

BMG Gold BullionFund

Annual Management Report of Fund Performance (Amended)

For the year ended December 31, 2017



BMG
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 Gold 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 annual financial statements of the BMG Fund. If you did not receive a copy of the BMG Fund’s annual or interim 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 Gold Bullion Fund (the “BMG Fund”) invests in unencumbered, fully allocated physical gold that is held by the Bank of Nova Scotia. The BMG Fund’s objective is to provide a secure, convenient method for investors seeking to hold gold 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 gold 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 gold 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 gold bullion. The BMG Fund’s objectives and strategies did not change in 2017.

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 gold, 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. The BMG Fund’s risk rating was changed in 2017 from medium to medium-high risk as a result of compliance with the Canadian Securities Administrators' updated Risk Classification Methodology mandated effective September 1, 2017.

Results of Operations

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

In 2017, the net asset value (“NAV”) of the BMG Fund decreased 15.8%, from \$108.9 million at December 31, 2016 to \$91.7 million at December 31, 2017. The decrease was primarily driven by \$19.2 million in net redemptions and \$2.9 million in total expenses, offset by \$4.8 million realized and unrealized gains on investments. As at December 31, 2017, the BMG Fund’s gold holdings were 56,182 ounces, compared to 69,923 ounces at December 31, 2016.

For the year ended December 31, 2017, the NAV per unit of the BMG Fund’s Class A units increased by 1.2% in Canadian dollars, and by 8.3% in US dollars, while the NAV per unit of the BMG Fund’s Class F units increased by 2.4% in Canadian dollars, and by 9.6% in US dollars.

Gold’s 2016 year-end price was US\$1,159.10. During 2017, the gold price increased by 16.1% to reach a high of US\$1,346.25 per ounce in September. The price declined thereafter and closed at US\$1,269.50 on December 31.

Daily average net assets decreased by 11.9% from \$119.7 million in 2016 to \$105.4 million in 2017. The decrease was primarily driven by net redemptions, offset by the performance of gold bullion. Total expenses decreased by 10.8% from 2016, because of the decrease in average net assets.

MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

Recent Developments

The International Monetary Fund is currently estimating the global growth rate for 2017 at 3.7%, improving to 3.9% in 2018. This improved outlook is driven by the massive US tax overhaul, which occurred at the end of 2017, and a pickup in growth in Europe and Asia. It has been a decade since the recession of 2007-2008, a decade marked by expansionary monetary policy resulting in historically ultra-low interest rates and bloated central bank balance sheets that ballooned through quantitative easing. The US Federal Reserve commenced the process of unwinding its balance sheet in October 2017 with an announced US\$50 billion per month of tapering. At the same time, central banks are increasing interest rates. Of the G7 countries, central banks in the US, the UK and Canada raised interest rates during 2017.

As a result, the global financial system is experiencing a condition not seen since 1929: A simultaneous triple bubble in stocks, bonds and real estate sitting on a historically unprecedented pile of US\$270 trillion of government debt, subprime auto debt, student loan debt, margin debt and consumer debt, in addition to a mountain of over US\$542 trillion of derivatives. Reduction of central bank balance sheets, rising interest rates and potentially inflation, along with asset bubbles, mean all the right conditions are in place for a financial market correction. This will be a correction where central bankers are left in a precarious position with few policy tools to orchestrate a soft landing amid the buildup of debt.

Additionally, geopolitical issues, such as the renegotiation of NAFTA, protectionist trade policies in the US and heightened tension between the US and North Korea, remain in focus.

Each of the above factors will have a significant impact on the price of gold during 2018 and beyond.

Gold

The price of gold ended the year at US\$1,296.50, an increase of 11.9% from the prior year's close. In Canadian dollars, it increased by 4.5% over the same period, as the Canadian dollar strengthened against the US dollar.

What could potentially be one of the most important influences on the price of gold in 2018 and beyond is the announcement, made in 2017, that China will establish a gold-backed petro yuan. This will allow oil producers to sell oil to China in yuan, and then exchange yuan into gold via the Shanghai Gold Exchange. This will be in direct competition to the US petrodollar, as China is the world's biggest oil importer. Russia, Iran and Venezuela have already agreed to participate, and the world could gradually see over five million barrels per day traded not in US dollars, but in Chinese yuan. Pricing oil in yuan could have a huge impact on the exchange value of the yuan, the US dollar and, correspondingly, the price of gold, if all of China's oil imports are settled with the gold-backed petro yuan.

