

BMG Silver BullionFund

Semi-Annual Management Report of Fund Performance (Amended)

For the six-month period ended June 30, 2018



BMG
MANAGEMENT
SERVICES INC.
A BMG Company

Caution regarding forward-looking statements

Certain portions of this Semi-Annual Management Report of Fund Performance, including, but not limited to, “Recent Developments”, may contain forward-looking statements about the BMG Silver 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 Semi-Annual Management Report of Fund Performance.

This Semi-Annual Management Report of Fund Performance contains financial highlights, but does not contain either the semi-annual or annual financial statements of the BMG Fund. If you have not received a copy of the BMG Fund’s semi-annual or annual financial statements, you may request a copy of such financial 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.bmg-group.com or SEDAR at www.sedar.com.

MANAGEMENT REPORT OF FUND PERFORMANCE

Investment Objective and Strategies

BMG Silver BullionFund (the “BMG Fund”) invests in unencumbered, fully allocated physical silver that is held by The Bank of Nova Scotia. The BMG Fund’s objective is to provide a secure and convenient method for investors seeking to hold silver 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).

The economic factors that determine the price of silver are, 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 silver bullion. The BMG Fund will not invest in foreign securities, and it does not hedge its holdings. The value of the BMG Fund, therefore, is purely a function of the spot price of silver bullion. The BMG Fund’s objectives and strategies did not change in the first six months of 2018.

Risk

The risks associated with investing in the BMG Fund remain as stated in the simplified prospectus dated November 23, 2017. The principal risk associated with investing in the BMG Fund is the fluctuating price of silver, 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 the first six months of 2018.

Results of Operations

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

During the first six months of 2018, the net asset value (“NAV”) of the BMG Fund decreased 13.7% from \$5.9 million at December 31, 2017 to \$5.1 million at June 30, 2018. The decrease was primarily driven by \$0.7 million in net redemptions. As at June 30, 2018, the BMG Fund’s silver holdings were 237,168 ounces, compared to 279,078 ounces at December 31, 2017.

For the six months ended June 30, 2018, the NAV per unit of the BMG Fund’s Class A units declined by 2.0% in Canadian dollars, and by 6.6% in US dollars, while the NAV per unit of the BMG Fund’s Class F units declined by 1.5% in Canadian dollars, and by 6.2% in US dollars. The lower performance in US dollars is due to the US dollar appreciation of 4.8% against the Canadian dollar in the first six months of 2018.

Daily average net assets increased by 12.2%, from \$5.0 million during the first six months of 2017 to \$5.6 million for the same period in 2018. 2017 was the first full year of operations for the BMG Fund with net subscriptions throughout the year, resulting in higher average net assets in the first half of 2018. For the first six months of 2018, total expenses increased by 9.3% compared with the same period in 2017. This increase is less than the growth in daily average net assets as certain operating expenses are fixed.

Silver started the year at US\$16.87 per ounce, reached a high of US\$17.52 in January, and closed at US\$16.03 on June 30, 2018, a 5.0% decrease from the prior year end. In Canadian dollars, the silver price experienced a 0.2% decrease over the same period.

MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

Recent Developments

Trade tensions that were simmering since the start of the year boiled over by the end of June with the US initiating tariffs on steel and aluminum during the first quarter. Trading partners, including Canada, Mexico, China and the European Union, have instituted retaliatory tariffs on the US in response, and it would seem that we are at the beginning of a global trade war. Canada would be deeply affected if the US were to impose tariffs on the auto industry as threatened. A renegotiated NAFTA agreement, which seemed to be within reach earlier in the year, is now in limbo. With up to US\$500 billion in tariffs threatened against China, it appears that this will be a protracted trade war, likely leading to lower global growth with the potential of the global economy slipping into another recession. The Chinese economy, which is a key driver of global growth, is already experiencing the impact of the trade dispute. Political tensions with certain regimes such as North Korea have waned, but global trade disputes are now leading to new or heightened geopolitical tensions, as seen at the G7 meeting held in June.

