

BMG SILVER BULLIONFUND

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2022



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BMG Silver BullionFund

Annual Management Report of Fund Performance

For the year ended December 31, 2022



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 Silver BullionFund (the “BMG Fund”), including statements with respect to strategies, risks, expected performance events and conditions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “could”, “would”, “forecasts”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “projects” and similar forward-looking expressions or negative versions thereof.

Forward-looking statements are not guarantees of future performance and actual results or events could differ materially from those expressed or implied in any forward-looking statements made by the BMG Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, such as interest and foreign currency rates, investment sentiment, volatility of precious metals prices, demand for various precious metals, and other factors affecting precious metals, currency fluctuations, global equity and capital markets, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above-mentioned list of important factors is not exhaustive. Some of these risks, uncertainties and other factors are described in the BMG Fund’s simplified prospectus, under the heading “Risk Factors.”

We encourage you to consider these and other factors carefully before making any investment decisions. Forward-looking statements should not be unduly relied upon. Further, you should be aware that the BMG Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance, and that the forward-looking statements speak only to the date of this 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 110 Cochrane Drive, Suite 200, Markham, ON L3R 9S1, or by visiting our website at www.bmg-group.com or SEDAR at www.sedar.com.

MANAGEMENT REPORT OF FUND PERFORMANCE

Investment Objective and Strategies

BMG Silver BullionFund (the “BMG Fund”) invests in unencumbered, fully allocated physical silver that is held by the Royal Bank of Canada. The BMG Fund’s objective is to provide a secure, convenient method for investors seeking to hold silver bullion for capital preservation, long-term appreciation, portfolio diversification and portfolio hedging purposes.

All physical bullion purchased by the BMG Fund meets the London Good Delivery standard as set out by the London Bullion Market Association (the “LBMA”).

The economic factors that determine the price of silver are, in most cases, opposed to the factors that determine the prices of most other financial assets. Ownership of BMG Fund units, therefore, acts as a hedge against the volatility of other investments. Units of a class of the BMG Fund are only intended to be one part of an investment strategy.

A small portion of the BMG Fund's assets (generally no more than 5%) may be held in cash to allow the BMG Fund to pay its expenses, and to facilitate any redemption of units of a class of the BMG Fund. The BMG Fund will not use derivatives or invest in securities or certificates of companies that produce silver bullion. The BMG Fund will not invest in foreign securities, and it does not hedge its holdings. The value of the BMG Fund, therefore, is purely a function of the spot price of silver bullion. The BMG Fund’s objectives and strategies did not change in 2022.

Risk

The risks associated with investing in the BMG Fund remain as stated in the simplified prospectus dated December 6, 2022. The principal risk associated with investing in the BMG Fund is the fluctuating price of silver, as well as fluctuations in the relationship between the Canadian and US dollars. In addition, the BMG Fund will be subject to precious metals risk, non-hedging strategy risk and specialization risk. Our view of the BMG Fund’s risk rating was unchanged in 2022.

Results of Operations

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

In 2022, the net asset value (the “NAV”) of the BMG Fund increased 11.4%, from \$19.4 million at December 31, 2021 to \$21.6 million at December 31, 2022. The increase was primarily driven by \$2.1 million in realized and unrealized gains on bullion less \$0.5 million in expenses in addition to \$0.5 million in net subscriptions. As at December 31, 2022, the BMG Fund’s silver holdings were 662,883 ounces, compared to 658,573 ounces at December 31, 2021.

For the year ended December 31, 2022, the NAV per unit of the BMG Fund’s Class A units increased by 6.5% in Canadian dollars, and decreased by 0.7% in US dollars, while the NAV per unit of the BMG Fund’s Class F units increased by 7.6% in Canadian dollars, and by 0.4% in US dollars. The poorer performance in US dollars is due to the Canadian dollar depreciation of 6.8% against the US dollar in 2022.

Silver started the year at US\$23.09 per ounce, reached a high of US\$26.18 per ounce in March and closed at US\$23.86 on December 31, 2022.

Recent Developments

We continue to experience legacy of the post-pandemic paradigm and global events of 2022. The critical turning point for the global economy is a continuing conflict in Ukraine and sanctions on Russia having a significant impact on China.

The Global economic growth has been dominated by the tightening monetary policies of central banks and increase in interest rates, and most recently shocked US banking crises and Silicon Valley Bank collapse followed by the rescue of Credit Suisse Credit Swiss.

In addition to the rate hikes, U.S. dollar uncertainty and environmental policies affecting global food production, continued inflation and geopolitical risks will magnify current positive sentiment for gold. In March, Gold reached \$2,000 level on safe-haven demand and the best hedge against financial risks.

MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

Although in 2022 silver prices have been volatile, they did end the year up with silver strengthening its use as a safe haven during 2023. Silver prices are up 3.37% USD this year as of December 31, but the S&P 500 index has lost more than 20%. Most importantly Silver will always have excellent store value and perpetual shelf lives.

