

BMG GOLD BULLIONFUND

# SEMI-ANNUAL REPORT

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023



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# BMG Gold BullionFund

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## Semi-Annual Management Report of Fund Performance

For six months period ended June 30, 2023 (unaudited)



BMG  
MANAGEMENT  
SERVICES INC.

A BMG Company

### Caution regarding forward-looking statements

Certain portions of this Semi-Annual Management Report of Fund Performance, including, but not limited to, “Recent Developments”, may contain forward-looking statements about the BMG Gold BullionFund (the “BMG Fund”) including statements with respect to strategies, risks, expected performance events and conditions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “could”, “would”, “forecasts”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “projects” and similar forward-looking expressions or negative versions thereof.

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

We encourage you to consider these and other factors carefully before making any investment decisions. Forward-looking statements should not be unduly relied upon. Further, you should be aware that the BMG Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance, and that the forward-looking statements speak only to the date of this Semi-Annual Management Report of Fund Performance.

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

## MANAGEMENT REPORT OF FUND PERFORMANCE

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### Investment Objective and Strategies

BMG Gold BullionFund (the “BMG Fund”) invests only in unencumbered, fully allocated physical gold that is held by RBC Investor and Treasury Services. The BMG Fund’s objective is to provide a secure and convenient method for investors seeking to hold gold bullion for capital preservation, long-term appreciation, portfolio diversification and portfolio hedging purposes.

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

The economic factors that determine the price of gold are, in most cases, opposed to the factors that determine the prices of most other financial assets. Ownership of BMG Fund units, therefore, acts as a hedge against the volatility of other investments. Units of a class of the BMG Fund are not speculative, and are only intended to be one part of an investment strategy.

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

### Risk

The risks associated with investing in the BMG Fund remain as stated in the simplified prospectus dated November 26, 2021. The principal risk associated with investing in the BMG Fund is the fluctuating price of gold, as well as fluctuations in the relationship between the Canadian and US dollars. In addition, the BMG Fund will be subject to precious metals risk, non-hedging strategy risk and specialization risk.

### Results of Operations

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

In 2023, the net asset value (“NAV”) of the BMG Fund increased 0.1% from \$98.3 million at December 31, 2022 to \$98.4 million at June 30, 2023. The increase was primarily driven by \$2.6 million in realized and unrealized gains on gold bullion investments offset by \$1.6 million in net redemptions plus \$0.9 million in total expenses. As at June 30, 2023, the BMG Fund’s gold holdings were 38,892 ounces, compared to 39,847 ounces at December 31, 2022.

In 2023, the NAV per unit of the BMG Fund’s Class A units increased by 1.1% in Canadian dollars, and increased 3.6% in US dollars, while the NAV per unit of the BMG Fund’s Class F units increased by 1.7% in Canadian dollars, and increased 4.1% in US dollars. The better performance in US dollars is due to the Canadian dollars appreciation of 2.4% against the US dollar in 2023. Please see *Past Performance* for the performance data of other classes.

In 2023, the gold price increased by 5.1%, from US\$1,819.70 on December 31, 2022 and closed at US\$1,912.25 on June 30, 2023.

### Recent Developments

We continue to experience the legacy of the post-pandemic paradigm and global events of 2022. Critical aspects for the global economy continue to be the conflict in Ukraine and sanctions on Russia, which are having a significant impact.

Global economic growth continues to be dominated by the tightening monetary policies of central banks and increasing interest rates.

In addition to rate hikes, U.S. dollar uncertainty and environmental policies affecting global food production, continued inflation and geopolitical risks will magnify the current positive sentiment for gold. In May 2023, gold reached the US\$2,000 level on safe-haven demand and as the best hedge against financial risks.

Gold has been steadily increasing in price this year, maintaining its safe-haven status, while silver and platinum have given up some of their gains. As our interest and inflation shifts from a 2% world to a 5% world, or structurally higher inflation and

## MANAGEMENT REPORT OF FUND PERFORMANCE (*continued*)

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interest rates, gold (and precious metals in general) is one of the few assets with no correlation to stocks that is also robust against stagflation. Most importantly, gold will always be an unparalleled store of value.

Demand for gold continues to increase. Central bank buying increased in 2023, with Q1 purchases being 34% higher than the previous Q1 record, set in 2013. Unfortunately, this increased demand was offset by reductions in other areas: The challenging economic climate drove down industrial demand and there was a drop in gold investment. Central bank demand is expected to continue to be high, primarily driven by BRICS+ aligned countries. Their desire to move away from the U.S. dollar is likely to drive additional gold demand.

Canada's GDP increased by 3.6%, while US GDP increased 2.7%. The global economy is —so far—weathering headwinds better than expected. Economic growth for the first half of 2023 was muted, with China's expected rebound falling flat; indicators point to continued slowing momentum. Global real GDP was forecasted to grow by 2.3% in 2023. Canadian annual inflation was expected to decline because of monetary policy as well as an expected recession, and while it is off 2022 highs, it has started to edge up again; it climbed to 3.3% in July from 2.8% in June. Central banks aggressively hiked rates in 2022; U.S. rates jumped from 0.25% to 4.5%, and Canada followed suit with an increase from 0.25% to 4.25%. Canada is expected to hold off on rate increases in the fall.

Conventional value measures like the P/E ratio continue to be at historic highs. Major indexes were significantly down in 2022, but have recovered some of their losses in 2023, with the S&P 500 up around 15% and the DOW, having dropped 10% in 2022, up just over 4%.

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. Thirty years ago, S&P 500 stocks were only about 10% correlated. Now, with a few growth stocks dominating the market, intra-index stock correlations are often more than 50%. 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.

As noted by Bank of America in its recent report "The New Case for Gold", during past turmoil such as the dotcom bubble, the Great Financial Crisis and the Covid pandemic, a portfolio that held 25% gold cut losses by 9% on average.

Overall, precious metals had positive returns from a historical and relative context. While silver and platinum have lagged gold's recent performance, they are likely to catch up as the bull market in precious metals advances. As the world's economies head into what is likely to be a recession, precious metals will remain a safe haven.

In Canada, gold began 2023 at \$2,465.62 and ended the year at \$2,530.37, which represents a 2.63% increase. In the US, gold began 2023 at US\$1,819.70 and ended the year at US\$1,912.25, which represents a 5.09% increase.

Existing economic conditions and the potential of downside catalysts due to mounting geopolitical agro-political unrest, excessive government borrowing, banking crises, potential weakening of the U.S. dollar and a volatile housing market are signs of changing winds for gold. Gold has 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.

## MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

### Related-Party Transactions

#### Manager and Trustee

BMG Management Services Inc. (“the Manager”) is the manager, trustee, registrar and transfer agent for the BMG Fund. The Manager provides, or arranges for the provision of, all management and administrative services for day-to-day operations, including providing fund and unitholder accounting, recordkeeping and other administrative services. At June 30, 2023, 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 period ended June 30, 2023, the BMG Fund incurred management fees of \$673,766.

#### 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](http://www.bmg-group.com).

As at June 30, 2023 company insiders had holdings of the funds in the amount of \$1.3 million

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about each class of units of the BMG Fund, and are intended to help you understand the BMG Fund’s financial performance for the past six months ended June 30, 2022, and/or from the period since the particular class was first offered. The information is derived from the BMG Fund’s financial statements.

| <b>THE FUND’S NET ASSETS PER CLASS A UNIT</b>             | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>Net assets - beginning of period<sup>(1)</sup></b>     | <b>\$6.37</b> | <b>\$6.08</b> | <b>\$6.62</b> | <b>\$5.60</b> | <b>\$5.11</b> |
| <b>Increase (decrease) from operations:</b>               |               |               |               |               |               |
| Total revenue   | -             | -             | -             | -             | -             |
| Total expenses (excluding distributions)                  | (0.10)        | (0.20)        | (0.18)        | (0.19)        | (0.16)        |
| Realized gains for the period                             | 0.09          | 0.18          | 0.20          | 0.22          | 0.15          |
| Unrealized gains for the period                           | 0.09          | 0.32          | (0.60)        | 0.99          | 0.49          |
| <b>Total increase from operations<sup>(2)</sup></b>       | <b>0.08</b>   | <b>0.30</b>   | <b>(0.58)</b> | <b>1.02</b>   | <b>0.48</b>   |
| <b>Distributions:</b>                                     |               |               |               |               |               |
| From net investment income (excluding dividends)          | -             | -             | -             | -             | -             |
| From dividends  | -             | -             | -             | -             | -             |
| From capital gains  | -             | -             | -             | -             | -             |
| Return of capital   | -             | -             | -             | -             | -             |
| <b>Total distributions<sup>(3)</sup></b>                  | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| <b>Net assets – end of period</b>                         | <b>\$6.44</b> | <b>\$6.37</b> | <b>\$6.08</b> | <b>\$6.62</b> | <b>\$5.60</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                      |               |               |               |               |               |
| Total net asset value (000’s) <sup>(1)</sup>              | \$42,794      | \$44,103      | \$50,513      | \$62,376      | \$53,708      |
| Number of units outstanding <sup>(1)</sup>                | 6,645,689     | 6,927,508     | 8,307,902     | 9,415,664     | 9,594,728     |
| Management expense ratio (%) <sup>(2)</sup>               | 2.93          | 3.22          | 3.00          | 2.95          | 3.02          |
| Management expense ratio before waivers or absorption (%) | 2.93          | 3.22          | 3.00          | 2.95          | 3.02          |
| Trading expense ratio (%) <sup>(3)</sup>                  | -             | -             | -             | -             | -             |
| Portfolio turnover rate (%) <sup>(4)</sup>                | 1.28          | 0.59          | 1.37          | 10.48         | 17.79         |
| Net asset value per unit                                  | \$6.44        | \$6.37        | \$6.08        | \$6.62        | \$5.60        |