Inflation has been rising in Canada and many other economies, including the US, China and India. The US Federal Reserve continues to raise interest rates as it seeks to gradually revert to a more normalized interest rate environment, given the strong economy, job creation and rising inflation. Other central banks, including Canada's, have also raised interest rates. The European Central Bank has diverged from this trend by announcing that it will maintain its policy rates until the summer of 2019 and stop its asset purchases by the end of 2018. Higher tariffs increase the risk that inflation will continue to rise, leading to even higher short-term interest rates. There is a flattening of the US yield curve, and we may be on the cusp of seeing an inverted yield curve. The enormous global debt levels, which grew by US\$8 trillion in the first quarter of 2018, along with high asset values, have the potential to trigger another financial crisis. Central bankers will be faced with the tough dilemma of rising inflation and slowing growth.

The US dollar has been strengthening, but how much longer it continues to do so depends on the effect of the trade war. Bullion, which is priced in US dollars and tends to be negatively correlated to the US dollar, has been moving lower. However, the aforementioned heightened risks to the global economy are a stark reminder as to the importance of a diversified portfolio that includes bullion.

Amendment to Semi-Annual Financial Statements -Income taxes

As at June 30, 2018, the BMG Fund had no non-capital losses available to offset future years' taxable income. This differs from what was previously reported.

For tax purposes, the BMG Fund generally treats gains from the disposition of bullion as capital gains, rather than income, as it intends to be a long-term passive holder of bullion, and it generally disposes of its holdings in bullion only for the purposes of meeting redemptions or to fund the payment of expenses incurred by the BMG Fund. The Canada Revenue Agency has, however, expressed the opinion, that gains or losses of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. The Canada Revenue Agency may assert that its position applies to BMG Fund's transactions in respect of bullion.

The BMG Fund has capital loss carryforwards of approximately \$156,000 available to offset future years' capital gains.

MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

Related-Party Transactions

Manager and Trustee

BMG 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 June 30, 2018, the Manager held 7,817 Class D units and 5,000 Class F units 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 six months ended June 30, 2018, the BMG Fund incurred management fees of \$57,917.

Distributor

BMG 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.

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 2017 is available at www.bmg-group.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 past six months ended June 30, 2018, and 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	2018	2017	2016*
Net assets - beginning of period⁽¹⁾	\$ 7.80	\$ 8.37	\$ 10.00
Decrease from operations:			
Total revenue	-	0.01	-
Total expenses (excluding distributions)	(0.13)	(0.25)	(0.07)
Realized losses for the period	(0.17)	0.06	-
Unrealized gains (losses) for the period	0.14	(0.58)	(1.38)
Total decrease from operations⁽²⁾	(0.16)	(0.88)	(1.45)
Distributions:			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions⁽³⁾	-	-	-
Net assets - end of period	\$ 7.65	\$ 7.80	\$ 8.37
RATIOS AND SUPPLEMENTAL DATA:			
Total net asset value (000's) ⁽¹⁾	\$ 4,359	\$ 4,884	\$ 1,750
Number of units outstanding ⁽¹⁾	570,017	625,973	209,162
Management expense ratio (%) ⁽²⁾	3.25	3.06	3.06
Management expense ratio before waivers or absorption (%)	5.50	5.00	15.27
Trading expense ratio (%) ⁽³⁾	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	7.27	8.00	-
Net asset value per unit	\$ 7.65	\$ 7.80	\$ 8.37

*Data is from September 26, 2016, the date the Class A units were first offered, to December 31, 2016. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

THE FUND'S NET ASSETS PER CLASS D UNIT	2018*
Net assets - beginning of period⁽¹⁾	\$ 10.00
Decrease from operations:	
Total revenue	-
Total expenses (excluding distributions)	(0.11)
Realized losses for the period	(0.23)
Unrealized gains for the period	0.29
Total decrease from operations⁽²⁾	(0.05)
Distributions:	
From net investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions⁽³⁾	-
Net assets - end of period	\$ 9.80
RATIOS AND SUPPLEMENTAL DATA:	
Total net asset value (000's) ⁽¹⁾	\$ 247
Number of units outstanding ⁽¹⁾	25,228
Management expense ratio (%) ⁽²⁾	2.49
Management expense ratio before waivers or absorption (%)	5.19
Trading expense ratio (%) ⁽³⁾	-
Portfolio turnover rate (%) ⁽⁴⁾	7.27
Net asset value per unit	\$ 9.80

