

BMG BullionFund

Semi-Annual Financial Statements

For the six-month period ended June 30, 2020 (unaudited)



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

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2020 and December 31, 2019

(Unaudited)

	2020 \$	2019 \$
ASSETS		
Current assets		
Cash	616,475	855,680
Investments in bullion [Average cost \$66,270,732; December 2019 - \$69,913,179]	107,401,638	104,088,218
Subscriptions receivable	20,409	17,296
Total assets	108,038,522	104,961,194
LIABILITIES		
Current liabilities		
Management fees payable	183,489	192,587
Redemptions payable	152,616	402,340
Accounts payable and accrued liabilities	141,002	151,561
Total liabilities (excluding net assets attributable to holders of redeemable units)	477,107	746,488
Net assets attributable to holders of redeemable units	107,561,415	104,214,706
Net assets attributable to holders of redeemable units per class (Note 3)		
Class A	74,638,132	74,837,979
Class B2	1,964,233	1,280,816
Class B3	959,212	874,330
Class C1	1,437,851	1,308,233
Class C2	4,403,726	5,379,962
Class C3	1,505,144	-
Class D	2,439,964	1,802,425
Class E15	847,026	902,020
Class F	19,366,127	17,828,941
	107,561,415	104,214,706

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 BMG Management Services Inc.,
Trustee and Manager of BMG BullionFund



Nick Barisheff
Director



Marty Nicandro
Director

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six-month periods ended June 30

(Unaudited)

	2020 \$	2019 \$
INVESTMENT INCOME		
Net unrealized gains (losses) on investments in bullion	6,955,866	(4,480,108)
Net realized gains on investments in bullion	3,825,274	4,750,717
Foreign exchange gains (losses)	6,739	(5,326)
Early redemption fees	1,364	60
Other	2,605	2,635
Total investment income	10,791,848	267,978
EXPENSES		
Management fees (Note 4)	1,008,843	1,060,456
Security holder reporting costs	154,700	213,580
Bullion storage fees	53,664	55,803
Services tax	117,039	129,214
Other administrative expenses	12,740	12,670
Legal fees	13,650	9,955
Audit fees	19,110	19,005
Filing fees	13,832	15,385
Independent Review Committee fees	3,367	11,946
Total expenses	1,396,945	1,528,014
Increase (decrease) in net assets attributable to holders of redeemable units	9,394,903	(1,260,036)
Increase (decrease) in net assets attributable to holders of redeemable units per class (Note 3)		
Class A	6,521,222	(1,089,847)
Class B2	125,074	(9,106)
Class B3	84,882	(7,893)
Class C1	129,618	(15,295)
Class C2	503,906	(13,877)
Class C3	26,086	-
Class D	211,048	9,489
Class E15	83,923	(1,861)
Class F	1,709,144	(131,646)
	9,394,903	(1,260,036)

See accompanying notes.

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

For the six-month periods ended June 30
(Unaudited)

	2020 \$	2019 \$
Net assets attributable to holders of redeemable units, beginning of period	104,214,706	117,147,450
Issue of redeemable units	7,594,061	3,780,422
Redemption of redeemable units	(13,642,255)	(16,632,347)
Increase (decrease) in net assets attributable to holders of redeemable units	9,394,903	(1,260,036)
Net assets attributable to holders of redeemable units, end of period	107,561,415	103,035,489

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30

(Unaudited)

	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	9,394,903	(1,260,036)
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities		
Purchases of investments in bullion	(1,506,943)	(260,000)
Proceeds from sales of investments in bullion	8,974,663	14,558,811
Net realized gains on investments in bullion	(3,825,274)	(4,750,717)
Net unrealized (gains) losses on investments in bullion	(6,955,866)	4,480,108
Net changes in non-cash operating balances:		
Increase in due from broker	-	(182,999)
Decrease in management fees payable	(9,098)	(22,133)
Decrease in distribution payable	-	(18,397)
Decrease in accounts payable and accrued liabilities	(10,559)	(11,869)
Net cash provided by operating activities	6,061,826	12,532,768
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	7,594,061	3,780,422
(Increase) decrease in subscriptions receivable	(3,113)	118,745
Amounts paid on redemption of redeemable units	(13,642,255)	(16,632,347)
Decrease in redemptions payable	(249,724)	(280,694)
Net cash used in financing activities	(6,301,031)	(13,013,874)
Net decrease in cash during the period	(239,205)	(481,106)
Cash, beginning of period	855,680	966,978
Cash, end of period	616,475	485,872

See accompanying notes.