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 B3 UNIT                        | 2023           | 2022           | 2021           | 2020           | 2019           |
|--|----------------|----------------|----------------|----------------|----------------|
| Net assets - beginning of period <sup>(1)</sup>                | \$14.10        | \$14.32        | \$14.32        | \$11.96        | \$10.78        |
| <b>Increase (decrease) from operations:</b>                    |                |                |                |                |                |
| Total revenue  | -              | -              | -              | -              | -              |
| Total expenses (excluding distributions)                       | (0.13)         | (0.27)         | (0.24)         | (0.25)         | (0.20)         |
| Realized gains for the period                                  | 0.19           | 0.39           | 0.44           | 0.47           | 0.31           |
| Unrealized gains (losses) for the period                       | (0.13)         | 0.68           | (1.22)         | 2.14           | 1.04           |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>(0.07)</b>  | <b>0.80</b>    | <b>(1.02)</b>  | <b>2.36</b>    | <b>1.15</b>    |
| <b>Distributions:</b>  |                |                |                |                |                |
| From net investment income (excluding dividends)               | -              | -              | -              | -              | -              |
| From dividends   | -              | -              | -              | -              | -              |
| From capital gains   | -              | -              | -              | -              | -              |
| Return of capital  | -              | -              | -              | -              | -              |
| <b>Total distributions<sup>(3)</sup></b>                       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net assets – end of period</b>                              | <b>\$14.35</b> | <b>\$14.10</b> | <b>\$13.31</b> | <b>\$14.32</b> | <b>\$11.96</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                           |                |                |                |                |                |
| Total net asset value (000's) <sup>(1)</sup>                   | \$297          | \$158          | \$149          | \$161          | \$134          |
| Number of units outstanding <sup>(1)</sup>                     | 20,662         | 11,210         | 11,210         | 11,210         | 11,210         |
| Management expense ratio (%) <sup>(2)</sup>                    | 1.71           | 1.99           | 1.79           | 1.74           | 1.81           |
| Management expense ratio before waivers or absorption (%)      | 1.71           | 1.99           | 1.79           | 1.74           | 1.81           |
| Trading expense ratio (%) <sup>(3)</sup>                       | -              | -              | -              | -              | -              |
| Portfolio turnover rate (%) <sup>(4)</sup>                     | 1.28           | 0.59           | 1.37           | 10.48          | 17.79          |
| Net asset value per unit                                       | \$14.35        | \$14.10        | \$13.31        | \$14.32        | \$11.96        |

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

| THE FUND'S NET ASSETS PER CLASS C2 UNIT                   | 2023           | 2022           | 2021           | 2020           | 2019           |
|---|----------------|----------------|----------------|----------------|----------------|
| Net assets - beginning of period <sup>(1)</sup>           | \$13.20        | \$ 12.42       | \$13.33        | \$11.10        | \$9.98         |
| <b>Increase (decrease) from operations:</b>               |                |                |                |                |                |
| Total revenue   | -              | -              | -              | -              | -              |
| Total expenses (excluding distributions)                  | (0.10)         | (0.22)         | (0.18)         | (0.19)         | (0.16)         |
| Realized gains for the period                             | 0.18           | 0.36           | 0.38           | 0.48           | 0.30           |
| Unrealized gains (losses) for the period                  | 0.17           | 0.53           | (1.41)         | 1.37           | 0.93           |
| <b>Total increase from operations<sup>(2)</sup></b>       | <b>0.25</b>    | <b>0.67</b>    | <b>(1.21)</b>  | <b>1.66</b>    | <b>1.07</b>    |
| <b>Distributions:</b>                                     |                |                |                |                |                |
| From net investment income (excluding dividends)          | -              | -              | -              | -              | -              |
| From dividends  | -              | -              | -              | -              | -              |
| From capital gains  | -              | -              | -              | -              | -              |
| Return of capital   | -              | -              | -              | -              | -              |
| <b>Total distributions<sup>(3)</sup></b>                  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net assets – end of period</b>                         | <b>\$13.45</b> | <b>\$13.20</b> | <b>\$12.42</b> | <b>\$13.33</b> | <b>\$11.10</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                      |                |                |                |                |                |
| Total net asset value (000's) <sup>(1)</sup>              | \$443          | \$435          | \$497          | \$1,035        | \$413          |
| Number of units outstanding <sup>(1)</sup>                | 32,914         | 32,914         | 40,051         | 77,665         | 37,223         |
| Management expense ratio (%) <sup>(2)</sup>               | 1.42           | 1.72           | 1.49           | 1.45           | 1.51           |
| Management expense ratio before waivers or absorption (%) | 1.42           | 1.72           | 1.49           | 1.45           | 1.51           |
| Trading expense ratio (%) <sup>(3)</sup>                  | -              | -              | -              | -              | -              |
| Portfolio turnover rate (%) <sup>(4)</sup>                | 1.28           | 0.59           | 1.37           | 10.48          | 17.79          |
| Net asset value per unit                                  | \$13.45        | \$13.20        | \$12.42        | \$13.33        | \$11.10        |

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

## FINANCIAL HIGHLIGHTS (continued)

| THE FUND'S NET ASSETS PER CLASS C3 UNIT                        | 2023           | 2022           | 2021           | 2020           | 2019           |
|--|----------------|----------------|----------------|----------------|----------------|
| Net assets - beginning of period <sup>(1)</sup>                | \$14.20        | \$13.34        | \$14.30        | \$11.89        | \$10.68        |
| <b>Increase (decrease) from operations:</b>                    |                |                |                |                |                |
| Total revenue  | -              | -              | -              | -              | -              |
| Total expenses (excluding distributions)                       | (0.10)         | (0.21)         | (0.18)         | (0.19)         | (0.15)         |
| Realized gains for the period                                  | 0.20           | 0.40           | 0.43           | 0.49           | 0.32           |
| Unrealized gains for the period                                | 0.14           | 0.67           | (1.39)         | 1.59           | 1.04           |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>0.24</b>    | <b>0.86</b>    | <b>(1.14)</b>  | <b>1.89</b>    | <b>1.21</b>    |
| <b>Distributions:</b>  |                |                |                |                |                |
| From net investment income (excluding dividends)               | -              | -              | -              | -              | -              |
| From dividends   | -              | -              | -              | -              | -              |
| From capital gains   | -              | -              | -              | -              | -              |
| Return of capital  | -              | -              | -              | -              | -              |
| <b>Total distributions<sup>(3)</sup></b>                       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net assets – end of period</b>                              | <b>\$14.48</b> | <b>\$14.20</b> | <b>\$13.34</b> | <b>\$14.30</b> | <b>\$11.89</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                           |                |                |                |                |                |
| Total net asset value (000's) <sup>(1)</sup>                   | \$3,584        | \$3,022        | \$2,840        | \$4,226        | \$2,812        |
| Number of units outstanding <sup>(1)</sup>                     | 247,496        | 212,820        | 212,888        | 295,493        | 236,536        |
| Management expense ratio (%) <sup>(2)</sup>                    | 1.28           | 1.58           | 1.36           | 1.31           | 1.37           |
| Management expense ratio before waivers or absorption (%)      | 1.28           | 1.58           | 1.36           | 1.31           | 1.37           |
| Trading expense ratio (%) <sup>(3)</sup>                       | -              | -              | -              | -              | -              |
| Portfolio turnover rate (%) <sup>(4)</sup>                     | 1.28           | 0.59           | 1.37           | 10.48          | 17.79          |
| Net asset value per unit                                       | \$14.48        | \$14.20        | \$13.34        | \$14.30        | \$11.89        |