*Data is from January 16, 2018, the date the Class D units were first offered, to June 30, 2018. 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	2018	2017	2016*
Net assets - beginning of period ⁽¹⁾	\$ 7.91	\$ 8.40	\$ 10.00
Decrease from operations:			
Total revenue	-	0.01	-
Total expenses (excluding distributions)	(0.08)	(0.17)	(0.05)
Realized losses for the period	(0.18)	(0.06)	-
Unrealized gains (losses) for the period	0.17	(0.47)	(1.64)
Total decrease from operations⁽²⁾	(0.09)	(0.69)	(1.69)
Distributions:			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions⁽³⁾	-	-	-
Net assets – end of period	\$ 7.79	\$ 7.91	\$ 8.40
RATIOS AND SUPPLEMENTAL DATA:			
Total net asset value (000's) ⁽¹⁾	\$ 524	\$ 633	\$ 223
Number of units outstanding ⁽¹⁾	67,197	80,065	26,521
Management expense ratio (%) ⁽²⁾	2.15	2.02	2.02
Management expense ratio before waivers or absorption (%)	4.55	4.09	21.15
Trading expense ratio (%) ⁽³⁾	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	7.27	8.00	-
Net asset value per unit	\$ 7.79	\$ 7.91	\$ 8.40

*Data is from September 26, 2016, the date the Class F units were first offered, to December 31, 2016. 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 a particular class was first offered to the end of the period. 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 silver bullion investments are traded. A portfolio turnover rate of 100% is equivalent to the BMG Fund buying and selling all its silver 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.

FINANCIAL HIGHLIGHTS (continued)

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 F units of the BMG Fund. The table below outlines the BMG Fund's annual management fees for Class A, Class D and Class F units, and how those fees are split between trailer fees and portfolio administration.

	Class A	Class D	Class F
Management Fee	2.25%	1.50%	1.25%
Portfolio Administration Fee	55.6%	83.3%	100%
Trailer Fee (maximum rate as a percentage of management fees)	44.4%	16.7%	0%

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of \$23,940 during the six months ended June 30, 2018.

Operating Expenses

For the six months ended June 30, 2018, the Manager absorbed BMG Fund operating expenses of \$62,625. The decision to reduce operating expenses is made at the discretion of the Manager, and may be changed at any time.

PAST PERFORMANCE

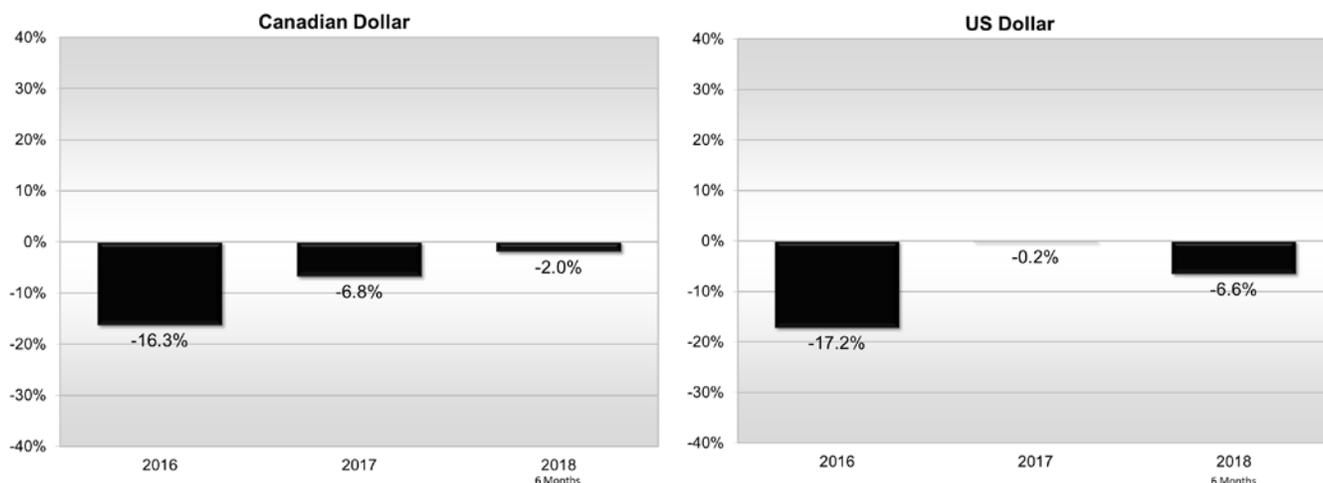
The following information does not take into account sales or redemption charges that would have reduced returns. Past performance does not necessarily indicate how the BMG Fund will perform in the future.