Demand for Silver is continuing to increase, according to The Silver Institute (“SI”). Demand for silver reached 1,210 tonnes in 2022, an increase of 16% year-on-year; investment bars and coin demand grew year on year by 18% as retail investors sought a safe haven against the backdrop of rising inflation and ongoing economic uncertainty, the majority of the increase for the year can be attributed to the large increases in Jewelry and silverware, increasing 29% and 72% respectively. Silver demand is again expected to be significantly higher than Supply by about 194 million ounces which will continue to push prices up.

Precious metals have been affected by several factors including interest rate increases, inflation and a strong dollar, but the real impact of current banking crises, situation in Europe with mass unrest in France, agro-political issues, geo-political conflicts, international currency payment issues, increased demand for precious metals shall continue. Bar and coin demand, will be defined more by geopolitical changes and fear of banking system than interest rates. Investment may struggle in 2023 amid competing forces but consumer demand should hold strong.

In 2022, economies slowed or shrank in the first 2 quarters but rebounded in the last 2 quarters. Canada’s GDP increased by 3.6%, while US GDP increased 2.7%. The global economy is so far weathering headwinds better than expected. Incoming activity data for the fourth quarter of 2022 beat expectations, even though they do point to continued slowing momentum. Global real GDP is forecasted to grow by 2.3 percent in 2023, down from 3.3 percent in 2022. Canadian annual inflation was projected to be 4.8% in 2022 but hit 5.9% for the year, the US also continued to experience high inflation hitting 6.4% for the year. Any belief that this rise in inflation is transitory has evaporated with most central bankers admitting they severely underestimated inflation. In an effort to combat runaway inflation central banks have been aggressively hiking rates in 2022, but sharply pausing in 2023 with the US rates jumping from .25% to 4.5% and Canada following suit with an increase from .25% to 4.25%. Total interest payments on the US government’s debt could come in at nearly \$580 billion this fiscal year, up from \$399 billion in recently-completed fiscal 2022, and the interest will only increase as the government is projected to run a deficit of \$1.4 trillion in 2023 and annual deficits averaging \$2.0 trillion over the 2024–2033 period, potentially robbing the central bankers of their one tool to fight inflation.

Conventional value measures like the P/E ratio continue to be at historic highs, but the markets have started to correct. Major indexes are significantly down for 2022, the S&P dropped almost 20% from a peak of 4,796.56 to 3,839.50 with the DOW having a drop of 10% from 36,799.65 to 33,147.11. Bitcoin also suffered a massive drop for the year dropping 65% to \$16,644 from its peak of \$47,459 in March 2022. In addition to a correcting stock market, the housing market appears to be in the same situation, with the S&P/Case-Shiller 20 City Index remaining exceedingly high we are starting to see signs of the bubble bursting with the index seeing a decline of 4% in Nov and Dec, the first decline since 2012. RBC predicts that Ontario home prices will decrease 13.7% in 2023, and increase 2.9% in 2024, the estimates for 2024 vary greatly but with the increasing trend in the use of variable rate mortgages and potential pause in rate hikes by the central banks the prediction may not hold.

Given the current paradigm, the critical value of properly balancing asset classes of different correlations in order to maximize portfolio returns and minimize risk is evident. Adding 10% in gold bullion to a standard 60/40 portfolio increases the compound annual growth rate from 6.59% to 7.07%, while increasing the Sharpe ratio from .61 to .70.

Adding 20% in gold bullion to a portfolio increases the compound annual growth rate from 6.59% to 7.52%, while increasing the Sharpe ratio from .61 to .77.

Overall, precious metals had positive returns from a historical and relative context. Platinum increased significantly while Gold and Silver remained relatively flat. Inflation which usually drives up the price of precious metals has been offset by a strengthening US dollar and rate hikes but as the world’s economies head into what is likely a deep recession precious metals will remain a safe haven.

MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

In Canada, silver began 2022 at \$29.16 and ended the year at \$32.33, which represents a 10.88% increase. In the US, silver began 2022 at US\$23.09 and ended the year at US\$23.86, which represents a 3.37% increase.

The existing economic conditions and potential of downside catalysts due to mounting geopolitical agro-political unrest, excessive government borrowing, banking crisis, potential weakening of the dollar and volatile housing market is a sign of changing winds for silver. Precious metals have been the best-performing asset class during past periods of stagflation. As a result, we anticipate that precious metals will outperform all other asset classes in 2023.

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, 2022, 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, 2022, the BMG Fund incurred management fees of \$184,133.

Distributor

BMG Marketing Services Inc., an affiliate of the Manager, has been retained by the Manager to assist with the marketing and distribution of units of the BMG Fund in the exempt market pursuant to prospectus exemptions.