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                    | 2023           | 2022           | 2021           | 2020           | 2019           |
|---|----------------|----------------|----------------|----------------|----------------|
| Net assets - beginning of period <sup>(1)</sup>           | \$13.30        | \$12.58        | \$13.59        | \$11.39        | \$10.31        |
| <b>Increase (decrease) from operations:</b>               |                |                |                |                |                |
| Total revenue   | -              | -              | -              | -              | -              |
| Total expenses (excluding distributions)                  | (0.13)         | (0.28)         | (0.27)         | (0.29)         | (0.24)         |
| Realized gains for the period                             | 0.19           | 0.37           | 0.42           | 0.48           | 0.31           |
| Unrealized gains for the period                           | 0.20           | 0.34           | (1.19)         | 1.34           | 1.01           |
| <b>Total increase from operations<sup>(2)</sup></b>       | <b>0.26</b>    | <b>0.43</b>    | <b>(1.04)</b>  | <b>1.53</b>    | <b>1.08</b>    |
| <b>Distributions:</b>                                     |                |                |                |                |                |
| From net investment income (excluding dividends)          | -              | -              | -              | -              | -              |
| From dividends  | -              | -              | -              | -              | -              |
| From capital gains  | -              | -              | -              | -              | -              |
| Return of capital   | -              | -              | -              | -              | -              |
| <b>Total distributions<sup>(3)</sup></b>                  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net assets – end of period</b>                         | <b>\$13.53</b> | <b>\$13.30</b> | <b>\$12.58</b> | <b>\$13.59</b> | <b>\$11.39</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                      |                |                |                |                |                |
| Total net asset value (000's) <sup>(1)</sup>              | \$7,537        | \$7,756        | \$4,848        | \$5,125        | \$2,336        |
| Number of units outstanding <sup>(1)</sup>                | 557,026        | 583,025        | 385,499        | 377,102        | 205,068        |
| Management expense ratio (%) <sup>(2)</sup>               | 1.82           | 2.17           | 2.17           | 2.13           | 2.18           |
| Management expense ratio before waivers or absorption (%) | 1.82           | 2.17           | 2.17           | 2.13           | 2.18           |
| Trading expense ratio (%) <sup>(3)</sup>                  | -              | -              | -              | -              | -              |
| Portfolio turnover rate (%) <sup>(4)</sup>                | 1.28           | 0.59           | 1.37           | 10.48          | 17.79          |
| Net asset value per unit                                  | \$13.53        | \$13.30        | \$12.58        | \$13.59        | \$11.39        |

\*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)**

| <b>THE FUND'S NET ASSETS PER CLASS F UNIT</b>                  | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>Net assets - beginning of period<sup>(1)</sup></b>          | <b>\$7.91</b> | <b>\$7.48</b> | <b>\$8.06</b> | <b>\$6.74</b> | <b>\$6.08</b> |
| <b>Increase (decrease) from operations:</b>                    |               |               |               |               |               |
| Total revenue  | -             | -             | -             | -             | -             |
| Total expenses (excluding distributions)                       | (0.08)        | (0.16)        | (0.14)        | (0.15)        | (0.12)        |
| Realized gains for the period                                  | 0.11          | 0.22          | 0.25          | 0.27          | 0.17          |
| Unrealized gains (losses) for the period                       | 0.11          | 0.36          | (0.72)        | 1.05          | 0.57          |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>0.14</b>   | <b>0.42</b>   | <b>(0.61)</b> | <b>1.17</b>   | <b>0.62</b>   |
| <b>Distributions:</b>  |               |               |               |               |               |
| From net investment income (excluding dividends)               | -             | -             | -             | -             | -             |
| From dividends   | -             | -             | -             | -             | -             |
| From capital gains   | -             | -             | -             | -             | -             |
| Return of capital  | -             | -             | -             | -             | -             |
| <b>Total distributions<sup>(3)</sup></b>                       | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      |
| <b>Net assets – end of period</b>                              | <b>\$8.05</b> | <b>\$7.91</b> | <b>\$7.48</b> | <b>\$8.06</b> | <b>\$6.74</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                           |               |               |               |               |               |
| Total net asset value (000's) <sup>(1)</sup>                   | \$13,351      | \$13,314      | \$12,860      | \$16,399      | \$13,572      |
| Number of units outstanding <sup>(1)</sup>                     | 1,658,955     | 1,682,583     | 1,720,345     | 2,035,350     | 2,014,864     |
| Management expense ratio (%) <sup>(2)</sup>                    | 1.84          | 2.12          | 1.91          | 1.86          | 1.91          |
| Management expense ratio before waivers or absorption (%)      | 1.84          | 2.12          | 1.91          | 1.86          | 1.91          |
| Trading expense ratio (%) <sup>(3)</sup>                       | -             | -             | -             | -             | -             |
| Portfolio turnover rate (%) <sup>(4)</sup>                     | 1.28          | 0.59          | 1.37          | 10.48         | 17.79         |
| Net asset value per unit                                       | \$8.05        | \$7.91        | \$7.48        | \$8.06        | \$6.74        |

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

| <b>THE FUND'S NET ASSETS PER CLASS SI UNIT</b>            | <b>2023</b>    | <b>2022</b>    | <b>2021</b>    | <b>2020</b>    | <b>2019</b>    |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Net assets - beginning of period<sup>(1)</sup></b>     | <b>\$14.21</b> | <b>\$13.30</b> | <b>\$14.20</b> | <b>\$11.77</b> | <b>\$10.53</b> |
| <b>Increase (decrease) from operations:</b>               |                |                |                |                |                |
| Total revenue   | -              | -              | -              | -              | -              |
| Total expenses (excluding distributions)                  | (0.07)         | (0.16)         | (0.13)         | (0.13)         | (0.11)         |
| Realized gains for the period                             | 0.20           | 0.39           | 0.44           | 0.46           | 0.31           |
| Unrealized gains for the period                           | 0.18           | 0.68           | (1.24)         | 2.17           | 1.02           |
| <b>Total increase from operations<sup>(2)</sup></b>       | <b>0.31</b>    | <b>0.91</b>    | <b>(0.93)</b>  | <b>2.50</b>    | <b>1.22</b>    |
| <b>Distributions:</b>                                     |                |                |                |                |                |
| From net investment income (excluding dividends)          | -              | -              | -              | -              | -              |
| From dividends  | -              | -              | -              | -              | -              |
| From capital gains  | -              | -              | -              | -              | -              |
| Return of capital   | -              | -              | -              | -              | -              |
| <b>Total distributions<sup>(3)</sup></b>                  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Net assets – end of period</b>                         | <b>\$14.51</b> | <b>\$14.21</b> | <b>\$13.30</b> | <b>\$14.20</b> | <b>\$11.77</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                      |                |                |                |                |                |
| Total net asset value (000's) <sup>(1)</sup>              | \$1,225        | \$1,199        | \$1,186        | \$1,295        | \$1,141        |
| Number of units outstanding <sup>(1)</sup>                | 84,434         | 84,434         | 89,192         | 91,196         | 96,950         |
| Management expense ratio (%) <sup>(2)</sup>               | 0.92           | 1.22           | 1.00           | 0.96           | 1.03           |
| Management expense ratio before waivers or absorption (%) | 0.92           | 1.22           | 1.00           | 0.96           | 1.03           |
| Trading expense ratio (%) <sup>(4)</sup>                  | -              | -              | -              | -              | -              |
| Portfolio turnover rate (%) <sup>(3)</sup>                | 1.28           | 0.59           | 1.37           | 10.48          | 17.79          |
| Net asset value per unit                                  | \$14.51        | \$14.21        | \$13.30        | \$14.20        | \$11.77        |

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 S2 UNIT                   | 2023   | 2022   | 2021          | 2020           | 2019           |
|---|--------|--------|---------------|----------------|----------------|
| Net assets - beginning of period <sup>(1)</sup>           | \$0.00 | \$0.00 | \$11.37       | \$11.37        | \$10.22        |
| <b>Increase (decrease) from operations:</b>               |        |        |               |                |                |
| Total revenue   | -      | -      | -             | -              | -              |
| Total expenses (excluding distributions)                  | -      | -      | (0.15)        | (0.19)         | (0.16)         |
| Realized gains for the period                             | -      | -      | 0.34          | 0.45           | 0.29           |
| Unrealized gains for the period                           | -      | -      | (1.51)        | 2.03           | 0.86           |
| <b>Total increase from operations<sup>(2)</sup></b>       | -      | -      | <b>(1.32)</b> | <b>2.29</b>    | <b>0.99</b>    |
| <b>Distributions:</b>                                     |        |        |               |                |                |
| From net investment income (excluding dividends)          | -      | -      | -             | -              | -              |
| From dividends  | -      | -      | -             | -              | -              |
| From capital gains  | -      | -      | -             | -              | -              |
| Return of capital   | -      | -      | -             | -              | -              |
| <b>Total distributions<sup>(3)</sup></b>                  | -      | -      | -             | -              | -              |
| <b>Net assets – end of period</b>                         | -      | -      | -             | <b>\$13.66</b> | <b>\$11.37</b> |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>                      |        |        |               |                |                |
| Total net asset value (000's) <sup>(1)</sup>              | -      | -      | -             | \$34           | \$28           |
| Number of units outstanding <sup>(1)</sup>                | -      | -      | -             | 2,500          | 2,500          |
| Management expense ratio (%) <sup>(2)</sup>               | -      | -      | -             | 1.42           | 1.50           |
| Management expense ratio before waivers or absorption (%) | -      | -      | -             | 1.42           | 1.50           |
| Trading expense ratio (%) <sup>(3)</sup>                  | -      | -      | -             | -              | -              |
| Portfolio turnover rate (%) <sup>(4)</sup>                | -      | -      | -             | 10.48          | 17.79          |
| Net asset value per unit                                  | -      | -      | -             | \$13.66        | \$11.37        |

