

BMG Gold BullionFund

Annual Management Report of Fund Performance

For the year ended December 31, 2019



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 (the “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 not speculative, and are only intended to be one part of an investment strategy.

A small portion of the BMG Fund's assets (generally no more than 5%) may be held in cash to allow the BMG Fund to pay its expenses, and to facilitate any redemption of units of a class of the BMG Fund. The BMG Fund will not use derivatives or invest in securities or certificates of companies that produce gold 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 2019.

Risk

The risks associated with investing in the BMG Fund remain as stated in the simplified prospectus dated November 27, 2019. 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. Our view of the BMG Fund’s risk rating was unchanged in 2019.

Results of Operations

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

In 2019, the net asset value (the “NAV”) of the BMG Fund increased 18.8%, from \$80.5 million at December 31, 2018 to \$95.6 million at December 31, 2019. The increase was primarily driven by \$5.9 million in net subscriptions and \$11.4 million realized and unrealized gains on investment, offset by \$2.2 million in total expenses. As at December 31, 2019, the BMG Fund’s gold holdings were 48,218 ounces, compared to 45,952 ounces at December 31, 2018.

For the year ended December 31, 2019, the NAV per unit of the BMG Fund’s Class A units increased by 9.5% in Canadian dollars, and increased by 15.4% in US dollars, while the NAV per unit of the BMG Fund’s Class F units increased by 10.8% in Canadian dollars, and decreased by 16.7% in US dollars.

Gold’s 2018 year-end price was US\$1,278.30. During 2019, the gold price increased by 20.9% to reach a high of US\$1,546.10 per ounce in September. The price declined thereafter, and closed at US\$1,523.00 on December 31.

Daily average net assets increased by 0.6% from \$93.3 million in 2018 to \$93.9 million in 2019. The increase was primarily driven by net redemptions, offset by the performance of gold bullion. Total expenses decreased by 11.2% from 2018, because Class I units were issued in 2019 for which no management fees are charged to, or payable by, the BMG Fund.

MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

Recent Developments

Throughout 2019, gold provided excellent returns for investors, as it appreciated almost 19% in US dollars and 13% in Canadian dollars. Turbulent economic conditions have contributed to the appreciation of the value of all precious metals, as the asset class continues to show that it is a great hedge against uncertainty. Overall market sentiment continues to display uncertainty, as many economic indicators point towards a looming downturn. However, equity markets have continued to climb amid the uncertainty, reaching points of overvaluations for many asset classes. Although the Federal Reserve (the “Fed”) denies continued quantitative easing, there has been evidence that it continues to boost markets through the purchasing programs on its balance sheet. Additionally, the low interest rate environment is creating a bottleneck within the economy that should aid gold in the medium term. Low interest rates have allowed consumers and businesses to continue spending, while pension funds struggle to achieve high enough returns. An increase in interest rates would benefit the pension crises, as funds could attain higher yields on their holdings; however, the general economy will experience a significant slowdown with each increase in interest rates.

Several significant events have played a large role in gold’s volatility. Oil strikes and the US/Iran conflict have led to increasing levels of uncertainty within the global economy. The oil strikes led to fears of oil shortages due to potential shutdowns by industry leaders such as Aramco. Historically, gold and oil have displayed a positive correlation, which would imply a continued appreciation for gold in the future. Continued attacks would reduce the available supply, which would increase the price of oil. However, depending on the spread of the coronavirus, oil may experience a reduction in demand and, therefore, a decrease in price. Due to the historical correlation, it can be anticipated that gold will also increase in price.

On January 15, 2020, the trade war between the US and China showed the first signs of progress as the two sides signed the Phase One Deal. The implications of the deal focus on the rollback of tariffs and expansion of trade, as well as renewed commitments on intellectual property, technology transfer and currency practices. Upon release of the news, gold declined as the economy picked up. Continued progress with trade-war negotiations has downside implications for precious metals, as certainty within the economy would continue to grow. Gold, silver and platinum have all experienced significant increases during periods of economic uncertainty historically, and an ease in political conflicts would hinder the growth of precious metals.