Independent Review Committee

The Manager has created an independent review committee (“IRC”) to review and provide impartial judgment on conflict of interest matters. The IRC reviews potential conflicts of interest referred to it by the Manager, and makes recommendations on whether a course of action is fair and reasonable for the BMG Fund. The IRC prepares an annual report of its activities for interested parties. A copy of the IRC’s report for 2022 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	2022	2021	2020	2019	2018
Net assets - beginning of year ⁽¹⁾	\$ 9.31	\$ 11.09	\$ 8.05	\$ 7.53	\$ 7.80
Increase(decrease) from operations:					
Total revenue	-	-	0.01	-	-
Total expenses (excluding distributions)	(0.34)	(0.26)	(0.30)	(0.24)	(0.24)
Realized gains (losses) for the year	0.04	0.15	0.20	(0.04)	(0.41)
Unrealized gains (losses) for the year	0.99	(1.67)	3.15	0.75	0.28
Total increase(decrease) from operations⁽²⁾	0.69	(1.78)	3.06	0.47	(0.37)
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	\$ 9.92	\$ 9.31	\$ 11.09	\$ 8.05	\$ 7.53
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 6,386	\$ 5,795	\$ 6,047	\$ 3,343	\$ 3,536
Number of units outstanding ⁽¹⁾	643,893	622,357	545,484	415,405	469,731
Management expense ratio (%) ⁽²⁾	3.87	3.25	3.25	3.25	3.25
Management expense ratio before waivers or absorption (%)	3.93	3.34	3.59	4.30	5.58
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	3.70	7.41	9.67	10.83	13.78
Net asset value per unit	\$ 9.92	\$ 9.31	\$ 11.09	\$ 8.05	\$ 7.53

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

THE FUND'S NET ASSETS PER CLASS D UNIT	2022	2021	2020	2019	2018*
Net assets - beginning of year ⁽¹⁾	\$ 12.25	\$ 14.48	\$ 10.43	\$ 9.69	\$ 10.00
Increase(decrease) from operations:					
Total revenue	-	-	0.01	-	-
Total expenses (excluding distributions)	(0.34)	(0.26)	(0.32)	(0.24)	(0.22)
Realized Gains (losses) for the year	0.05	0.20	0.31	(0.04)	(0.55)
Unrealized gains (losses) for the year	1.13	(2.17)	4.19	1.02	0.83
Total increase(decrease) from operations⁽²⁾	0.84	(2.23)	4.19	0.74	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	\$ 13.17	\$ 12.25	\$ 14.48	\$ 10.43	\$ 9.69
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 4,062	\$ 3,435	\$ 3,282	\$ 852	\$ 328
Number of units outstanding ⁽¹⁾	308,414	280,364	226,716	81,693	33,883
Management expense ratio (%) ⁽²⁾	2.96	2.49	2.50	2.50	2.50
Management expense ratio before waivers or absorption (%)	3.01	2.56	2.79	3.50	5.14
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	3.70	7.41	9.67	10.83	13.78
Net asset value per unit	\$ 13.17	\$ 12.25	\$ 14.48	\$ 10.43	\$ 9.69

*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.

FINANCIAL HIGHLIGHTS *(continued)*

THE FUND'S NET ASSETS PER CLASS F UNIT	2022	2021	2020	2019	2018
Net assets - beginning of year ⁽¹⁾	\$ 9.86	\$ 11.61	\$ 8.34	\$ 7.72	\$ 7.91
Increase(decrease) from operations:					
Total revenue	-	-	0.01	-	-
Total expenses (excluding distributions)	(0.26)	(0.05)	(0.21)	(0.17)	(0.16)
Realized Gains (losses) for the year	0.04	0.14	0.22	(0.05)	(0.43)
Unrealized gains (losses) for the year	1.19	(1.84)	3.12	0.67	0.51
Total increase(decrease) from operations⁽²⁾	0.97	(1.75)	3.14	0.45	(0.08)
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	\$ 10.62	\$ 9.86	\$ 11.61	\$ 8.34	\$ 7.72
RATIOS AND SUPPLEMENTAL DATA:					
Total net asset value (000's) ⁽¹⁾	\$ 946	\$ 796	\$ 638	\$ 336	\$ 590
Number of units outstanding ⁽¹⁾	89,117	80,670	54,940	40,288	76,429
Management expense ratio (%) ⁽²⁾	2.82	2.14	2.15	2.15	2.15
Management expense ratio before waivers or absorption (%)	2.87	2.25	2.50	3.32	4.64
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	3.70	7.41	9.67	10.83	13.78
Net asset value per unit	\$ 10.62	\$ 9.86	\$ 11.61	\$ 8.34	\$ 7.72

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

Explanatory Notes to Financial Highlights

Fund's Net Assets per Unit of each Class

(1) This information is derived from the BMG Fund's financial statements. In the period a BMG Fund or class is established, the financial information is provided from the date a particular class was first offered to the end of the period. The NAV per class presented in the financial statements does not differ from the NAV per class calculated for fund pricing purposes.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets from operations is based on the weighted average number of units outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per unit.

(3) The BMG Fund did not make any distributions.

Ratios and Supplemental Data

(1) This information is provided as at the end of the period shown.

(2) The management expense ratio is based on total expenses for the stated period, and is expressed as an annualized percentage of daily average NAV during the period.

(3) The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of NAV during the period.