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

## 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 Manager provides, or arranges for the provision of, all management and administrative services for day-to-day operations, including providing fund and unitholder accounting, recordkeeping and other administrative services. The trailer fees are a percentage of the daily average NAV of the applicable class of units of the BMG Fund that are held by the dealers' clients. No trailer fees are paid with respect to Class C2, Class C3, Class F or Class S1 units of the BMG Fund. The table below outlines the BMG Fund's annual management fees for Class A, Class B3, Class C2, Class C3, Class D, Class F, Class S1 and Class S2 units, and how those fees are split between trailer fees and portfolio administration.

|  | Class A | Class B3 | Class C2 | Class C3 | Class D | Class F | Class S1 | Class S2 |
|--|---------|----------|----------|----------|---------|---------|----------|----------|
| Management Fee   | 2.25%   | 1.25%    | 0.87%    | 0.75%    | 1.50%   | 1.25%   | 0.45%    | 0.95%    |
| Portfolio Administration Fee   | 55.6%   | 60%      | 100%     | 100%     | 100%    | 100%    | 100%     | 47.4%    |
| Trailer Fee <i>(maximum rate as a percentage of management fees)</i> | 44.4%   | 40%      | 0%       | 0%       | 0%      | 0%      | 0%       | 52.6%    |

Out of the management fees that the Manager received from the BMG Fund, the Manager paid trailer fees of \$225,951 during the period ended June 30, 2023.

### Operating Expenses

During 2020, the Manager did not absorb BMG Fund operating expenses, because the management expense ratios were below the expense cap. The decision to reduce operating expenses is made at the discretion of the Manager, and may be changed at any time.

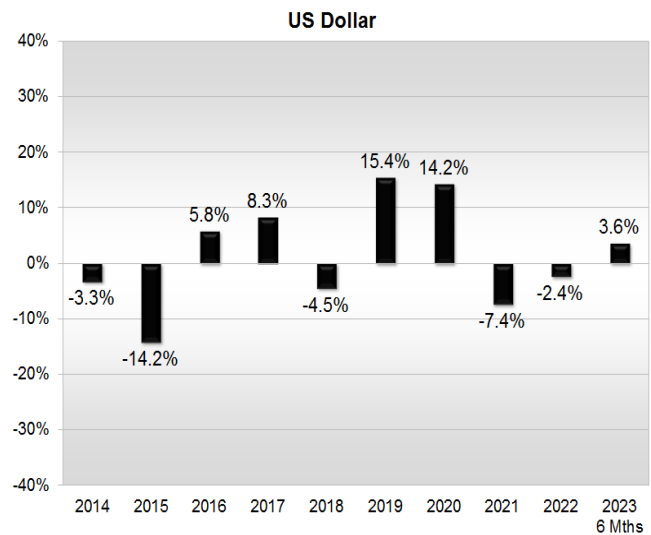
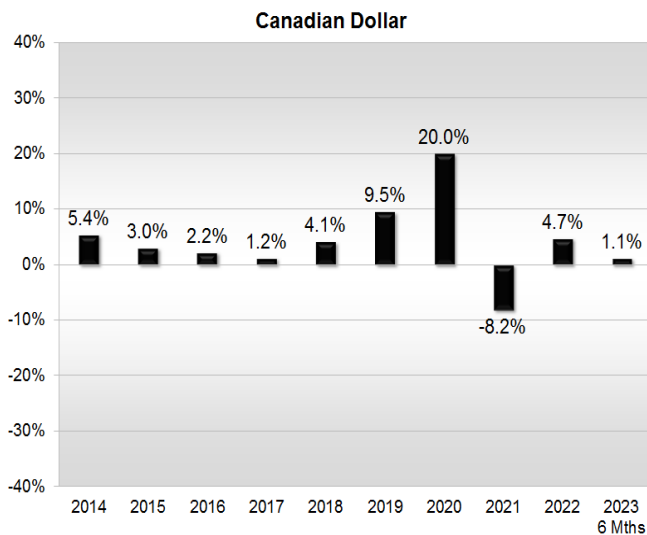
## PAST PERFORMANCE

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

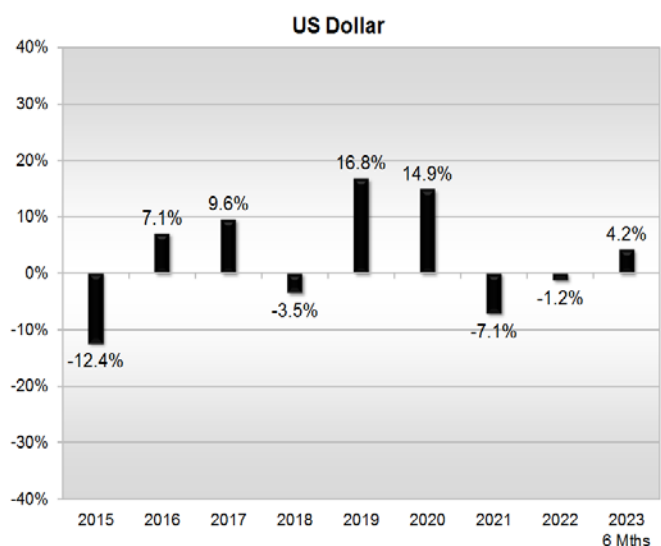
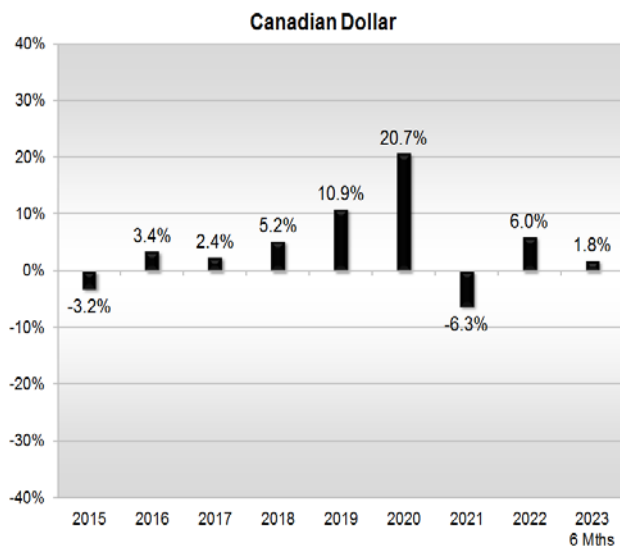
### Year-by-Year Returns

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

#### Class A



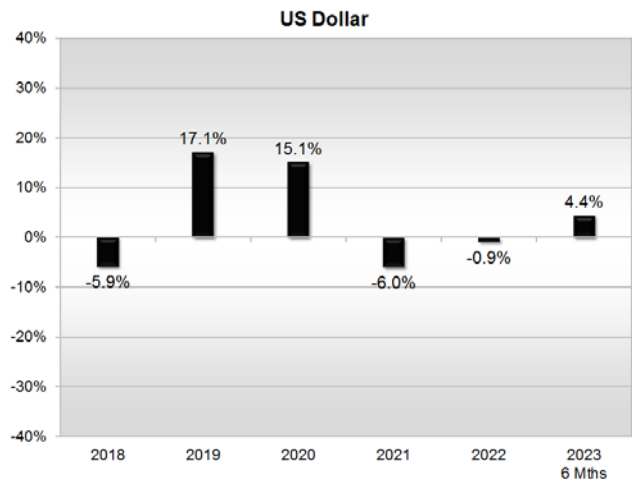
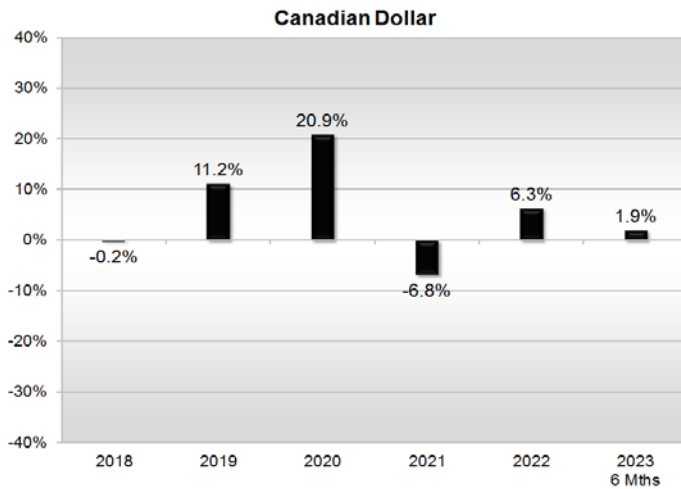
#### Class B3