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2020

(Unaudited)

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Gold Bullion	24,238.312	398.099	24,636.411	25,488,684	59,328,654	55.0
Platinum Bullion	10,934.706	287.307	11,222.013	16,215,446	12,441,945	11.6
Silver Bullion	1,442,073.384	23,920.801	1,465,994.185	24,566,602	35,631,039	33.1
Net Investment				66,270,732	107,401,638	99.9
Cash and Other Assets Less Liabilities					159,777	0.1
Net assets attributable to holders of redeemable units					107,561,415	100.0

As at December 31, 2019

(Audited)

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Gold Bullion	26,639.928	358.134	26,998.062	27,635,568	53,319,796	51.2
Platinum Bullion	10,628.549	117.650	10,746.199	15,713,131	13,531,426	13.0
Silver Bullion	1,571,131.524	20,205.793	1,591,337.317	26,564,480	37,236,996	35.7
Net Investment				69,913,179	104,088,218	99.9
Cash and Other Assets Less Liabilities					126,488	0.1
Net assets attributable to holders of redeemable units					104,214,706	100.0

The BMG Fund's bullion is 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. BMG Management Services Inc. (the “Manager”) is the trustee and manager of the BMG Fund. The BMG Fund currently offers nine classes of units. These financial statements pertain to Class A, Class B2, Class B3, Class C1, Class C2, Class C3, Class D, Class E15 and Class F.

The classes were first offered on the following dates:

Class A	March 5, 2002	Class C3	February 24, 2020
Class B2	February 24, 2014	Class D	January 16, 2018
Class B3	November 11, 2013	Class E15	February 20, 2008
Class C1	March 27, 2015	Class F	September 15, 2004
Class C2	March 12, 2014		

The BMG Fund is also authorized to issue Class G and Class I 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 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.

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”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 – *Interim Financial Reporting*. The Statements of Financial Position are as at June 30, 2020 and December 31, 2019, and the Statements of Comprehensive Income (Loss), Changes in Net Assets Attributable to Holders of Redeemable Units and Cash Flows are for the six-month periods ended June 30, 2020 and 2019. The Schedule of Investment Portfolio is as at June 30, 2020. Throughout this document, reference to the periods refers to the reporting periods described above. These interim financial statements should be read in conjunction with the annual financial statements contained in the BMG Fund’s 2019 Annual Report.

The interim financial statements were authorized for issue by the Board of Directors on September 29, 2020.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in bullion 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.

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

- Financial assets at amortized cost: Cash 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. Transaction costs for such instruments are recognized directly in the Statement of Comprehensive Income (Loss) as incurred. Financial assets classified at amortized cost 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 net assets.

Realized gains and losses on investments in bullion are recognized in the Statements of Comprehensive Income (Loss). 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 Statements of Comprehensive Income (Loss). 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.

The value of gold, silver and platinum bullion is priced based on available spot prices. The difference between the bullion spot prices and the average cost of the respective investments in bullion held at the Statements of Financial Position date is shown as "Net unrealized gains (losses) on investments in bullion."

The fair values of investments denominated in foreign currencies are translated into Canadian dollars at the rates of exchange applicable on the relevant valuation date.

(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, such as management fees, 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.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

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 monetary 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 (Loss).

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 unit of that class that is used 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 income tax losses.

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.