(4) The BMG Fund's portfolio turnover rate indicates how actively the BMG Fund's silver bullion investments are traded. A portfolio turnover rate of 100% is equivalent to the BMG Fund buying and selling all its silver bullion once in the course of the relevant period. There is no trading cost payable by the BMG Fund. The higher a portfolio turnover rate in a year, the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the BMG Fund.

FINANCIAL HIGHLIGHTS *(continued)*

Management Fees

Management fees are paid by each class of the BMG Fund to the Manager, and are calculated at the applicable annual percentage of the NAV of each class of the BMG Fund. A portion of the management fees paid by the BMG Fund is for trailer fees paid to dealers. The trailer fees are a percentage of the daily average NAV of the applicable class of units of the BMG Fund that are held by the dealers' clients. No trailer fees are paid with respect to Class F units of the BMG Fund. The table below outlines the BMG Fund's annual management fees for Class A, Class D and Class F units, and how those fees are split between trailer fees and portfolio administration.

	Class A	Class D	Class F
Management Fee	2.25%	1.25%	1.25%
Portfolio Administration Fee	55.6%	100%	100%
Trailer Fee <i>(maximum rate as a percentage of management fees)</i>	44.4%	0%	0%

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of \$53,323 during the year ended December 31, 2022.

Operating Expenses

For the year ended December 31, 2022, the Manager absorbed \$5,311 of BMG Fund operating expenses. The decision to reduce operating expenses is made at the discretion of the Manager, and may be changed at any time.

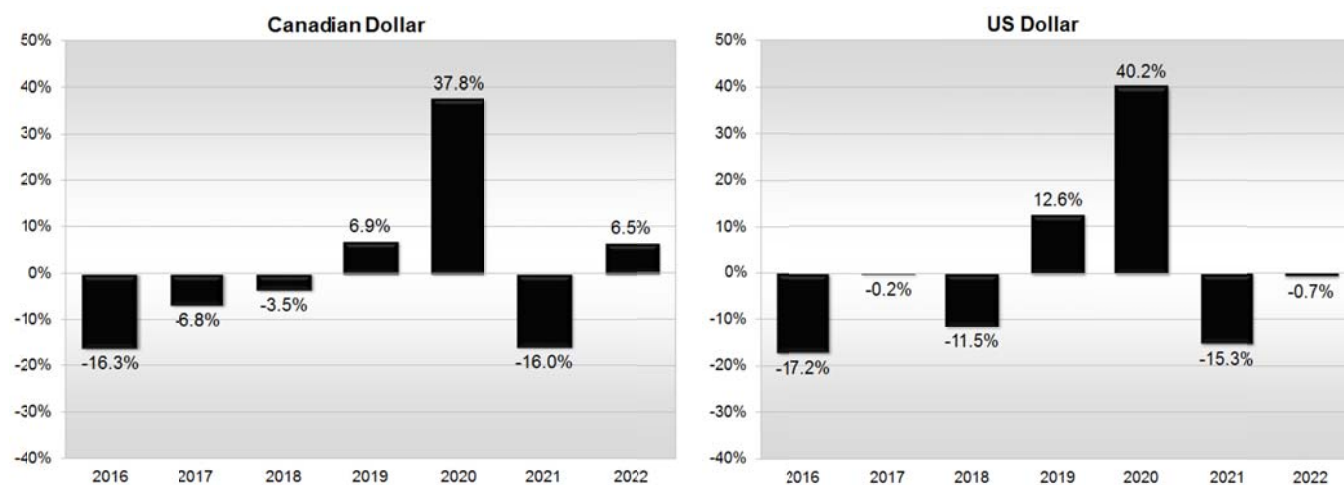
PAST PERFORMANCE

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.