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

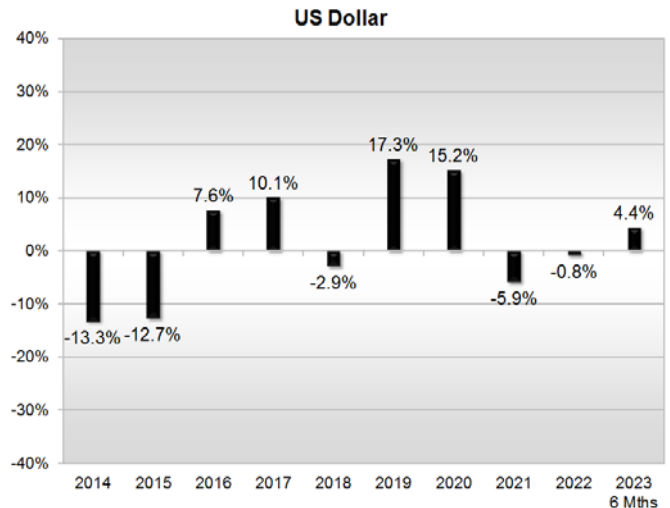
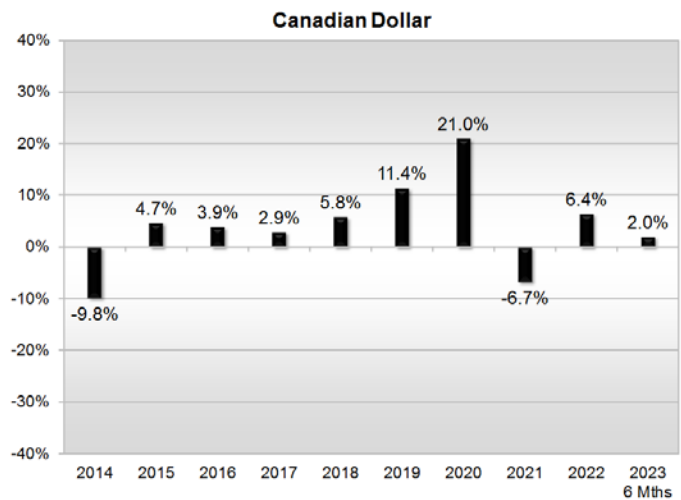
**PAST PERFORMANCE (continued)**

*Class C2*



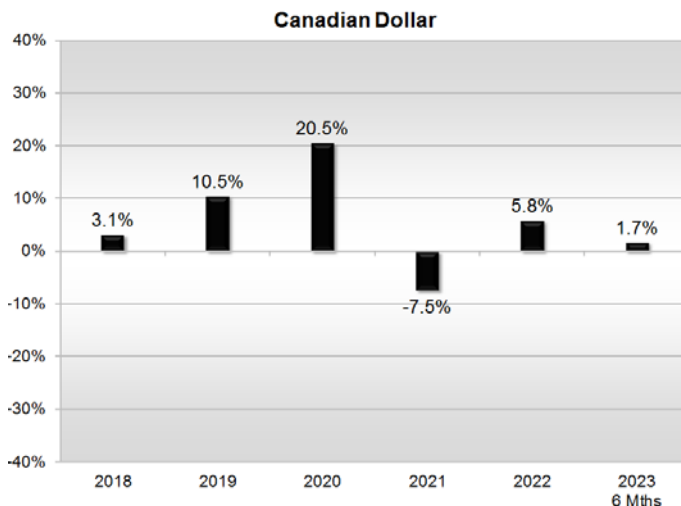
The return shown for 2018 is for the period from March 27, 2018, the date the Class C2 units were first offered.

*Class C3*



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

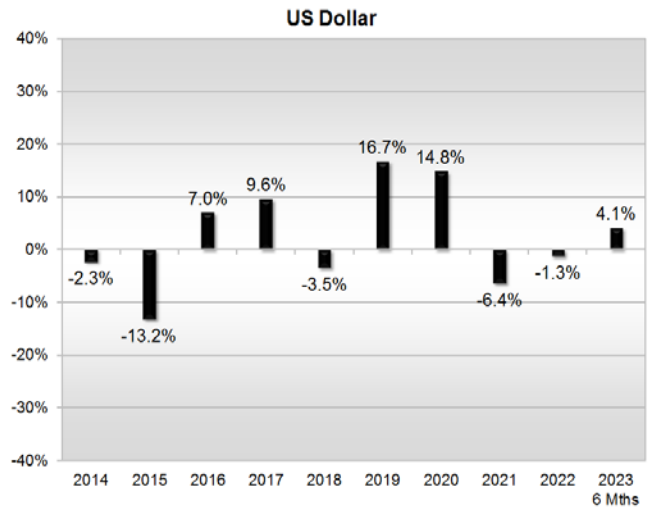
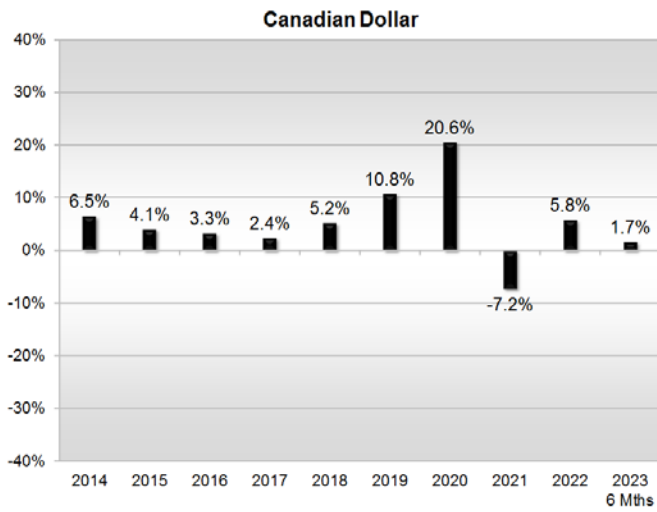
*Class D*



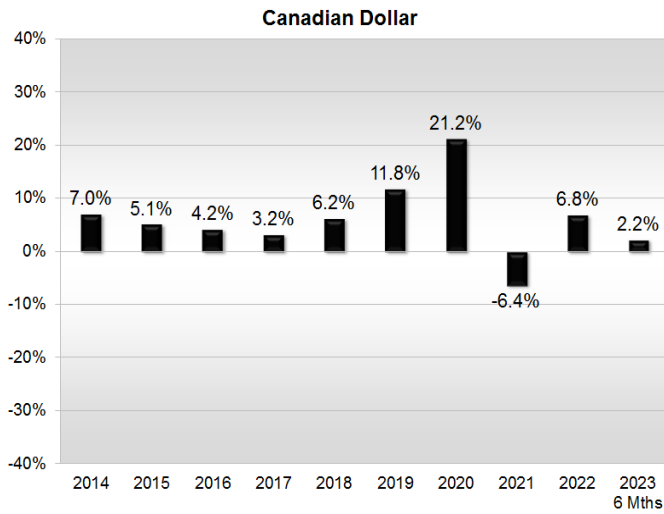
The return shown for 2018 is for the period from January 16, 2018, the date the Class D units were first offered.

**PAST PERFORMANCE (continued)**

*Class F*



*Class SI*



## PAST PERFORMANCE *(continued)*

### Annual Compound Returns

The following table shows the annual compound total returns for each class of units of the BMG Fund in Canadian dollars and US dollars since inception, or for the ten-, five-, three- or one-year periods ended on December 31, 2022, as applicable. Annual returns in Canadian dollars are compared to inflation as measured by the Canadian Consumer Price Index (the “CPI”) as calculated by Statistics Canada, as well as to Bank of Canada’s 3-month Treasury Bills. Annual returns in US dollars are compared to inflation as measured by the US CPI as calculated by the US Department of Labor, as well as to US 3-month Treasury Bills.