Another significant change is the growing importance of the Shanghai Gold Exchange, as contracts on the new exchange will be physically settled and traded between bullion banks, refiners, producers and trading houses. The Shanghai Gold Exchange is a physical spot-price exchange that requires the seller to actually own the physical gold that they are selling. Physical delivery is the norm, not the exception. The naked shorting of futures contracts, prevalent on the COMEX, is not allowed.

In November 2017, China, India, Russia, Brazil and South Africa, the major producers and users of gold, agreed to establish their own gold trading system using their own currencies, thereby by-passing the US dollar. Implementation will begin in 2018.

Global central bank holdings of gold increased again in 2017 by about 384 tonnes. Russia and Turkey accounted for the majority of the increase. Russia's latest reported holdings climbed in 2017 by 213.3 tonnes, or 13%, to 1,828.6 tonnes. After two years of reductions, Turkey added 148.7 tonnes, or 39%, to its central bank reserves, increasing them to 525.8 tonnes. Chinese central bank holdings remain officially unchanged at 1,842 tonnes. However, China's true holdings are unknown, as it acquires gold through its sovereign wealth fund, which does not report its holdings.

Gold supply has begun to fall as miners, faced with lower metals prices over the last several years, increasing production costs and tougher regulations, have been closing mines and reducing capital and exploration budgets. This is expected to lead to reserve and supply shortages in the coming years, as the timeline for a mine to become operational from the start of exploration is quite lengthy. As a result, the primary adjusting factor for increased demand is an adjustment in price.

MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

Amendment to Annual Financial Statements -Income taxes

As at December 31, 2017, the BMG Fund had no capital or 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.

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 December 31, 2017, the Manager held 23,942 Class A 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 year ended December 31, 2017, the BMG Fund incurred management fees of \$2,151,978.

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 (the "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 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	2017	2016	2015	2014	2013
Net assets - beginning of year ⁽¹⁾	\$ 4.85	\$ 4.75	\$ 4.61	\$ 4.38	\$ 5.87
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.15)	(0.16)	(0.15)	(0.14)	(0.15)
Realized gains (losses) for the period	0.15	0.06	0.02	(0.01)	0.02
Unrealized gains (losses) for the period	0.08	0.21	0.26	0.40	(1.36)
Total increase (decrease) from operations⁽²⁾	0.08	0.11	0.13	0.25	(1.49)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net assets at December 31 of year shown	\$ 4.91	\$ 4.85	\$ 4.75	\$ 4.61	\$ 4.38
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 71,760	\$ 88,712	\$ 88,683	\$ 87,596	\$ 92,289
Number of units outstanding ⁽¹⁾	14,617,973	18,284,540	18,673,326	18,990,314	21,089,045
Management expense ratio (%) ⁽²⁾	3.02	2.97	3.05	3.06	3.06
Management expense ratio before waivers or absorption (%)	3.02	2.97	3.05	3.17	3.07
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	5.54	10.48	2.80	1.62	7.20
Net asset value per unit	\$ 4.91	\$ 4.85	\$ 4.75	\$ 4.61	\$ 4.38

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

THE FUND'S NET ASSETS PER CLASS B3 UNIT	2017	2016	2015*
Net assets - beginning of year ⁽¹⁾	\$ 10.01	\$ 9.68	\$ 10.00
Increase (decrease) from operations:			
Total revenue	-	-	-
Total expenses (excluding distributions)	(0.19)	(0.18)	(0.12)
Realized gains for the period	0.32	0.15	0.02
Unrealized gains (losses) for the period	0.11	(1.13)	0.16
Total increase (decrease) from operations⁽²⁾	0.24	(1.16)	0.06
Distributions:			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total annual distributions⁽³⁾	-	-	-
Net assets at December 31 of year shown	\$ 10.25	\$ 10.01	\$ 9.68
RATIOS AND SUPPLEMENTAL DATA:			
Total net asset value (000's) ⁽¹⁾	\$ 585	\$ 571	\$ 122
Number of units outstanding ⁽¹⁾	57,102	57,102	12,590
Management expense ratio (%) ⁽²⁾	1.80	1.68	1.77
Management expense ratio before waivers or absorption (%)	1.80	1.68	1.77
Trading expense ratio (%) ⁽³⁾	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	5.54	10.48	2.80
Net asset value per unit	\$ 10.25	\$ 10.01	\$ 9.68