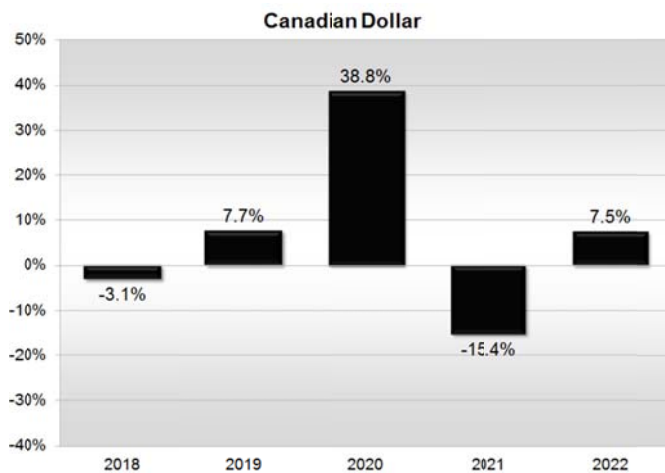
Class A



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

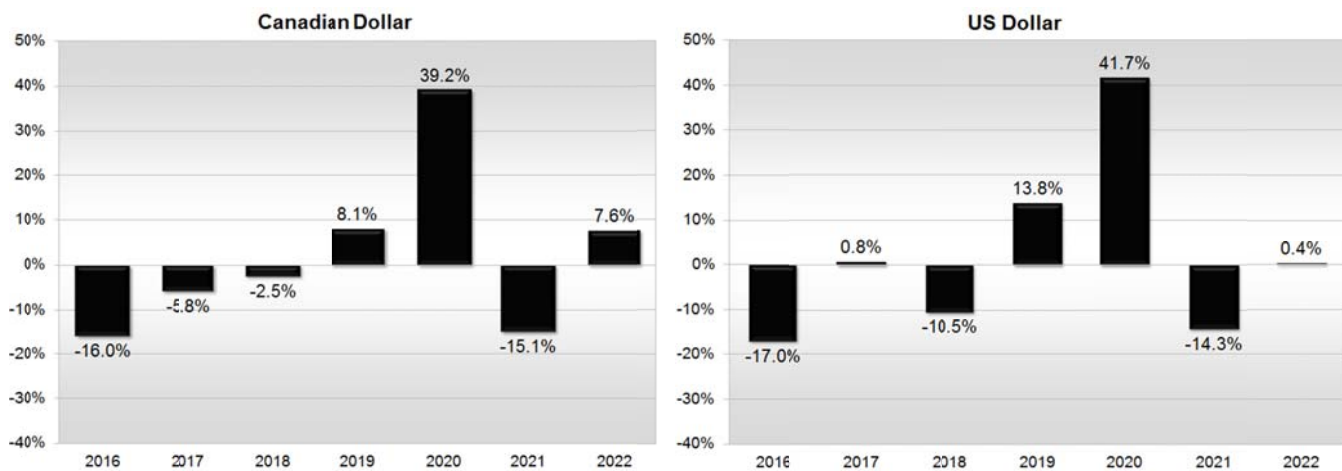
PAST PERFORMANCE (continued)

Class D



The return shown for 2018 is for the period from January 18, 2018, the date the Class D units were first offered.

Class F



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

Annual Compound Returns

The following table shows the annual compound total returns for each class of units of the BMG Fund in Canadian and US dollars since inception, or for the ten-, five-, three- and one-year periods ended on December 31, 2022, 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.

PAST PERFORMANCE (continued)

Class A

	Since Inception (September 2016)	5 Years	3 Years	1 Year
The BMG Fund Class A CDN\$	-0.13%	4.91%	7.22%	6.51%
Inflation (CPI, Statistics Canada)	2.57%	3.06%	3.67%	5.90%
Bank of Canada, 3-month Treasury Bills	1.35%	1.59%	1.53%	4.30%
The BMG Fund Class A US\$	-0.48%	3.28%	5.66%	-0.70%
Inflation (CPI, US Dept. of Labor)	2.84%	3.30%	4.10%	6.40%
US, 3-month Treasury Bills	1.52%	1.75%	1.62%	4.70%

Class D

	Since Inception (January 2018)	3 Years	1 Year
The BMG Fund Class A CDN\$	5.72%	8.08%	7.50%
Inflation (CPI, Statistics Canada)	3.06%	3.67%	5.90%
Bank of Canada, 3-month Treasury Bills	1.59%	1.53%	4.30%

Class F

	Since Inception (September 2016)	5 Years	3 Years	1 Year
The BMG Fund Class F CDN\$	0.96%	6.06%	8.39%	7.65%
Inflation (CPI, Statistics Canada)	2.57%	3.06%	3.67%	5.90%
Bank of Canada, 3-month Treasury Bills	1.35%	1.59%	1.53%	4.30%
The BMG Fund Class F US\$	0.61%	4.41%	6.81%	0.35%
Inflation (CPI, US Dept. of Labor)	2.84%	3.30%	4.10%	6.40%
US, 3-month Treasury Bills	1.52%	1.75%	1.62%	4.70%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2022

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Silver Bullion	653,447.819	9,435.041	662,882.860	16,680,683	21,432,341	99.3
Net Investment				16,680,683	21,432,341	99.3
Cash and Other Assets Less Liabilities					161,006	0.7
Net assets attributable to holders of redeemable units					21,593,347	100.0

As at December 31, 2021

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Silver Bullion	648,851.420	9,721.820	658,573.240	16,481,055	19,203,915	99.1
Net Investment				16,481,055	19,203,915	99.1
Cash and Other Assets Less Liabilities					176,660	0.9
Net assets attributable to holders of redeemable units					19,380,575	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.

BMG Silver BullionFund

Annual Financial Statements

For the years ended December 31, 2022 and 2021



BMG
MANAGEMENT
SERVICES INC.
A BMG Company

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of BMG Silver BullionFund (the “BMG Fund”) have been prepared by BMG Management Services Inc., in its capacity as manager (the “Manager”) of the BMG Fund, and have been approved by the Board of Directors of BMG Management Services Inc. The Board of Directors is responsible for the information and representations contained in these financial statements, and in the Management Report of Fund Performance.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards, and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies that the Manager believes are appropriate for the BMG Fund are described in Note 2 to the financial statements.