#### Class A

|  | Since Inception (September 2009) | 10 Years | 5 Years | 3 Years | 1 Year |
|--|----------------------------------|----------|---------|---------|--------|
| The BMG Fund Class A CDN\$             | 1.83%                            | 0.82%    | 5.33%   | 4.38%   | 4.71%  |
| Inflation (CPI, Statistics Canada)     | 2.06%                            | 2.29%    | 3.06%   | 3.67%   | 5.90%  |
| Bank of Canada, 3-month Treasury Bills | 1.05%                            | 1.18%    | 1.59%   | 1.53%   | 4.30%  |
| The BMG Fund Class A US\$              | 0.18%                            | -2.24%   | 3.70%   | 2.87%   | -2.39% |
| Inflation (CPI, US Dept. of Labor)     | 2.11%                            | 2.29%    | 3.30%   | 4.10%   | 6.40%  |
| US, 3-month Treasury Bills             | 0.80%                            | 1.09%    | 1.75%   | 1.62%   | 4.70%  |

#### Class B3

|  | Since Inception (March 2015) | 5 Years | 3 Years | 1 Year |
|--|------------------------------|---------|---------|--------|
| The BMG Fund Class B3 CDN\$            | 4.52%                        | 6.59%   | 5.65%   | 5.99%  |
| Inflation (CPI, Statistics Canada)     | 2.48%                        | 3.06%   | 3.67%   | 5.90%  |
| Bank of Canada, 3-month Treasury Bills | 1.24%                        | 1.59%   | 1.53%   | 4.30%  |
| The BMG Fund Class B3 US\$             | 3.53%                        | 4.94%   | 4.12%   | -1.19% |
| Inflation (CPI, US Dept. of Labor)     | 2.50%                        | 3.30%   | 4.10%   | 6.40%  |
| US, 3-month Treasury Bills             | 1.35%                        | 1.75%   | 1.62%   | 4.70%  |

#### Class C2

|  | Since Inception (March 2018) | 3 Year | 1 Year |
|--|------------------------------|--------|--------|
| The BMG Fund Class C2 CDN\$            | 6.00%                        | 2.05%  | 6.29%  |
| Inflation (CPI, Statistics Canada)     | 3.06%                        | 3.67%  | 5.90%  |
| Bank of Canada, 3-month Treasury Bills | 1.59%                        | 1.53%  | 4.30%  |
| The BMG Fund Class C2 US\$             | 4.87%                        | -0.31% | -0.91% |
| Inflation (CPI, US Dept. of Labor)     | 3.30%                        | 4.10%  | 6.40%  |
| US, 3-month Treasury Bills             | 1.75%                        | 1.62%  | 4.70%  |

**PAST PERFORMANCE (continued)***Class C3*

|  | <b>Since Inception (March 2014)</b> | <b>5 Years</b> | <b>3 Years</b> | <b>1 Year</b> |
|--|-------------------------------------|----------------|----------------|---------------|
| The BMG Fund Class C3 CDN\$            | 4.06%                               | 7.08%          | 6.10%          | 6.43%         |
| Inflation (CPI, Statistics Canada)     | 2.40%                               | 3.06%          | 3.67%          | 5.90%         |
| Bank of Canada, 3-month Treasury Bills | 1.21%                               | 1.59%          | 1.53%          | 4.30%         |
| The BMG Fund Class C3 US\$             | 1.76%                               | 5.41%          | 4.56%          | -0.78%        |
| Inflation (CPI, US Dept. of Labor)     | 2.40%                               | 3.30%          | 4.10%          | 6.40%         |
| US, 3-month Treasury Bills             | 1.20%                               | 1.75%          | 1.62%          | 4.70%         |

*Class D*

|  | <b>Since Inception (January 2018)</b> | <b>3 Year</b> | <b>1 Year</b> |
|--|---------------------------------------|---------------|---------------|
| The BMG Fund Class D CDN\$             | 5.92%                                 | 5.31%         | 5.78%         |
| 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*

|  | <b>Since Inception (January 2010)</b> | <b>10 Years</b> | <b>5 Years</b> | <b>3 Years</b> | <b>1 Year</b> |
|--|---------------------------------------|-----------------|----------------|----------------|---------------|
| The BMG Fund Class F CDN\$             | 3.61%                                 | 1.94%           | 6.49%          | 5.52%          | 5.85%         |
| Inflation (CPI, Statistics Canada)     | 2.10%                                 | 2.29%           | 3.06%          | 3.67%          | 5.90%         |
| Bank of Canada, 3-month Treasury Bills | 1.12%                                 | 1.18%           | 1.59%          | 1.53%          | 4.30%         |
| The BMG Fund Class F US\$              | 1.41%                                 | -1.15%          | 4.84%          | 3.98%          | -1.32%        |
| Inflation (CPI, US Dept. of Labor)     | 2.31%                                 | 2.29%           | 3.30%          | 4.10%          | 6.40%         |
| US, 3-month Treasury Bills             | 0.85%                                 | 1.09%           | 1.75%          | 1.62%          | 4.70%         |

*Class S1*

|  | <b>Since Inception (November 2010)</b> | <b>10 Years</b> | <b>5 Years</b> | <b>3 Years</b> | <b>1 Year</b> |
|--|--|-----------------|----------------|----------------|---------------|
| The BMG Fund Class S1 CDN\$            | 3.39%                                  | 2.80%           | 7.46%          | 6.48%          | 6.82%         |
| Inflation (CPI, Statistics Canada)     | 2.10%                                  | 2.29%           | 3.06%          | 3.67%          | 5.90%         |
| Bank of Canada, 3-month Treasury Bills | 1.12%                                  | 1.18%           | 1.59%          | 1.53%          | 4.30%         |



## SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2023

|   | Allocated<br>ounces | Unallocated<br>ounces | Total Fine<br>ounces | Average Cost<br>\$ | Fair Value<br>\$  | Total<br>%   |
|---|---------------------|-----------------------|----------------------|--------------------|-------------------|--------------|
| Gold Bullion  | 38,590.464          | 301.025               | 38,891.489           | 64,993,439         | 98,409,825        | 100.0        |
| <b>Net Investment</b>   |                     |                       |                      | <b>64,993,439</b>  | <b>98,409,825</b> | <b>100.0</b> |
| Cash and Other Assets Less Liabilities                        |                     |                       |                      |                    | (14,322)          | -            |
| <b>Net assets attributable to holders of redeemable units</b> |                     |                       |                      |                    | <b>98,395,503</b> | <b>100.0</b> |

As at December 31, 2022

|   | Allocated<br>ounces | Unallocated<br>ounces | Total Fine<br>ounces | Average Cost<br>\$ | Fair Value<br>\$  | Total<br>%   |
|---|---------------------|-----------------------|----------------------|--------------------|-------------------|--------------|
| Gold Bullion  | 39,797.410          | 49.959                | 39,847.369           | 66,101,386         | 98,248,417        | 99.9         |
| <b>Net Investment</b>   |                     |                       |                      | <b>66,101,386</b>  | <b>98,248,417</b> | <b>99.9</b>  |
| Cash and Other Assets Less Liabilities                        |                     |                       |                      |                    | 73,458            | 0.1          |
| <b>Net assets attributable to holders of redeemable units</b> |                     |                       |                      |                    | <b>98,321,875</b> | <b>100.0</b> |

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](http://www.bmg-group.com).

# **BMG Gold BullionFund**

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## **Semi-Annual Financial Statements**

For the six months period ended June 30, 2023 (unaudited)



**B M G**  
**MANAGEMENT**  
**SERVICES INC.**  
A BMG Company

## STATEMENTS OF FINANCIAL POSITION

As at June 30, 2023 and December 31, 2022

(Unaudited)

|   | 2023              | 2022              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>ASSETS</b>   |                   |                   |
| Current assets  |                   |                   |
| Cash  | 514,410           | 695,758           |
| Investments in gold bullion<br>[Average cost \$64,993,439; December 2022 - \$66,101,386]    | 98,409,825        | 98,248,417        |
| Subscriptions receivable  | 1,480             | 41,000            |
| <b>Total assets</b>   | <b>98,925,715</b> | <b>98,985,175</b> |
| <b>LIABILITIES</b>  |                   |                   |
| Current liabilities   |                   |                   |
| Cash Overdraft  |                   | -                 |
| Management fees payable   | 120,431           | 119,461           |
| Redemptions payable   | 39,792            | 125,356           |
| Accounts payable and accrued liabilities  | 369,989           | 418,483           |
| <b>Total liabilities (excluding net assets attributable to holders of redeemable units)</b> | <b>530,212</b>    | <b>663,300</b>    |
| <b>Net assets attributable to holders of redeemable units</b>                               | <b>98,395,503</b> | <b>98,321,875</b> |
| <b>Net assets attributable to holders of redeemable units per class (Note 3)</b>            |                   |                   |
| Class A   | 42,793,510        | 44,102,618        |
| Class B3  | 296,523           | 158,097           |
| Class C2  | 442,840           | 434,538           |
| Class C3  | 3,583,946         | 3,021,981         |
| Class D   | 7,536,554         | 7,755,903         |
| Class F   | 13,350,803        | 13,314,481        |
| Class G09   | 1,569,922         | 1,789,850         |
| Class I   | 27,596,107        | 26,545,022        |
| Class S1  | 1,225,298         | 1,199,385         |
| Class S2  | -                 | -                 |
|   | <b>98,395,503</b> | <b>98,321,875</b> |