*Data is from March 27, 2015, the date the Class B3 units were first offered, to December 31, 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 C3 UNIT	2017	2016	2015	2014*
Net assets - beginning of year ⁽¹⁾	\$ 9.81	\$ 9.44	\$ 9.02	\$ 10.00
Increase (decrease) from operations:				
Total revenue	-	-	-	-
Total expenses (excluding distributions)	(0.14)	(0.14)	(0.13)	(0.11)
Realized gains (losses) for the period	0.31	0.11	0.03	(0.03)
Unrealized gains (losses) for the period	0.18	0.96	0.58	(0.45)
Total increase (decrease) from operations⁽²⁾	0.35	0.93	0.48	(0.59)
Distributions:				
From net investment income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-
Net assets at December 31 of year shown	\$ 10.09	\$ 9.81	\$ 9.44	\$ 9.02
RATIOS AND SUPPLEMENTAL DATA:				
Total net asset value (000's) ⁽¹⁾	\$ 769	\$ 937	\$ 1,371	\$ 1,392
Number of units outstanding ⁽¹⁾	76,175	95,582	145,228	154,333
Management expense ratio (%) ⁽²⁾	1.37	1.32	1.38	1.48
Management expense ratio before waivers or absorption (%)	1.37	1.32	1.38	1.48
Trading expense ratio (%) ⁽³⁾	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	5.54	10.48	2.80	1.62
Net asset value per unit	\$ 10.09	\$ 9.81	\$ 9.44	\$ 9.02

*Data is from March 12, 2014, the date the Class C3 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	2017	2016	2015	2014	2013
Net assets - beginning of year ⁽¹⁾	\$ 5.64	\$ 5.46	\$ 5.25	\$ 4.93	\$ 6.53
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
Realized gains (losses) for the period	0.18	0.07	0.02	(0.01)	0.03
Unrealized gains (losses) for the period	0.06	(0.30)	0.22	0.85	(1.55)
Total increase (decrease) from operations⁽²⁾	0.13	(0.34)	0.13	0.73	(1.63)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net assets at December 31 of year shown	\$ 5.78	\$ 5.64	\$ 5.46	\$ 5.25	\$ 4.93
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 14,941	\$ 11,888	\$ 6,214	\$ 3,636	\$ 5,832
Number of units outstanding ⁽¹⁾	2,586,138	2,106,585	1,137,417	692,988	1,183,930
Management expense ratio (%) ⁽²⁾	1.91	1.85	1.90	2.02	1.92
Management expense ratio before waivers or absorption (%)	1.91	1.85	1.90	2.05	1.92
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	5.54	10.48	2.80	1.62	7.20
Net asset value per unit	\$ 5.78	\$ 5.64	\$ 5.46	\$ 5.25	\$ 4.93

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 S1 UNIT	2017	2016	2015	2014	2013
Net assets - beginning of year ⁽¹⁾	\$ 9.61	\$ 9.22	\$ 8.77	\$ 8.20	\$ 10.77
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.10)	(0.10)	(0.10)	(0.13)	(0.10)
Realized gains (losses) for the period	0.31	0.11	0.03	(0.03)	0.04
Unrealized gains (losses) for the period	0.10	0.42	0.60	0.86	(2.57)
Total increase (decrease) from operations⁽²⁾	0.31	0.43	0.53	0.70	(2.63)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net assets at December 31 of year shown	\$ 9.91	\$ 9.61	\$ 9.22	\$ 8.77	\$ 8.20
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 1,111	\$ 1,134	\$ 1,158	\$ 1,296	\$ 1,460
Number of units outstanding ⁽¹⁾	112,050	118,050	125,696	147,691	178,190
Management expense ratio (%) ⁽²⁾	1.02	0.96	1.04	1.51	1.06
Management expense ratio before waivers or absorption (%)	1.02	0.96	1.04	1.51	1.06
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	5.54	10.48	2.80	1.62	7.20
Net asset value per unit	\$ 9.91	\$ 9.61	\$ 9.22	\$ 8.77	\$ 8.20