The Audit Committee of the Board of Directors is responsible for reviewing the financial statements and the Management Report of Fund Performance, and for recommending them to the Board of Directors of the Manager for approval, in addition to meeting with management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

RSM Canada LLP is the external auditor of the BMG Fund, and is appointed by the trustee of the BMG Fund. The auditor of the BMG Fund has audited the financial statements in accordance with Canadian Generally Accepted Auditing Standards to enable it to express to the unitholders its opinion on the financial statements. The auditor’s report is set out herein.



Nick Barisheff
President & CEO
Director



Marty Nicandro
VP & General Manager
Director

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of BMG Silver BullionFund

Opinion

We have audited the financial statements of BMG Silver BullionFund, (the "Fund"), which comprise the statements of financial position as at December 31, 2022 and 2021 and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management's Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
March 30, 2023
Toronto, Ontario

STATEMENTS OF FINANCIAL POSITION

As at December 31

	2022	2021
	\$	\$
ASSETS		
Current assets		
Cash	208,435	193,422
Investments in silver bullion [Average cost \$16,680,683; December 2021 - \$16,481,055]	21,432,341	19,203,915
Subscriptions receivable	6,000	1,625
Due from Manager (Note 4)	35,717	30,406
Total assets	21,682,493	19,429,368
LIABILITIES		
Current liabilities		
Management fees payable	18,178	17,593
Redemptions payable	2,000	100
Accounts payable and accrued liabilities	68,968	31,100
Total liabilities (excluding net assets attributable to holders of redeemable units)	89,146	48,793
Net assets attributable to holders of redeemable units	21,593,347	19,380,575
Net assets attributable to holders of redeemable units per class (Note 3)		
Class A	6,386,111	5,795,041
Class D	4,062,308	3,435,217
Class F	946,162	795,626
Class I	10,198,766	9,354,691
	21,593,347	19,380,575

See accompanying notes

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



Nick Barisheff
Director



Marty Nicandro
Director

STATEMENTS OF COMPREHENSIVE INCOME(LOSS)

For the years ended December 31

	2022 \$	2021 \$
INVESTMENT INCOME(LOSS)		
Change in net unrealized gains (losses) on investments in silver bullion	2,028,798	(3,267,871)
Net realized gains on investments in silver bullion	77,005	313,516
Net foreign exchange gains (losses)	2,876	(3,984)
Other income	3,075	7,534
Total investment income(loss)	2,111,754	(2,950,805)
EXPENSES		
Management fees (Note 4)	184,133	200,698
Security holder reporting costs	72,800	73,000
Bullion storage fees	128,260	35,761
Services tax	42,933	33,593
Audit fees	12,740	12,775
Filing fees	27,664	27,740
Independent Review Committee fees	604	730
Legal fees	14,560	14,600
Other administrative expenses	7,279	7,319
Total expenses	490,973	406,216
Expenses absorbed by Manager (Note 4)	(5,311)	(8,560)
Total expenses after absorption	485,662	397,656
Increase (decrease) in net assets attributable to holders of redeemable units	1,626,092	(3,348,461)
Increase (decrease) in net assets attributable to holders of redeemable units per class (note 3)		
Class A	439,796	(1,115,684)
Class D	262,968	(581,054)
Class F	79,253	(164,253)
Class I	844,075	(1,487,470)
	1,626,092	(3,348,461)

See accompanying notes.

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

For the years ended December 31

	2022 \$	2021 \$
Net assets attributable to holders of redeemable units, beginning of year	19,380,575	19,909,202
Issue of redeemable units	1,697,505	5,522,113
Redemption of redeemable units	(1,110,825)	(2,702,279)
Increase (decrease) in net assets attributable to holders of redeemable units	1,626,092	(3,348,461)
Net assets attributable to holders of redeemable units, end of year	21,593,347	19,380,575

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2022 \$	2021 \$
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable units	1,626,092	(3,348,461)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities		
Purchase of investments in silver bullion	(816,879)	(3,913,566)
Proceeds from sales of investments in silver bullion	694,256	1,497,770
Net realized gains on investments in silver bullion	(77,005)	(313,516)
Change in net unrealized (gains) losses on investments in silver bullion	(2,028,798)	3,267,871
Net changes in non-cash operating balances:		
(Increase) decrease in due from Manager	(5,311)	(8,560)
Increase in management fees payable	585	957
Increase (Decrease) in accounts payable and accrued liabilities	37,868	(25,449)
Net cash used in operating activities	(569,192)	(2,842,954)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable units	1,398,335	5,064,431
Increase (decrease) in subscriptions receivable	(4,375)	3,075
Amounts paid on redemption of redeemable units	(811,655)	(2,244,597)
Increase (Decrease) in redemptions payable	1,900	(900)
Net cash provided by financing activities	584,205	2,822,009
Net increase (decrease) in cash during the year	15,013	(20,945)
Cash, beginning of year	193,422	214,367
Cash, end of year	208,435	193,422

See accompanying notes.