The BMG Fund has been closely monitoring developments related to COVID-19, including the existing and potential effect on global and local economies, and has implemented its business continuity plan, thus ensuring minimal interruption to the business. Governments worldwide have put various measures in place to contain the spread of the virus; these have directly and indirectly affected many businesses. The COVID-19 pandemic has had a positive effect on the price of gold, which has resulted in the appreciation of the fair value of investments during the current reporting period. The longer-term effects of the COVID-19 pandemic will depend on future developments that are highly uncertain, rapidly evolving and difficult to predict.

NOTES TO FINANCIAL STATEMENTS *(continued)*

(Unaudited)

These effects may differ in magnitude depending on a number of scenarios, which BMG Funds continues to monitor and take into consideration.

New Standards, Interpretations and Amendments

A number of new or amended standards became applicable for the current reporting period. The BMG Fund did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards

New Standards, Interpretations and Amendments effective after June 30, 2020 that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after June 30, 2020 that have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the BMG Fund.

3. Redeemable Units

Each unit of each class of the BMG Fund represents an interest in the net 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 Redeemable Units per unit of each class of the BMG Fund.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

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

	Class A		Class B2	
	2020	2019	2020	2019
Balance - beginning of period	7,855,392	9,965,128	134,086	149,096
Issued	258,828	155,987	54,313	702
Redeemed	(935,145)	(1,558,075)	(756)	(2,426)
Balance - end of period	7,179,075	8,563,040	187,643	147,372
Average units outstanding	7,503,055	9,294,106	135,676	147,668

	Class B3		Class C1	
	2020	2019	2020	2019
Balance - beginning of period	82,412	99,899	122,803	166,391
Issued	-	-	-	-
Redeemed	-	(17,474)	-	(43,588)
Balance - end of period	82,412	82,425	122,803	122,803
Average units outstanding	82,412	93,351	122,803	151,936

	Class C2		Class C3	
	2020	2019	2020	2019
Balance - beginning of period	544,572	517,230	-	-
Issued	539	54,265	149,089	-
Redeemed	(139,599)	(26,706)	(608)	-
Balance - end of period	405,512	544,789	148,481	-
Average units outstanding	444,375	532,144	138,220	-

	Class D		Class E15	
	2020	2019	2020	2019
Balance - beginning of period	166,331	24,164	72,472	80,994
Issued	60,744	110,613	-	-
Redeemed	(21,574)	(1,904)	(10,693)	(526)
Balance - end of period	205,501	132,873	61,779	80,468
Average units outstanding	192,061	96,195	67,131	80,752

	Class F	
	2020	2019
Balance - beginning of period	1,584,484	2,003,994
Issued	201,457	87,492
Redeemed	(217,458)	(241,344)
Balance - end of period	1,568,483	1,850,142
Average units outstanding	1,568,712	1,960,720

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

Total Net Assets Attributable to Holders of Redeemable Units per Class and per Unit

For the six-month period ended June 30, 2020

	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	74,837,979	2,515,242	(9,236,311)	6,521,222	74,638,132	10.40	0.87
Class B2	1,280,816	565,776	(7,433)	125,074	1,964,233	10.47	0.92
Class B3	874,330	-	-	84,882	959,212	11.64	1.03
Class C1	1,308,233	-	-	129,618	1,437,851	11.71	1.06
Class C2	5,379,962	5,596	(1,485,738)	503,906	4,403,726	10.86	1.13
Class C3	-	1,485,083	(6,025)	26,086	1,505,144	10.14	0.19
Class D	1,802,425	667,981	(241,490)	211,048	2,439,964	11.87	1.10
Class E15	902,020	-	(138,917)	83,923	847,026	13.71	1.25
Class F	17,828,941	2,354,383	(2,526,341)	1,709,144	19,366,127	12.35	1.09
Total	104,214,706	7,594,061	(13,642,255)	9,394,903	107,561,415	N/A	N/A