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

THE FUND'S NET ASSETS PER CLASS S2 UNIT	2017	2016	2015	2014	2013
Net assets - beginning of year ⁽¹⁾	\$ 9.41	\$ 9.08	\$ 8.68	\$ 8.25	\$ 10.90
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.15)	(0.15)	(0.14)	(0.28)	(0.16)
Realized gains (losses) for the period	0.30	0.10	0.03	(0.03)	0.11
Unrealized gains (losses) for the period	0.11	0.74	0.51	1.00	(1.58)
Total increase (decrease) from operations⁽²⁾	0.26	0.69	0.40	0.69	(1.63)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	-	-	-	-	-
Net assets at December 31 of year shown	\$ 9.67	\$ 9.41	\$ 9.08	\$ 8.68	\$ 8.25
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 46	\$ 45	\$ 62	\$ 106	\$ 147
Number of units outstanding ⁽¹⁾	4,800	4,800	6,800	12,208	17,833
Management expense ratio (%) ⁽²⁾	1.49	1.47	1.55	3.15	1.61
Management expense ratio before waivers or absorption (%)	1.49	1.47	1.55	3.15	1.61
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	5.54	10.48	2.80	1.62	7.20
Net asset value per unit	\$ 9.67	\$ 9.41	\$ 9.08	\$ 8.68	\$ 8.25

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. 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 gold bullion investments are traded. A portfolio turnover rate of 100% is equivalent to the BMG Fund buying and selling all its gold 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 C3, Class F or Class S1 units of the BMG Fund. The table below outlines the BMG Fund's annual management fees for Class A, Class B3, Class C3, Class F, Class S1 and Class S2 units, and how those fees are split between trailer fees and portfolio administration.

	Class A	Class B3	Class C3	Class F	Class S1	Class S2
Management Fee	2.25%	1.25%	0.75%	1.25%	0.45%	0.95%
Portfolio Administration Fee	55.6%	60%	100%	100%	100%	47.4%
Trailer Fee (maximum rate as a percentage of management fees)	44.4%	40%	0%	0%	0%	52.6%

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of \$841,581 during the year ended December 31, 2017.

Operating Expenses

For the year ended December 31, 2017, the Manager did not absorb BMG Fund operating expenses because the management expense ratios were below the expense cap. The decision to reduce operating expenses is made at the discretion of the Manager, and may be changed at any time.

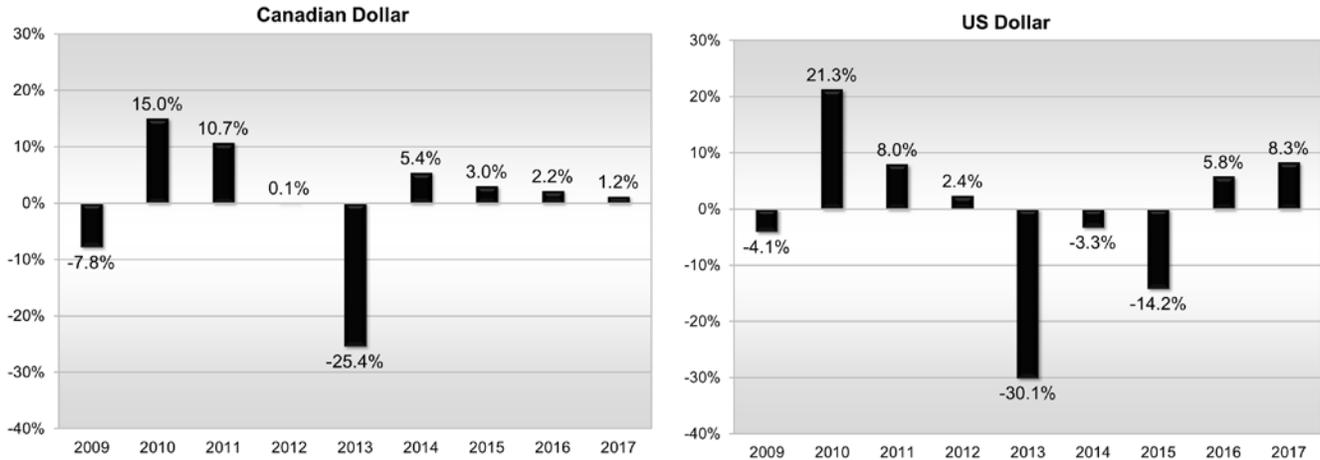
PAST PERFORMANCE

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.