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2022

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Silver Bullion	653,447.819	9,435.041	662,882.860	16,680,683	21,432,341	99.3
Net Investment				16,680,683	21,432,341	99.3
Cash and Other Assets Less Liabilities					161,006	0.7
Net assets attributable to holders of redeemable units					21,593,347	100.0

As at December 31, 2021

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Silver Bullion	648,851.420	9,721.820	658,573.240	16,481,055	19,203,915	99.1
Net Investment				16,481,055	19,203,915	99.1
Cash and Other Assets Less Liabilities					176,660	0.9
Net assets attributable to holders of redeemable units					19,380,575	100.0

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

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

The BMG Fund's silver 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

1. Formation of the Fund

BMG Silver BullionFund (the “BMG Fund”) was established under the laws of Ontario by a Master Declaration of Trust and Regulation each dated September 21, 2016, as amended. The BMG Fund commenced operation on September 26, 2016. The address of the BMG Fund’s registered office is: 110 Cochrane Drive, Suite 200, Markham, ON L3R 9S1. BMG Management Services Inc. (the “Manager”) is the trustee and manager of the BMG Fund. The BMG Fund currently offers four classes of units.

The classes were first started on the following dates:

Class A	September 26, 2016	Class F	September 26, 2016
Class D	January 16, 2018	Class I	February 27, 2019

All classes share the same attributes from a valuation perspective, except that they are subject to different management fee rates.

The BMG Fund invests only in silver bullion, with the objective of providing a secure, convenient, low-cost alternative for investors seeking to hold silver 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.

The financial statements were authorized for issue by the Board of Directors of the Manager on March 23, 2023.

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 financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in silver 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 silver bullion based on both the BMG Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The performance of the investments in silver bullion is evaluated on a fair value basis. The BMG Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. As such, the BMG Fund classifies its investments in silver bullion at fair value through profit or loss.

The BMG Fund’s obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at the redemption amount, which approximates fair value as of the reporting date. All other financial assets and liabilities are measured at amortized cost.

(b) Recognition/derecognition

Purchases and sales of investments in silver 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 Statements 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.

NOTES TO FINANCIAL STATEMENTS *(continued)*

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 silver bullion are recognized as "Net realized losses on investments in silver bullion" in the Statements of Comprehensive Income (Loss). Costs of investments in silver 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 as "Change in net unrealized gains(losses) on investments in silver bullion" 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, if any, 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 silver bullion is priced based on the available spot price. The difference between the silver bullion spot price and the average cost of the investment in silver bullion held at the Statements of Financial Position date is shown as "Change in net unrealized gains (losses) on investments in silver 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	Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the BMG Fund can access at the measurement date
Level 2	Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3	Inputs are unobservable inputs for the asset or liability

Fair value of investments in silver 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)

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

New Standards, Interpretations and Amendments effective January 1, 2022

The BMG Fund did not have to change its accounting policies or make retrospective adjustments for new or amended standards that are applicable for the current reporting period.

NOTES TO FINANCIAL STATEMENTS (continued)

New Standards, Interpretations and Amendments effective after December 31, 2022

New standards and interpretations that are effective after December 31, 2022, are not 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 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.

Unitholder transactions during the years ended December 31:

	Class A		Class D	
	2022	2021	2022	2021
Balance - beginning of year	622,357	545,484	280,364	226,716
Issued	79,366	186,150	70,786	113,556
Redeemed	(57,830)	(109,277)	(42,736)	(59,908)
Balance - end of year	643,893	622,357	308,414	280,364
Average units outstanding	634,228	603,502	312,851	253,065

	Class F		Class I	
	2022	2021	2022	2021
Balance - beginning of year	80,670	54,940	701,576	641,045
Issued	15,733	93,741	-	60,531
Redeemed	(7,286)	(68,011)	-	-
Balance - end of year	89,117	80,670	701,576	701,576
Average units outstanding	81,548	85,255	701,576	697,099

Total net assets attributable to holders of redeemable units per class and per unit

For the year ended December 31, 2022

	Net assets attributable to holders of redeemable units, beginning of year	Subscriptions	Redemptions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year	Net assets attributable to holders of redeemable units per unit	Increase in net assets attributable to holders of redeemable units per unit
	\$	\$	\$	\$	\$	\$	\$
Class A	5,795,041	674,342	(523,068)	439,796	6,386,111	9.92	0.69
Class D	3,435,217	879,998	(515,875)	262,968	4,062,308	13.17	0.84
Class F	795,626	143,165	(71,882)	79,253	946,162	10.62	0.97
Class I	9,354,691	-	-	844,075	10,198,766	14.54	1.20
Total	19,380,575	1,697,505	(1,110,825)	1,626,092	21,593,347	N/A	N/A

NOTES TO FINANCIAL STATEMENTS *(continued)*

For the year ended December 31, 2021

	Net assets attributable to holders of redeemable units, beginning of year	Subscriptions	Redemptions	Decrease in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year	Net assets attributable to holders of redeemable units per unit	Decrease in net assets attributable to holders of redeemable units per unit
	\$	\$	\$	\$	\$	\$	\$
Class A	6,047,164	2,013,546	(1,149,985)	(1,115,684)	5,795,041	9.31	(1.85)
Class D	3,281,988	1,578,395	(844,112)	(581,054)	3,435,217	12.25	(2.30)
Class F	637,889	1,030,172	(708,182)	(164,253)	795,626	9.86	(1.93)
Class I	9,942,161	900,000	-	(1,487,470)	9,354,691	13.33	(2.13)
Total	19,909,202	5,522,113	(2,702,279)	(3,348,461)	19,380,575	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 D	1.25%
Class F	1.25%
Class I	0.00%

For the year ended December 31, 2022, the BMG Fund incurred management fees of \$184,133 (2021: \$200,698).