Class D units have been offered for less than 12 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 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.

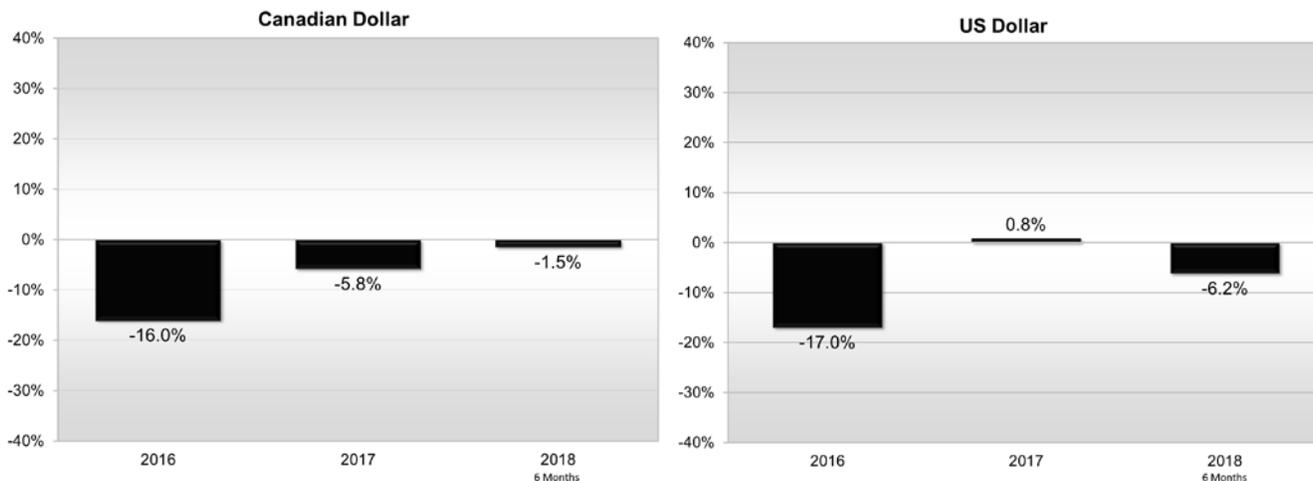
Class A



The return shown for 2016 is for the period from September 26, 2016, the date the Class A units were first offered.

PAST PERFORMANCE (continued)

Class F



The return shown for 2016 is for the period from September 26, 2016, the date the Class F units were first offered.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2018

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Silver Bullion	235,464.130	1,704.039	237,168.169	5,442,629	5,001,060	99.0
Cash				52,956	52,749	1.0
Total Investment				5,495,585	5,053,809	100.0

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.bmg-group.com.



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

The forward-looking information, opinions, estimates and projections contained herein are solely those of BMG Management Services Inc. ("BMS"), a BMG company, and are subject to change without notice. BMS makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, BMS assumes no responsibility for any losses or damages, whether direct or indirect, that arise out of the use of this information. BMS is the investment manager of BMG BullionFund™, BMG Gold BullionFund™ and BMG Silver BullionFund™ (collectively, "BMG Funds"). The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Commissions, trailing commissions, management fees and expenses may all be associated with an investment in BMG Funds™. Please read the prospectus before investing. BMG BullionFund™, BMG Gold BullionFund™ and BMG Silver BullionFund™ are not guaranteed, their units fluctuate in value and past performance may not be repeated.