Year-by-Year Returns

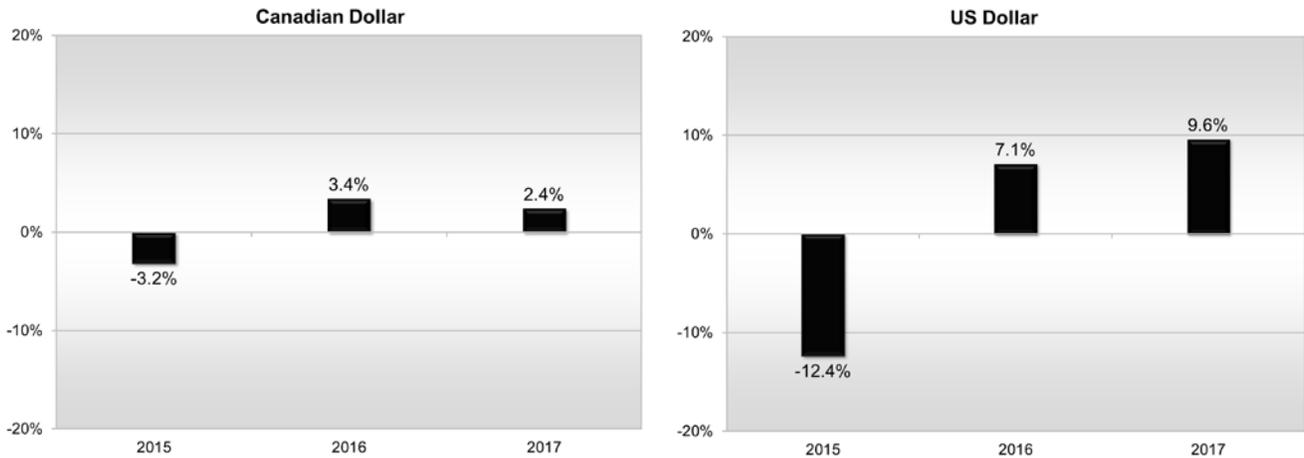
The following bar charts show the BMG Fund's performance for each class of units of the BMG Fund in Canadian and US dollars, as applicable, in each of the years shown. They illustrate how the BMG Fund's performance has changed from year to year. In percentage terms, the charts show how much an investment 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 2009 is for the period from September 4, 2009, the date the Class A units were first offered.

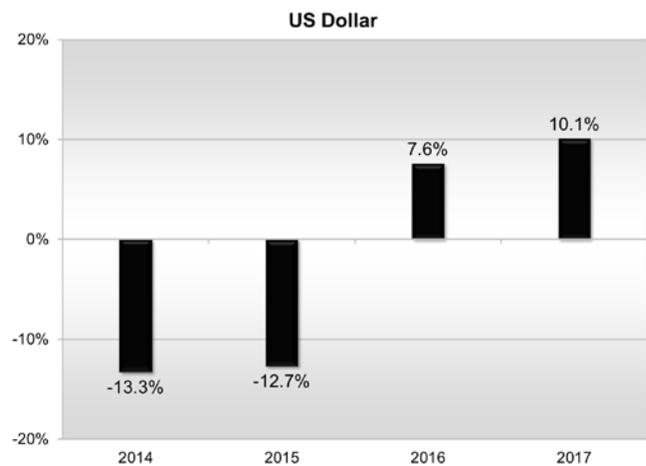
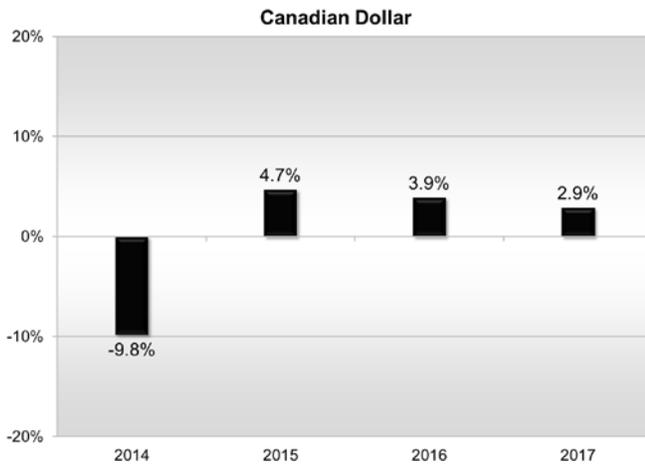
Class B3



The return shown for 2015 is for the period from March 27, 2015, the date the Class B3 units were first offered.