For the year ended December 31, 2022, the Manager absorbed the BMG Fund operating expenses of \$5,311 (2021: \$8,560), the balance owing at year end is \$35,717 (December 31, 2021: \$30,406) and is unsecured with no repayment terms. The decision to reduce expenses is made at the discretion of the Manager and may be changed at any time.

Holdings of Related Party

The Manager did not hold any units of BMG Fund on December 31, 2022 and 2021.

5. Sales Commission

A sales commission may be charged by a registered dealer or representative at the time an investor buys Class A units or Class B units of the BMG Fund. The maximum amount of the sales commission for Classes A and B is 5.00% of the net amount invested. The sales commission is only negotiable for Classes A and B. No sales commission is currently charged for the Class F 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 \$53,323 during the 2022 fiscal year [2021: \$63,951].

NOTES TO FINANCIAL STATEMENTS *(continued)*

6. Income Tax Loss Carryforwards

As at December 31, 2022 and 2021, 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, due from Manager, investments in silver bullion, management fees payable, redemptions payable, and accounts payable and accrued liabilities. The BMG Fund's cash and silver bullion holdings are exposed to various types of risk, including market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks and related risk-management practices employed by the BMG Fund are described below.

Market Risk

Market risk is the risk that the fair value or future cash flows of silver bullion investments will fluctuate because of changes in market prices or transaction timing. The market price of silver 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 in one type of investment. Since the BMG Fund does not lease silver, the only future cash flows will be from dispositions of silver bullion. Dispositions of bullion will be necessary to pay redemptions when cash reserves are not adequate.

As at December 31, 2022, the effect on the BMG Fund's net assets if there were a 5% increase or decrease in the price of silver bullion, with all other variables held constant, would be an increase, or decrease, of \$1,071,617 [2021: \$960,196].

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at December 31, 2022 and 2021, 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 silver bullion, if any, are with a major Canadian chartered bank (or subsidiary thereof) that is a recognized dealer in bullion. The BMG Fund has exposure related to its receivable due from the manager and may have credit exposure to the Canadian chartered bank (or subsidiary thereof) to the extent of any unsettled trades.

Liquidity Risk

Liquidity risk is the risk that a fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. 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, silver 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)

December 31, 2022

Financial liabilities	On demand	< 3 Months	Total
Management fees payable	\$ -	\$ 18,178	\$ 18,178
Redemptions payable	-	2,000	2,000
Accounts payable and accrued liabilities	-	68,968	68,968
Redeemable units	21,593,347	-	21,593,347

December 31, 2021

Financial liabilities	On demand	< 3 Months	Total
Management fees payable	\$ -	\$ 17,593	\$ 17,593
Redemptions payable	-	100	100
Accounts payable and accrued liabilities	-	31,100	31,100
Redeemable units	19,380,575	-	19,380,575

Interest Rate Risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The majority of the BMG Fund's financial assets and liabilities were non-interest-bearing as at December 31, 2022 and 2021. Accordingly, the BMG Fund is not directly exposed to significant risk due to fluctuations in the prevailing levels of market interest rates.

Currency Risk

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. Silver 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 silver bullion when surplus cash is available. Normally the cash balance is less than 5% of the assets of the BMG Fund.

As at December 31, 2022, 99.3% [2021: 99.3%] 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 \$214,448 [2021: \$192,522].

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.

NOTES TO FINANCIAL STATEMENTS (continued)

Foreign Currency Exposure

December 31, 2022

Description	US \$	Canada \$	Total \$
Cash	12,492	195,943	208,435
Investments in silver bullion	21,432,341	-	21,432,341
Other Net Assets Less Liabilities	-	(47,429)	(47,429)
Net Assets	21,444,833	148,514	21,593,347
Percent	99.3%	0.7%	100.0%

December 31, 2021

Description	US \$	Canada \$	Total \$
Cash	48,315	145,107	193,422
Investments in silver bullion	19,203,915	-	19,203,915
Other Net Assets Less Liabilities	-	(16,762)	(16,762)
Net Assets	19,252,230	128,345	19,380,575
Percent	99.3%	0.7%	100.0%

8. Capital Management

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

9. Fair Value Measurement

All fair value measurements above are recurring. The carrying values of cash, due from Manager, 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 their fair value requires the use of significant unobservable inputs, in which case they are classified as Level 3.

There were no transfers between levels for the years ended December 31, 2022 and 2021. In addition, there were no investments or transactions classified in Level 3 for the years ended December 31, 2022 and 2021.

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