Finally, the rapid rate at which the coronavirus is spreading has had negative implications on the global economy. There are elevated levels of fear and uncertainty that will greatly affect global trade, as many regions have begun to implement quarantine restrictions or take other protective measures against the virus. This could lead to decreases in trade, travel and overall productivity, which would contribute to elevated levels of uncertainty in the economy. As discussed, economic uncertainty tends to mean appreciation in the value of precious metals.

Overall, gold experienced excellent returns throughout 2019, surpassing its historical average annual returns. Considering the existing economic conditions and potential of downside catalysts due to mounting geopolitical unrest, it can be anticipated that gold will continue appreciating throughout 2020.

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 December 31, 2019, the Manager held no 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, 2019, the BMG Fund incurred management fees of \$1,504,756.

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 2019 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	2019	2018	2017	2016	2015
Net assets - beginning of year ⁽¹⁾	\$ 5.11	\$ 4.91	\$ 4.85	\$ 4.75	\$ 4.61
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.16)	(0.15)	(0.15)	(0.16)	(0.15)
Realized gains for the period	0.15	0.15	0.15	0.06	0.02
Unrealized gains for the period	0.49	0.16	0.08	0.21	0.26
Total increase from operations⁽²⁾	0.48	0.16	0.08	0.11	0.13
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	\$ 5.60	\$ 5.11	\$ 4.91	\$ 4.85	\$ 4.75
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 53,708	\$ 58,235	\$ 71,760	\$ 88,712	\$ 88,683
Number of units outstanding ⁽¹⁾	9,594,728	11,396,452	14,617,973	18,284,540	18,673,326
Management expense ratio (%) ⁽²⁾	3.02	3.07	3.02	2.97	3.05
Management expense ratio before waivers or absorption (%)	3.02	3.07	3.02	2.97	3.05
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69	5.54	10.48	2.80
Net asset value per unit	\$ 5.60	\$ 5.11	\$ 4.91	\$ 4.85	\$ 4.75

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	2019	2018	2017	2016	2015*
Net assets - beginning of year ⁽¹⁾	\$ 10.78	\$ 10.25	\$ 10.01	\$ 9.68	\$ 10.00
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.20)	(0.21)	(0.19)	(0.18)	(0.12)
Realized gains for the period	0.31	0.28	0.32	0.15	0.02
Unrealized gains (losses) for the period	1.04	0.96	0.11	(1.13)	0.16
Total increase (decrease) from operations⁽²⁾	1.15	1.03	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	\$ 11.96	\$ 10.78	\$ 10.25	\$ 10.01	\$ 9.68
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 134	\$ 136	\$ 585	\$ 571	\$ 122
Number of units outstanding ⁽¹⁾	11,210	12,591	57,102	57,102	12,590
Management expense ratio (%) ⁽²⁾	1.81	1.98	1.80	1.68	1.77
Management expense ratio before waivers or absorption (%)	1.81	1.98	1.80	1.68	1.77
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69	5.54	10.48	2.80
Net asset value per unit	\$ 11.96	\$ 10.78	\$ 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 C2 UNIT	2019	2018*
Net assets - beginning of year ⁽¹⁾	\$ 9.98	\$ 10.00
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses (excluding distributions)	(0.16)	(0.11)
Realized gains for the period	0.30	0.27
Unrealized gains (losses) for the period	0.93	(0.06)
Total increase from operations⁽²⁾	1.07	0.10
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	\$ 11.10	\$ 9.98
RATIOS AND SUPPLEMENTAL DATA:		
Total net asset value (000's) ⁽¹⁾	\$ 413	\$ 319
Number of units outstanding ⁽¹⁾	37,223	31,966
Management expense ratio (%) ⁽²⁾	1.51	1.54
Management expense ratio before waivers or absorption (%)	1.51	1.54
Trading expense ratio (%) ⁽³⁾	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69
Net asset value per unit	\$ 11.10	\$ 9.98

*Data is from March 27, 2018, the date the Class C2 units were first offered, to December 31, 2018. For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.