For the six-month period ended June 30, 2019

	Net assets attributable to holders of redeemable units, beginning of period	Subscriptions	Redemptions	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	87,069,366	1,349,067	(13,349,910)	(1,089,847)	73,978,676	8.64	(0.12)
Class B2	1,295,190	6,000	(20,932)	(9,106)	1,271,152	8.63	(0.06)
Class B3	961,809	-	(165,137)	(7,893)	788,779	9.57	(0.08)
Class C1	1,603,123	-	(409,811)	(15,295)	1,178,017	9.59	(0.10)
Class C2	4,618,109	474,466	(234,046)	(13,877)	4,844,652	8.89	(0.03)
Class D	238,253	1,071,227	(18,431)	9,489	1,300,538	9.79	0.10
Class E15	907,286	-	(5,785)	(1,861)	899,640	11.18	(0.02)
Class F	20,454,314	879,663	(2,428,296)	(131,646)	18,774,035	10.15	(0.07)
Total	117,147,450	3,780,423	(16,632,348)	(1,260,036)	103,035,489	N/A	N/A

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 C3	0.75%
Class B2	1.49%	Class D	1.50%
Class B3	1.25%	Class E15	0.50%
Class C1	1.00%	Class F	1.25%
Class C2	0.87%		

For the six-month period ended June 30, 2020, the BMG Fund incurred management fees of \$1,008,843 [2019: \$1,060,456].

Holdings of Related Party

The Manager and its affiliates did not hold any units of the BMG Fund as at June 30, 2020 and 2019.

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

NOTES TO FINANCIAL STATEMENTS *(continued)*

(Unaudited)

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. A discount dealer may charge a fee at the time an investor buys class D units.

The Manager paid trailer fees to dealers of \$350,774 during the first six months of 2020 [2019: \$372,095].

6. Income Tax Loss Carryforwards

As at December 31, 2019, the BMG Fund had no capital or non-capital losses available to offset future years' taxable income.

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.

7. Financial Risk Management

The BMG Fund's financial instruments consist primarily of cash, subscriptions receivable, investments in bullion, management fees payable, redemptions payable, accounts payable and accrued liabilities. The BMG Fund's financial instruments 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, 2020, 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 \$5,370,082 [December 31, 2019: \$5,204,411].

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, 2020, 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.

NOTES TO FINANCIAL STATEMENTS (continued)

(Unaudited)

June 30, 2020

Financial liabilities	On demand	< 3 Months	Total
Management fees payable	\$ -	\$ 183,489	\$ 183,489
Redemptions payable	-	152,616	152,616
Accounts payable and accrued liabilities	-	141,002	141,002
Redeemable units	107,561,415	-	107,561,415

December 31, 2019

Financial liabilities	On demand	< 3 Months	Total
Management fees payable	\$ -	\$ 192,587	\$ 192,587
Redemptions payable	-	402,340	402,340
Accounts payable and accrued liabilities	-	151,561	151,561
Redeemable units	104,214,706	-	104,214,706

Interest Rate Risk

The majority of the BMG Fund's financial assets and liabilities were non-interest-bearing as at June 30, 2020 and December 31, 2019. 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, 2020, 100% [December 31, 2019: 99.9%] 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 \$1,075,553 [December 31, 2019: \$1,041,446].

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, 2020

Description	US \$	Canada \$	Total \$
Cash	159,799	456,676	616,475
Investments in bullion	107,401,638	-	107,401,638
Other Net Assets	(6,143)	(450,555)	(456,698)
Net Assets	107,555,294	6,121	107,561,415
Percent	100.0%	0.0%	100.0%

December 31, 2019

Description	US \$	Canada \$	Total \$
Cash	68,001	787,678	855,680
Investments in bullion	104,088,219	-	104,088,218
Other Net Assets	(11,659)	(700,863)	(729,192)
Net Assets	104,144,561	70,145	104,214,706
Percent	99.9%	0.1%	100%

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, 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-month periods ended June 30, 2020 and 2019. In addition, there were no investments or transactions classified in Level 3 for the six-month periods ended June 30, 2020 and 2019.

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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

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