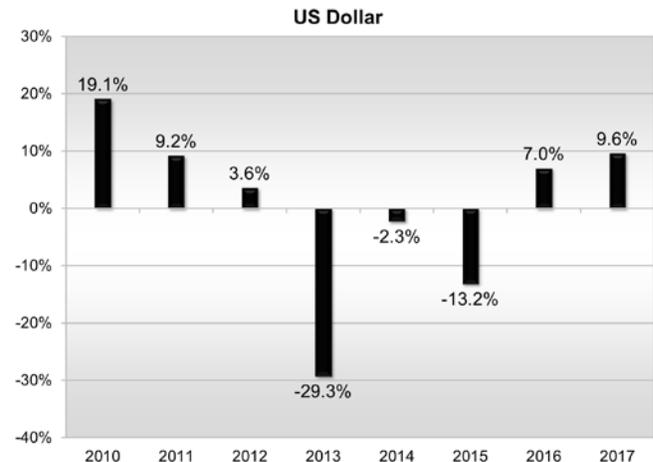
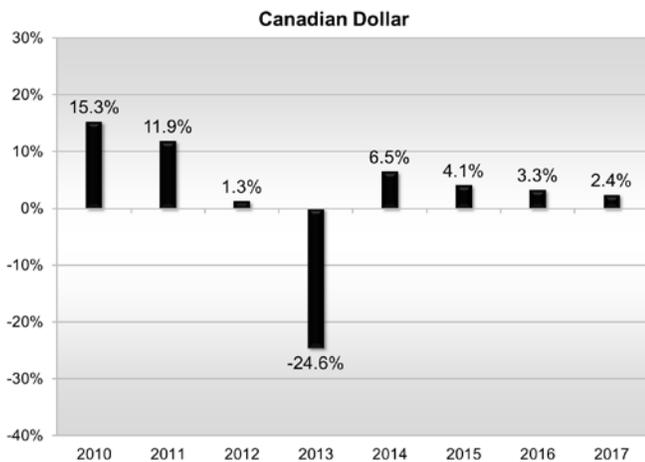
PAST PERFORMANCE (CONTINUED)

Class C3



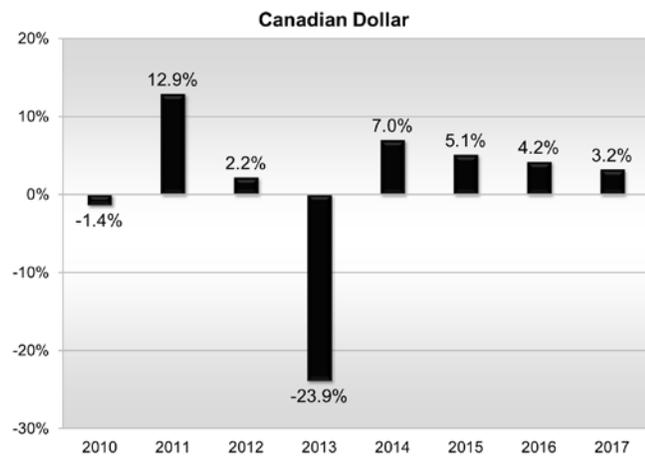
The return shown for 2014 is for the period from March 12, 2014, the date the Class C3 units were first offered.

Class F

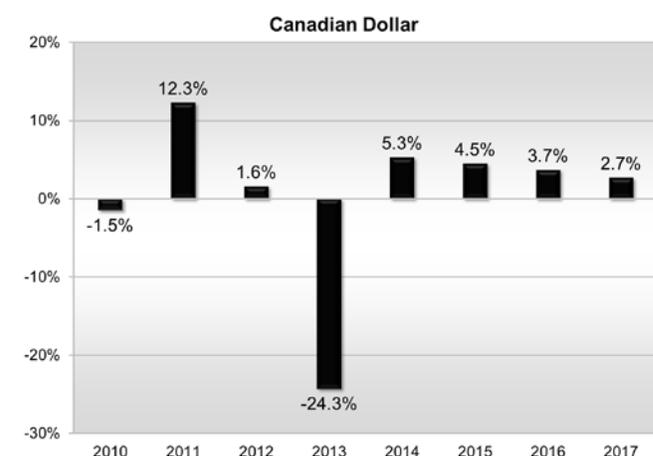


The return shown for 2010 is for the period from January 18, 2010, the date the Class F units were first offered.