THE FUND'S NET ASSETS PER CLASS C3 UNIT	2019	2018	2017	2016	2015
Net assets - beginning of year ⁽¹⁾	\$ 10.68	\$ 10.09	\$ 9.81	\$ 9.44	\$ 9.02
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.15)	(0.14)	(0.14)	(0.14)	(0.13)
Realized gains for the period	0.32	0.35	0.31	0.11	0.03
Unrealized gains for the period	1.04	0.25	0.18	0.96	0.58
Total increase from operations⁽²⁾	1.21	0.46	0.35	0.93	0.48
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	\$ 11.89	\$ 10.68	\$ 10.09	\$ 9.81	\$ 9.44
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 2,812	\$ 1,895	\$ 769	\$ 937	\$ 1,371
Number of units outstanding ⁽¹⁾	236,536	177,527	76,175	95,582	145,228
Management expense ratio (%) ⁽²⁾	1.37	1.42	1.37	1.32	1.38
Management expense ratio before waivers or absorption (%)	1.37	1.42	1.37	1.32	1.38
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69	5.54	10.48	2.80
Net asset value per unit	\$ 11.89	\$ 10.68	\$ 10.09	\$ 9.81	\$ 9.44

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 D UNIT	2019	2018*
Net assets - beginning of year ⁽¹⁾	\$ 10.31	\$ 10.00
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses (excluding distributions)	(0.24)	(0.21)
Realized gains for the period	0.31	0.40
Unrealized gains for the period	1.01	0.76
Total increase from operations⁽²⁾	1.08	0.95
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	\$ 11.39	\$ 10.31
RATIOS AND SUPPLEMENTAL DATA:		
Total net asset value (000's) ⁽¹⁾	\$ 2,336	\$ 1,191
Number of units outstanding ⁽¹⁾	205,068	115,478
Management expense ratio (%) ⁽²⁾	2.18	2.25
Management expense ratio before waivers or absorption (%)	2.18	2.25
Trading expense ratio (%) ⁽³⁾	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69
Net asset value per unit	\$ 11.39	\$ 10.31

*Data is from January 16, 2018, the date the Class D units were first offered, to December 31, 2018. 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	2019	2018	2017	2016	2015
Net assets - beginning of year ⁽¹⁾	\$ 5.78	\$ 5.78	\$ 5.64	\$ 5.46	\$ 5.25
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.12)	(0.11)	(0.11)	(0.11)	(0.11)
Realized gains for the period	0.17	0.18	0.18	0.07	0.02
Unrealized gains (losses) for the period	0.57	0.14	0.06	(0.30)	0.22
Total increase (decrease) from operations⁽²⁾	0.62	0.21	0.13	(0.34)	0.13
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	\$ 6.74	\$ 6.08	\$ 5.78	\$ 5.64	\$ 5.46
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 13,572	\$ 16,234	\$ 14,941	\$ 11,888	\$ 6,214
Number of units outstanding ⁽¹⁾	2,014,864	2,669,694	2,586,138	2,106,585	1,137,417
Management expense ratio (%) ⁽²⁾	1.91	1.95	1.91	1.85	1.90
Management expense ratio before waivers or absorption (%)	1.91	1.95	1.91	1.85	1.90
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69	5.54	10.48	2.80
Net asset value per unit	\$ 6.74	\$ 6.08	\$ 5.78	\$ 5.64	\$ 5.46