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 Gold BullionFund



Nick Barisheff  
Director



Marty Nicandro  
Director

## STATEMENTS OF COMPREHENSIVE INCOME

For the six-month periods ended June 30

(Unaudited)

|   | 2023<br>\$       | 2022<br>\$       |
|---|------------------|------------------|
| <b>INVESTMENT INCOME</b>  |                  |                  |
| Change in net unrealized (losses) gains on investments in gold bullion                        | 1,269,355        | 1,399,530        |
| Net realized gains on investments in gold bullion   | 1,355,252        | 1,372,322        |
| Net Foreign exchange (losses) gains   | (6,811)          | 6,594            |
| Other Income  | 17,102           | 408              |
| <b>Total investment income</b>  | <b>2,634,898</b> | <b>2,778,854</b> |
| <b>EXPENSES</b>   |                  |                  |
| Management fees (note 4)  | 673,766          | 709,562          |
| Security holder reporting costs   | 140,140          | 139,370          |
| Bullion storage fees  | 520              | 156,520          |
| Services tax  | 95,311           | 116,191          |
| Other administrative expenses   | 11,104           | 10,870           |
| Legal fees  | 13,650           | 13,575           |
| Audit fees  | 12,922           | 12,851           |
| Filing fees   | 13,832           | 13,756           |
| Independent Review Committee fees   | 3,094            | 3,077            |
| <b>Total expenses</b>   | <b>964,339</b>   | <b>1,175,772</b> |
| <b>(Decrease) Increase in net assets attributable to holders of redeemable units</b>          | <b>1,670,559</b> | <b>1,603,082</b> |
| <b>(Decrease) Increase in net assets attributable to holders of redeemable units (Note 3)</b> |                  |                  |
| Class A   | 551,318          | 750,163          |
| Class B3  | (1,361)          | 2,578            |
| Class C2  | 8,302            | 9,293            |
| Class C3  | 52,155           | 55,007           |
| Class D   | 146,703          | (70,275)         |
| Class F   | 228,498          | 206,641          |
| Class G09   | 40,410           | 36,340           |
| Class I   | 618,621          | 587,697          |
| Class S1  | 25,913           | 25,638           |
| Class S2  | -                | -                |
|   | <b>1,670,559</b> | <b>1,603,082</b> |

See accompanying notes.

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

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

|   | 2023<br>\$        | 2022<br>\$        |
|---|-------------------|-------------------|
| Net assets attributable to holders of redeemable units, beginning of period   | 98,321,875        | 99,823,818        |
| Issue of redeemable units   | 4,868,286         | 6,276,983         |
| Redemption of redeemable units  | (6,465,217)       | (9,126,632)       |
| (Decrease) Increase in net assets attributable to holders of redeemable units | 1,670,559         | 1,603,082         |
| <b>Net assets attributable to holders of redeemable units, end of period</b>  | <b>98,395,503</b> | <b>98,577,251</b> |

See accompanying notes.

## STATEMENTS OF CASH FLOWS

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

|   | 2023<br>\$         | 2022<br>\$         |
|---|--------------------|--------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                    |                    |
| (Decrease) increase in net assets attributable to holders of redeemable units   | 1,670,559          | 1,603,082          |
| Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by operating activities |                    |                    |
| Purchase of investments in gold bullion   | (1,301,688)        | (582,339)          |
| Proceeds from sales of investments in gold bullion  | 3,764,887          | 4,553,461          |
| Net realized gains on investments in gold bullion   | (1,355,252)        | (1,372,322)        |
| Change in net unrealized losses (gains) on investments in gold bullion  | (1,269,355)        | (1,399,530)        |
| Net changes in non-cash operating balances:   |                    |                    |
| (Decrease) increase in management fees payable  | 970                | (12,274)           |
| (Decrease) increase in accounts payable and accrued liabilities   | (48,494)           | 49,720             |
| <b>Net cash used in operating activities</b>  | <b>1,461,627</b>   | <b>2,839,798</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                    |                    |
| Proceeds from issuance of redeemable units  | 4,868,286          | 2,693,824          |
| (Increase) decrease in subscriptions receivable   | 39,520             | 2,963              |
| Amounts paid on redemption of redeemable units  | (6,465,217)        | (5,543,473)        |
| Decrease in redemptions payable   | (85,564)           | (5,396)            |
| <b>Net cash provided by financing activities</b>  | <b>(1,642,975)</b> | <b>(2,852,082)</b> |
| <b>Net increase (decrease) in cash during the period</b>  | <b>(181,348)</b>   | <b>(12,284)</b>    |
| <b>Cash, beginning of period</b>  | <b>695,758</b>     | <b>608,471</b>     |
| <b>Cash, end of period</b>  | <b>514,410</b>     | <b>596,187</b>     |

See accompanying notes.

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2023

(Unaudited)

|   | Allocated<br>ounces | Unallocated<br>ounces | Total Fine<br>ounces | Average Cost<br>\$ | Fair Value<br>\$  | Total<br>%   |
|---|---------------------|-----------------------|----------------------|--------------------|-------------------|--------------|
| Gold Bullion  | 38,590.464          | 301.025               | 38,891.489           | 64,993,439         | 98,409,825        | 100.0        |
| <b>Net Investment</b>   |                     |                       |                      | <b>64,993,439</b>  | <b>98,409,825</b> | <b>100.0</b> |
| Cash and Other Assets Less Liabilities                        |                     |                       |                      |                    | (14,322)          | -            |
| <b>Net assets attributable to holders of redeemable units</b> |                     |                       |                      |                    | <b>98,395,503</b> | <b>100.0</b> |

As at December 31, 2022

|   | Allocated<br>ounces | Unallocated<br>ounces | Total Fine<br>ounces | Average Cost<br>\$ | Fair Value<br>\$  | Total<br>%   |
|---|---------------------|-----------------------|----------------------|--------------------|-------------------|--------------|
| Gold Bullion  | 37,797.410          | 49.959                | 39,847.369           | 66,101,386         | 98,248,417        | 99.9         |
| <b>Net Investment</b>   |                     |                       |                      | <b>66,101,386</b>  | <b>98,248,417</b> | <b>99.9</b>  |
| Cash and Other Assets Less Liabilities                        |                     |                       |                      |                    | 73,458            | 0.1          |
| <b>Net assets attributable to holders of redeemable units</b> |                     |                       |                      |                    | <b>98,321,875</b> | <b>100.0</b> |

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

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

The BMG Fund's gold 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

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### 1. Formation of the Fund

BMG Gold BullionFund (the “BMG Fund”) was established under the laws of Ontario by a Master Declaration of Trust and Regulation each dated September 4, 2009, as amended. 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 ten classes of units.

The classes were first offered on the following dates:

|          |                   |           |                  |
|----------|-------------------|-----------|------------------|
| Class A  | September 4, 2009 | Class F   | January 18, 2010 |
| Class B3 | March 27, 2015    | Class G09 | June 10, 2010    |
| Class C2 | March 27, 2018    | Class I   | April 04, 2018   |
| Class C3 | March 12, 2014    | Class S1  | November 9, 2010 |
| Class D  | January 16, 2018  | Class S2  | November 9, 2010 |

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 gold bullion, with the objective of providing a secure, convenient, low-cost alternative for investors seeking to hold gold 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 Manager has been monitoring developments related to Covid-19, including the existing and potential effect on global and local economies, and continues to carry out 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 longer-term effects of the Covid-19 situation will depend on future developments that are highly uncertain, rapidly evolving and difficult to predict. These effects may differ in magnitude depending on a number of scenarios, which the Manager continues to monitor and take into consideration.

The financial statements were authorized for issue by the Board of Directors of the Manager on August 30, 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”), including International Accounting Standards (“IAS”) 34: *Interim Financial Reporting*, 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 gold 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 gold bullion based on both the 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 gold bullion is evaluated on a fair value basis. The 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 gold bullion at fair value through profit or loss.

The 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.

## NOTES TO FINANCIAL STATEMENTS *(continued)*

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### *(b) Recognition/derecognition*

Purchases and sales of investments in gold 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 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 assets.