Class S1



Class S2



The return shown for 2010 is for the period from November 9, 2010, the date the Class S1 and Class S2 units were first offered.

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 dollars and US dollars since inception, or for the five, three or one year periods ended on December 31, 2017, as applicable. Annual returns in Canadian dollars are compared to inflation as measured by the Canadian Consumer Price Index (“CPI”) as calculated by Statistics Canada, as well as to Bank of Canada’s 3-month Treasury Bills. Annual returns in US dollars are compared to inflation as measured by the US CPI as calculated by the US Department of Labor, as well as to US 3-month Treasury Bills.

Class A

	Since Inception (September 2009)	5 Years	3 Years	1 Year
The BMG Fund Class A CDN\$	-0.2%	-3.5%	2.1%	1.2%
Inflation (CPI, Statistics Canada)	1.6%	1.5%	1.7%	1.9%
Bank of Canada, 3-month Treasury Bills	0.7%	0.7%	0.6%	0.7%
The BMG Fund Class A US\$	-1.9%	-7.8%	-0.5%	8.3%
Inflation (CPI, US Dept. of Labor)	1.6%	1.4%	1.6%	2.1%
US, 3-month Treasury Bills	0.2%	0.3%	0.4%	1.0%

Class B3

	Since Inception (March 2015)	1 Year
The BMG Fund Class C3 CDN\$	0.9%	2.4%
Inflation (CPI, Statistics Canada)	1.3%	1.9%
Bank of Canada, 3-month Treasury Bills	0.6%	0.7%
The BMG Fund Class C3 US\$	1.0%	9.6%
Inflation (CPI, US Dept. of Labor)	1.6%	2.1%
US, 3-month Treasury Bills	0.5%	1.0%

Class C3

	Since Inception (March 2014)	3 Years	1 Year
The BMG Fund Class C3 CDN\$	0.2%	3.8%	2.9%
Inflation (CPI, Statistics Canada)	1.3%	1.7%	1.9%
Bank of Canada, 3-month Treasury Bills	0.6%	0.6%	0.7%
The BMG Fund Class C3 US\$	-2.8%	1.1%	10.1%
Inflation (CPI, US Dept. of Labor)	1.1%	1.6%	2.1%
US, 3-month Treasury Bills	0.4%	0.4%	1.0%

PAST PERFORMANCE (CONTINUED)

Class F

	Since Inception (January 2010)	5 Years	3 Years	1 Year
The BMG Fund Class F CDN\$	1.8%	-2.4%	3.3%	2.4%
Inflation (CPI, Statistics Canada)	1.6%	1.5%	1.7%	1.9%
Bank of Canada, 3-month Treasury Bills	0.8%	0.7%	0.6%	0.7%
The BMG Fund Class F US\$	-0.7%	-6.8%	0.6%	9.6%
Inflation (CPI, US Dept. of Labor)	1.6%	1.4%	1.6%	2.1%
US, 3-month Treasury Bills	0.2%	0.3%	0.4%	1.0%

Class S1 and S2

	Since Inception (November 2010)	5 Years	3 Years	1 Year
The BMG Fund Class S1 CDN\$	0.6%	-1.6%	4.2%	3.2%
The BMG Fund Class S2 CDN\$	0.0%	-2.4%	3.7%	2.7%
Inflation (CPI, Statistics Canada)	1.5%	1.5%	1.7%	1.9%
Bank of Canada, 3-month Treasury Bills	0.8%	0.7%	0.6%	0.7%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2017

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Gold Bullion	55,569.584	612.838	56,182.422	81,434,423	91,265,111	99.2
Cash				734,773	733,152	0.8
Total Investment				82,169,196	91,998,263	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.



B M G M A N A G E M E N T S E R V I C E S I N C .

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