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	2019	2018	2017	2016	2015
Net assets - beginning of year ⁽¹⁾	\$ 10.53	\$ 9.91	\$ 9.61	\$ 9.22	\$ 8.77
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.11)	(0.11)	(0.10)	(0.10)	(0.10)
Realized gains for the period	0.31	0.32	0.31	0.11	0.03
Unrealized gains for the period	1.02	0.41	0.10	0.42	0.60
Total increase from operations⁽²⁾	1.22	0.62	0.31	0.43	0.53
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	\$ 11.77	\$ 10.53	\$ 9.91	\$ 9.61	\$ 9.22
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 1,141	\$ 1,126	\$ 1,111	\$ 1,134	\$ 1,158
Number of units outstanding ⁽¹⁾	96,950	106,950	112,050	118,050	125,696
Management expense ratio (%) ⁽²⁾	1.03	1.07	1.02	0.96	1.04
Management expense ratio before waivers or absorption (%)	1.03	1.07	1.02	0.96	1.04
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69	5.54	10.48	2.80
Net asset value per unit	\$ 11.77	\$ 10.53	\$ 9.91	\$ 9.61	\$ 9.22

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	2019	2018	2017	2016	2015
Net assets - beginning of year ⁽¹⁾	\$ 10.22	\$ 9.67	\$ 9.41	\$ 9.08	\$ 8.68
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.16)	(0.15)	(0.15)	(0.15)	(0.14)
Realized gains for the period	0.29	0.30	0.30	0.10	0.03
Unrealized gains for the period	0.86	0.43	0.11	0.74	0.51
Total increase from operations⁽²⁾	0.99	0.58	0.26	0.69	0.40
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	\$ 11.37	\$ 10.22	\$ 9.67	\$ 9.41	\$ 9.08
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 28	\$ 38	\$ 46	\$ 45	\$ 62
Number of units outstanding ⁽¹⁾	2,500	3,700	4,800	4,800	6,800
Management expense ratio (%) ⁽²⁾	1.50	1.54	1.49	1.47	1.55
Management expense ratio before waivers or absorption (%)	1.50	1.54	1.49	1.47	1.55
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	17.79	16.69	5.54	10.48	2.80
Net asset value per unit	\$ 11.37	\$ 10.22	\$ 9.67	\$ 9.41	\$ 9.08

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 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. 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 C2, 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 C2, Class C3, Class D, 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 C2	Class C3	Class D	Class F	Class S1	Class S2
Management Fee	2.25%	1.25%	0.87%	0.75%	1.50%	1.25%	0.45%	0.95%
Portfolio Administration Fee	55.6%	60%	100%	100%	83.3%	100%	100%	47.4%
Trailer Fee (maximum rate as a percentage of management fees)	44.4%	40%	0%	0%	16.7%	0%	0%	52.6%

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of \$542,801 during the year ended December 31, 2019.

Operating Expenses

For the year ended December 31, 2019, 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.

