ending December 31:

Year	\$	Year	\$
2026	888,000	2032	6,218,000
2027	3,432,000	2033	3,212,000
2028	5,027,000	2034	3,288,000
2029	2,727,000	2035	3,147,000
2030	3,094,000	2036	1,846,000
2031	5,556,000		

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

7. Financial Risk Management

The BMG Fund's financial instruments consist primarily of cash, subscriptions receivable, due from broker, investments in bullion, management fees payable, redemptions payable and accounts payable and accrued liabilities. The BMG Fund's cash and bullion holdings are exposed to various types of risk, including market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks and related risk-management practices employed by the BMG Fund are described below.

Market Risk

Market risk is the risk that the fair value or future cash flows of investments in bullion will fluctuate because of changes in market prices or transaction timing. The market price of gold, silver and platinum is affected by a variety of factors, including demand, supply, international events and economic events. The BMG Fund employs a purchase-and-hold investment strategy, with purchases allocated one-third to each of gold, silver and platinum bullion. Since the BMG Fund does not lease bullion, the only future cash flows will be from dispositions of bullion. Dispositions of bullion will be necessary to pay redemptions when cash reserves are not adequate.

As at June 30, 2016, the effect on the BMG Fund's net assets if there were a 5% increase, or decrease, in the price of gold, silver and platinum bullion, with all other variables held constant, would be an increase, or decrease, of \$10,147,051 [December 31, 2015: \$9,097,212] or 5% [December 31, 2015: 5%].

The actual results will vary depending upon the quantity of bullion held and other factors, and the difference may be material.

Credit Risk

As at June 30, 2016, the BMG Fund had no investments in debt instruments and/or derivatives. The BMG Fund limits its exposure to credit loss by placing its cash in high-credit-quality issuers. Dispositions of bullion, if any, are with a major Canadian chartered bank (or subsidiary thereof) that is a recognized dealer in bullion. The BMG Fund may have credit exposure to the Canadian chartered bank (or subsidiary thereof) to the extent of any unsettled trades.

Liquidity Risk

The BMG Fund is exposed to daily cash redemptions of redeemable units. The BMG Fund aims to retain sufficient cash positions to maintain liquidity. In addition, bullion is readily realizable and liquid. Therefore, the BMG Fund's liquidity risk is minimal. All liabilities are payable within a year. Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for longer periods. The tables below analyze the BMG Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows.

June 30, 2016

Financial liabilities	On demand	< 3 Months	Total
Management fees payable	\$ -	\$ 354,048	\$ 354,048
Redemptions payable	-	565,715	565,715
Accounts payable and accrued liabilities	-	199,900	199,900
Redeemable units	203,759,391	-	203,759,391

December 31, 2015

Financial liabilities	On demand	< 3 Months	Total
Management fees payable	\$ -	\$ 346,414	\$ 346,414
Redemptions payable	-	345,493	345,493
Accounts payable and accrued liabilities	-	154,356	154,356
Redeemable units	182,416,492	-	182,416,492

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

Interest Rate Risk

The majority of the BMG Fund's financial assets and liabilities were non-interest-bearing as at June 30, 2016 and December 31, 2015. Accordingly, the BMG Fund is not directly exposed to significant risk due to fluctuations in the prevailing levels of market interest rates.

Currency Risk

Bullion is generally quoted and traded in US dollars and, as a result, the BMG Fund is subject to foreign currency risk. The BMG Fund does not hedge its foreign currency exposure.

The BMG Fund holds cash in Canadian and US dollars to pay redemptions and operating costs. The Manager monitors the cash balance of the BMG Fund on a daily basis, and only purchases bullion when surplus cash is available. Normally the cash balance is less than 5% of the assets of the BMG Fund.

As at June 30, 2016, 99.7% [December 31, 2015: 99.7%] of the BMG Fund's net assets were exposed to US dollars. If the exchange rate with the Canadian dollar increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$2,031,591 [December 31, 2015: \$1,818,948].

Actual results may differ from this sensitivity analysis and the difference could be material, because the price of bullion tends to be negatively correlated with the US dollar.

Foreign Currency Exposure

June 30, 2016

Description	US \$	Canada \$	Total \$
Cash	241,209	681,128	922,337
Investments in bullion	202,941,016	-	202,941,016
Other Net Assets	(23,132)	(80,830)	(103,962)
Net Assets	203,159,093	600,298	203,759,391
Percent	99.7%	0.3%	100.0%

December 31, 2015

Description	US \$	Canada \$	Total \$
Cash	135,221	836,539	971,760
Investments in bullion	181,944,238	-	181,944,238
Other Net Assets	(184,658)	(314,848)	(499,506)
Net Assets	181,894,801	521,691	182,416,492
Percent	99.7%	0.3%	100.0%

NOTES TO FINANCIAL STATEMENTS *(continued)*

(Unaudited)

8. Capital Management

Redeemable units issued and outstanding are considered to be the capital of the BMG Fund. The BMG Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders are entitled to require payment of the net asset value per unit of the BMG Fund for all or any of the units of such unitholder by giving written notice to the Manager. The written notice must be received no later than 4:00 p.m. EST on the valuation day upon which the units are to be redeemed. Additionally, the notice must be irrevocable, and the signature thereon must be guaranteed by a Canadian chartered bank, a trust company or an investment dealer acceptable to the Manager. The units are redeemable for cash equal to a pro rata share of the BMG Fund's net asset value.

9. Fair Value Measurement

All fair value measurements above are recurring. The carrying values of cash, due from broker, subscriptions receivable, accounts payable and accrued liabilities, redemptions payable, management fees payable and the BMG Fund's obligation for net assets attributable to holders of redeemable units approximate their fair values because of their short-term nature. Fair values are classified as Level 1 when the related investment is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are classified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

There were no transfers between levels for the six months ended June 30, 2016 and 2015. In addition, there were no investments or transactions classified in Level 3 for the six months ended June 30, 2016 and 2015.



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