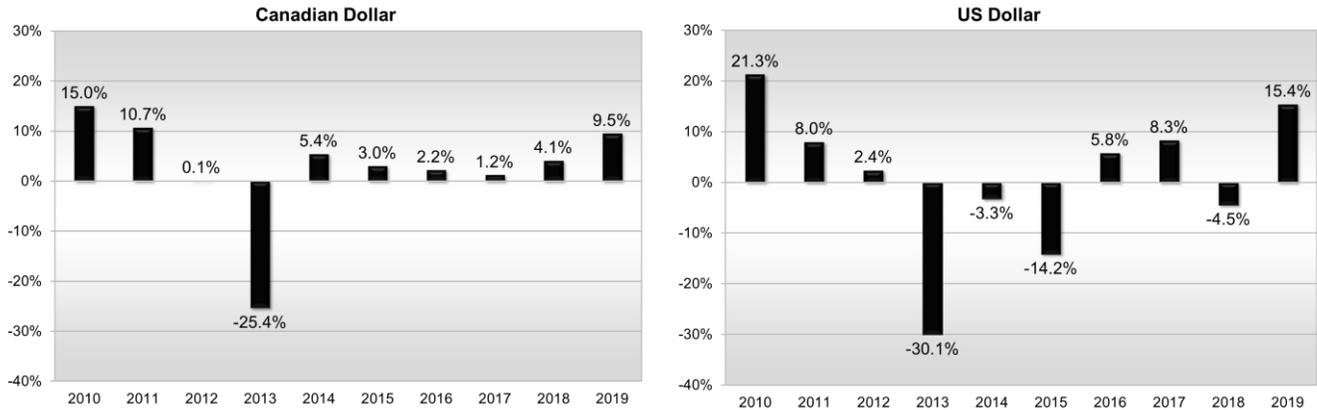
PAST PERFORMANCE

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

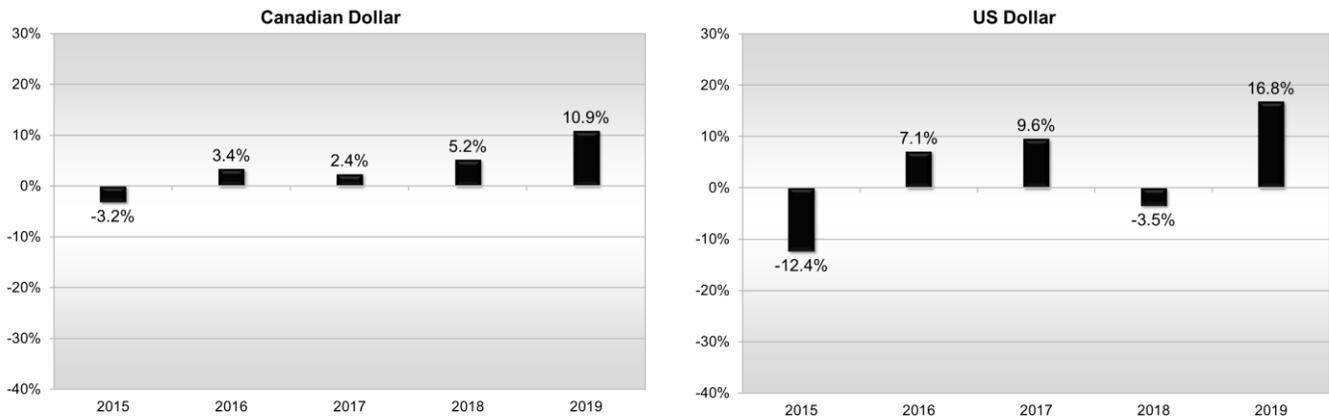
The following bar charts show the BMG Fund's performance for each class of units of the BMG Fund in Canadian and US dollars, as applicable, in each of the years shown. They illustrate how the BMG Fund's performance has changed from year to year. In percentage terms, the charts show how much an investment 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.

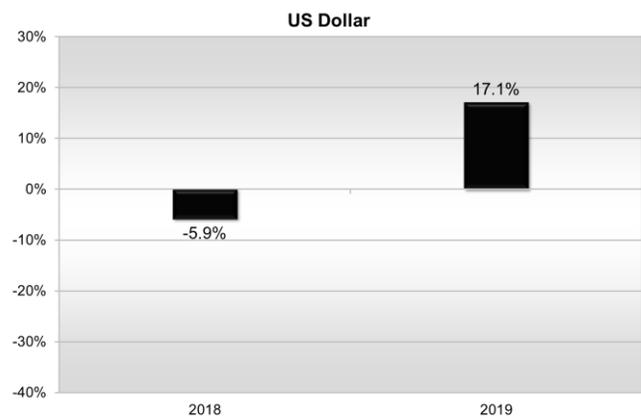
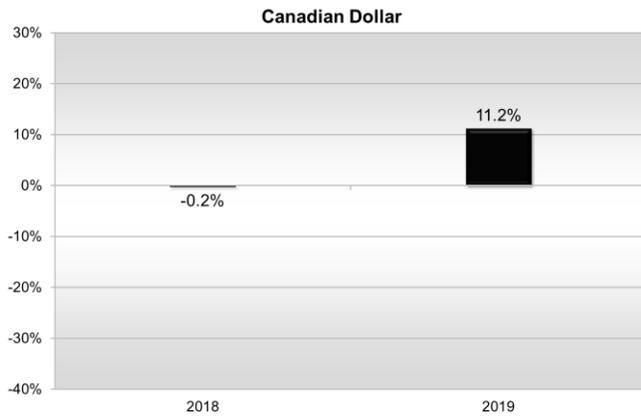
Class B3



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

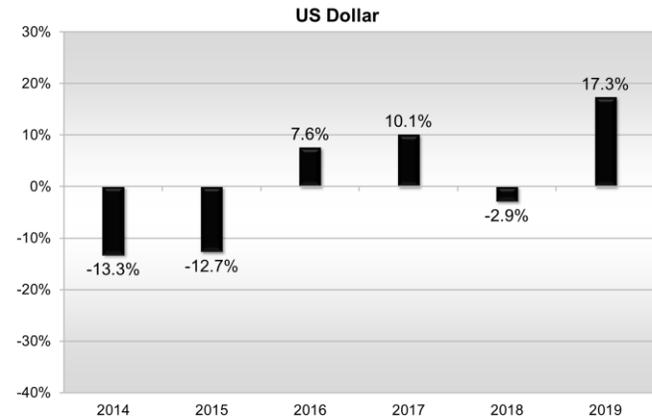
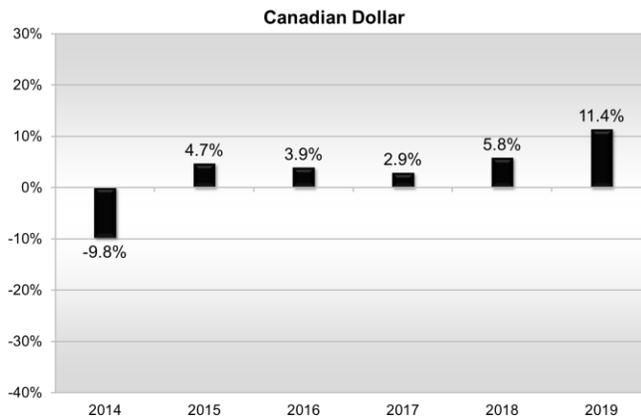
PAST PERFORMANCE (CONTINUED)

Class C2



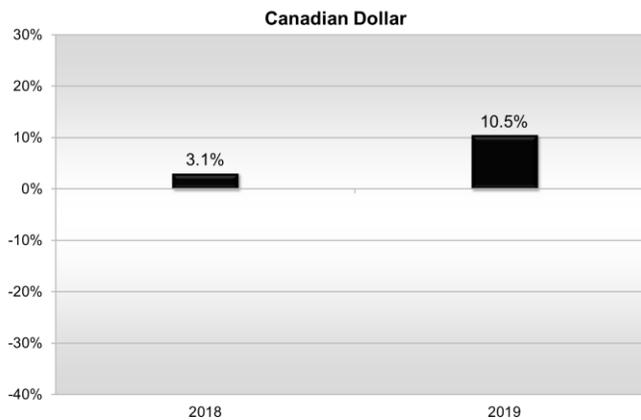
The return shown for 2018 is for the period from March 27, 2018, the date the Class C2 units were first offered.

Class C3



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

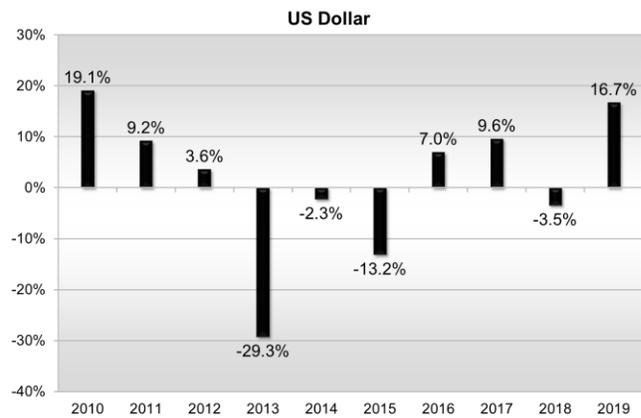
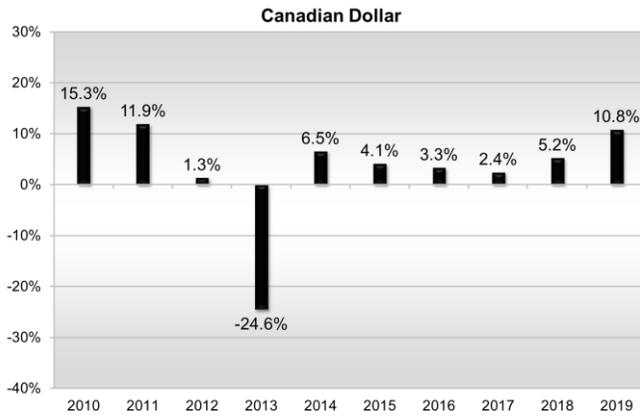
Class D



The return shown for 2018 is for the period from January 16, 2018, the date the Class D units were first offered.

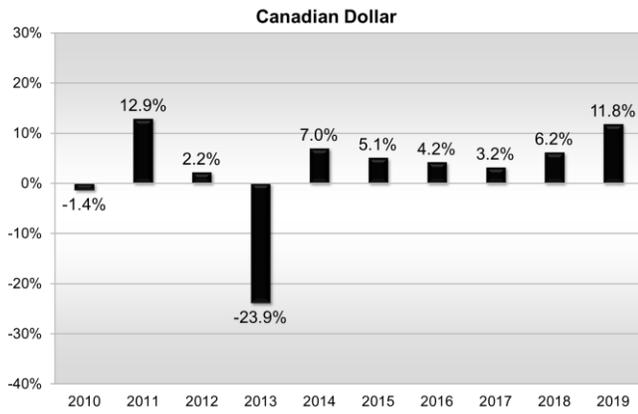
PAST PERFORMANCE (CONTINUED)

Class F

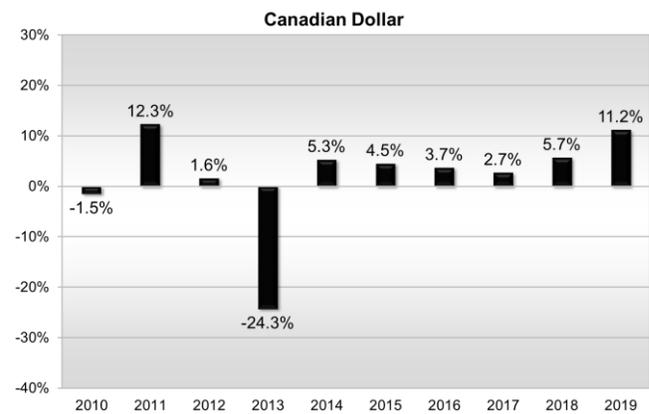


The return shown for 2010 is for the period from January 18, 2010, the date the Class F units were first offered.

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 ten-, five-, three- or one-year periods ended on December 31, 2019, as applicable. Annual returns in Canadian dollars are compared to inflation as measured by the Canadian Consumer Price Index (the "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)	10 Years	5 Years	3 Years	1 Year
The BMG Fund Class A CDN\$	1.1%	2.0%	3.9%	4.9%	9.5%
Inflation (CPI, Statistics Canada)	1.7%	1.7%	1.8%	2.0%	2.2%
Bank of Canada, 3-month Treasury Bills	0.9%	0.9%	1.0%	1.3%	1.7%
The BMG Fund Class A US\$	-0.6%	-0.2%	1.6%	6.1%	15.4%
Inflation (CPI, US Dept. of Labor)	1.7%	1.8%	1.8%	2.1%	2.3%
US, 3-month Treasury Bills	0.6%	0.6%	1.1%	1.7%	2.1%

Class B3

	Since Inception (March 2015)	3 Years	1 Year
The BMG Fund Class B3 CDN\$	3.8%	6.1%	10.9%
Inflation (CPI, Statistics Canada)	1.6%	2.0%	2.2%
Bank of Canada, 3-month Treasury Bills	1.0%	1.3%	1.7%
The BMG Fund Class B3 US\$	3.2%	7.3%	16.8%
Inflation (CPI, US Dept. of Labor)	1.5%	2.1%	2.3%
US, 3-month Treasury Bills	1.1%	1.7%	2.1%

Class C2

	Since Inception (March 2018)	1 Year
The BMG Fund Class C2 CDN\$	6.1%	11.2%
Inflation (CPI, Statistics Canada)	1.5%	2.2%
Bank of Canada, 3-month Treasury Bills	1.6%	1.7%
The BMG Fund Class C2 US\$	5.7%	17.1%
Inflation (CPI, US Dept. of Labor)	1.9%	2.3%
US, 3-month Treasury Bills	2.1%	2.1%

PAST PERFORMANCE (CONTINUED)

Class C3

	Since Inception (March 2014)	5 Years	3 Years	1 Year
The BMG Fund Class C3 CDN\$	3.0%	5.7%	6.6%	11.4%
Inflation (CPI, Statistics Canada)	1.6%	1.8%	2.0%	2.2%
Bank of Canada, 3-month Treasury Bills	1.0%	1.0%	1.3%	1.7%
The BMG Fund Class C3 US\$	0.3%	3.3%	7.8%	17.3%
Inflation (CPI, US Dept. of Labor)	1.5%	1.8%	2.1%	2.3%
US, 3-month Treasury Bills	0.9%	1.1%	1.7%	2.1%

Class D

	Since Inception (January 2018)	1 Year
The BMG Fund Class D CDN\$	6.9%	10.5%
Inflation (CPI, Statistics Canada)	1.8%	2.2%
Bank of Canada, 3-month Treasury Bills	1.6%	1.7%

Class F

	Since Inception (January 2010)	10 Years	5 Years	3 Years	1 Year
The BMG Fund Class F CDN\$	3.0%	3.0%	5.1%	6.1%	10.8%
Inflation (CPI, Statistics Canada)	1.7%	1.7%	1.8%	2.0%	2.2%
Bank of Canada, 3-month Treasury Bills	0.9%	0.9%	1.0%	1.3%	1.7%
The BMG Fund Class F US\$	0.6%	0.6%	2.8%	7.3%	16.7%
Inflation (CPI, US Dept. of Labor)	1.7%	1.8%	1.8%	2.1%	2.3%
US, 3-month Treasury Bills	0.6%	0.6%	1.1%	1.7%	2.1%

Class S1 and S2

	Since Inception (November 2010)	5 Years	3 Years	1 Year
The BMG Fund Class S1 CDN\$	2.4%	6.0%	7.0%	11.8%
The BMG Fund Class S2 CDN\$	1.8%	5.5%	6.5%	11.2%
Inflation (CPI, Statistics Canada)	1.6%	1.8%	2.0%	2.2%
Bank of Canada, 3-month Treasury Bills	0.9%	1.0%	1.3%	1.7%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2019

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Gold Bullion	47,814.067	404.385	48,218.452	74,500,682	95,228,879	99.6
Net Investment				74,500,682	95,228,879	99.6
Cash and Other Assets Less Liabilities					353,424	0.4
Net assets attributable to holders of redeemable units					95,582,303	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 .

HEAD OFFICE 280-60 RENFREW DRIVE, MARKHAM, ON L3R 0E1 CANADA
1.888.474.1001 | 905.474.1001 | BMG-GROUP.COM | INFO@BMG-GROUP.COM

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.