Realized gains and losses on investments in gold bullion are recognized as "Net realized gains on investments in gold bullion" in the Statements of Comprehensive Income. Costs of investments in gold 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 gold 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 gold bullion is priced based on available spot prices. The difference between the gold bullion spot price and the average cost is shown as "Change in net unrealized gains on investments in gold 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 gold bullion is classified at Level 1 within the fair value hierarchy.



## **NOTES TO FINANCIAL STATEMENTS (continued)**

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### **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.

### **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 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 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.

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### New Standards, Interpretations and Amendments effective January 1, 2023

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.

### New Standards, Interpretations and Amendments effective after June 30, 2023 that have not been early adopted

No new standards and interpretations that are effective after June 30, 2023, have 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 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 six-month periods ended June 30:

|                               | Class A   |             | Class B3  |           |
|-------------------------------|-----------|-------------|-----------|-----------|
|                               | 2023      | 2022        | 2023      | 2022      |
| Balance - beginning of period | 6,927,508 | 8,307,902   | 11,210    | 11,210    |
| Issued                        | 210,436   | 105,837     | 9,452     | -         |
| Redeemed                      | (492,256) | (1,070,136) | -         | -         |
| Balance - end of period       | 6,645,688 | 7,343,603   | 20,662    | 11,210    |
| Average units outstanding     | 6,780,119 | 7,797,582   | 19,670    | 11,210    |
|                               | Class C2  |             | Class C3  |           |
|                               | 2023      | 2022        | 2023      | 2022      |
| Balance - beginning of period | 32,914    | 40,051      | 212,820   | 212,888   |
| Issued                        | -         | -           | 37,470    | -         |
| Redeemed                      | -         | -           | (2,794)   | (34)      |
| Balance - end of period       | 32,914    | 40,051      | 247,496   | 212,854   |
| Average units outstanding     | 32,914    | 40,051      | 214,948   | 212,871   |
|                               | Class D   |             | Class F   |           |
|                               | 2023      | 2022        | 2023      | 2022      |
| Balance - beginning of period | 583,025   | 385,499     | 1,682,583 | 1,720,345 |
| Issued                        | 21,520    | 287,252     | 89,281    | 101,518   |
| Redeemed                      | (47,519)  | (41,379)    | (112,909) | (68,793)  |
| Balance - end of period       | 557,026   | 631,372     | 1,658,955 | 1,753,070 |
| Average units outstanding     | 571,981   | 520,320     | 1,669,499 | 1,734,074 |
|                               | Class G09 |             | Class I   |           |
|                               | 2023      | 2022        | 2023      | 2022      |
| Balance - beginning of period | 113,895   | 135,267     | 1,872,609 | 1,887,270 |
| Issued                        | 73,973    | 58,630      | 30,480    | 6,267     |
| Redeemed                      | (89,692)  | (57,604)    | (2,181)   | (25,048)  |
| Balance - end of period       | 98,176    | 136,293     | 1,900,908 | 1,868,489 |
| Average units outstanding     | 104,019   | 145,783     | 1,886,817 | 1,871,258 |

**NOTES TO FINANCIAL STATEMENTS (continued)**

|                                | Class S1      |               |
|--------------------------------|---------------|---------------|
|                                | 2023          | 2022          |
| Balance - beginning of period  | 84,434        | 89,192        |
| Issued                         | -             | -             |
| Redeemed                       | -             | (2,750)       |
| <b>Balance - end of period</b> | <b>84,434</b> | <b>86,442</b> |
| Average units outstanding      | 84,434        | 87,157        |

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

**For the six-month period ended June 30, 2023**

|              | 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      | 44,102,618  | 1,412,626        | (3,273,052)        | 551,318  | 42,793,510  | 6.44  | 0.08  |
| Class B3     | 158,097   | 139,787          | -                  | (1,361)  | 296,523   | 14.35   | (0.07)  |
| Class C2     | 434,538   | -                | -                  | 8,302  | 442,840   | 13.45   | 0.25  |
| Class C3     | 3,021,981   | 550,049          | (40,239)           | 52,155   | 3,583,946   | 14.48   | 0.24  |
| Class D      | 7,755,903   | 302,229          | (668,281)          | 146,703  | 7,536,554   | 13.53   | 0.26  |
| Class F      | 13,314,481  | 749,051          | (941,227)          | 228,498  | 13,350,803  | 8.05  | 0.14  |
| Class G09    | 1,789,850   | 1,249,997        | (1,510,335)        | 40,410   | 1,569,922   | 15.99   | 0.39  |
| Class I      | 26,545,022  | 464,547          | (32,083)           | 618,621  | 27,596,107  | 14.52   | 0.33  |
| Class S1     | 1,199,385   | -                | -                  | 25,913   | 1,225,298   | 14.51   | 0.31  |
| Class S2     | -   | -                | -                  | -  | -   | -   | -   |
| <b>Total</b> | <b>98,321,875</b>   | <b>4,868,286</b> | <b>(6,465,217)</b> | <b>1,670,559</b>   | <b>98,395,503</b>   | N/A   | N/A   |

**For the six-month period ended June 30, 2022**

|              | 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      | 50,512,939  | 666,929          | (6,783,833)        | 750,163  | 45,146,198  | 6.15  | 0.10  |
| Class B3     | 149,157   | -                | -                  | 2,578  | 151,735   | 13.54   | 0.23  |
| Class C2     | 497,472   | -                | -                  | 9,293  | 506,765   | 12.65   | 0.23  |
| Class C3     | 2,840,230   | -                | (470)              | 55,007   | 2,894,767   | 13.60   | 0.26  |
| Class D      | 4,848,088   | 3,823,083        | (535,268)          | (70,275)   | 8,065,628   | 12.77   | (0.14)  |
| Class F      | 12,860,438  | 785,475          | (529,826)          | 206,641  | 13,322,728  | 7.60  | 0.12  |
| Class G09    | 2,005,520   | 914,386          | (900,559)          | 36,340   | 2,055,687   | 15.08   | 0.25  |
| Class I      | 24,923,846  | 87,110           | (338,825)          | 587,697  | 25,259,828  | 13.52   | 0.31  |
| Class S1     | 1,186,128   | -                | (37,851)           | 25,638   | 1,173,915   | 13.58   | 0.29  |
| Class S2     | -   | -                | -                  | -  | -   | -   | -   |
| <b>Total</b> | <b>99,823,818</b>   | <b>6,276,983</b> | <b>(9,126,632)</b> | <b>1,603,082</b>   | <b>98,577,251</b>   | N/A   | N/A   |

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 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 F   | 1.25% |
| Class B3 | 1.25% | Class G09 | 1.25% |
| Class C2 | 0.87% | Class I   | 0.00% |
| Class C3 | 0.75% | Class S1  | 0.45% |
| Class D  | 1.25% | Class S2  | 0.95% |

For the six-month period ended June 30, 2023, the BMG Fund incurred management fees of \$673,766 [2022: \$709,562].

#### Holdings of Related Party

The Manager did not hold any units of funds on June 30, 2023 and 2022.

### 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 G units or Class S units of the BMG Fund. The maximum amount of the sales commission for Classes A, B, and G is 5.00% of the net amount invested, and for Class S 5.00% of the net amount invested. The sales commission is only negotiable for Classes A, B and G. No sales commission is currently charged for the other classes of units of the BMG Fund.

The Manager paid trailer fees to dealers of \$215,404 during the first six months of 2023 [2022: \$243,182].

### 6. Income Tax Loss Carryforwards

As at December 31, 2022, 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 gold bullion, management fees payable, redemptions payable, and accounts payable and accrued liabilities. The BMG Fund's cash and gold 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 gold bullion investments will fluctuate because of changes in market prices or transaction timing. The market price of gold 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 gold, the only future cash flows will be from dispositions of gold bullion. Dispositions of bullion will be necessary to pay redemptions when cash reserves are not adequate.

## NOTES TO FINANCIAL STATEMENTS (continued)

As at June 30, 2023, the effect on the BMG Fund's net assets if there were a 5% increase or decrease in the price of gold bullion, with all other variables held constant, would be an increase, or decrease, of \$4,920,491 [December 31, 2022: \$4,912,421].

The actual result will vary depending upon the quantity of gold 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 June 30, 2023 and December 31, 2022, 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 gold 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

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, gold 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.

#### June 30, 2023

| Financial liabilities                    | On demand  | < 3 Months | Total      |
|--|------------|------------|------------|
| Management fees payable                  | \$ -       | \$ 120,431 | \$ 120,431 |
| Redemptions payable                      | -          | 39,792     | 39,792     |
| Accounts payable and accrued liabilities | -          | 369,989    | 369,989    |
| Redeemable units                         | 98,395,503 | -          | 98,395,503 |

#### December 31, 2022

| Financial liabilities                    | On demand  | < 3 Months | Total      |
|--|------------|------------|------------|
| Management fees payable                  | \$ -       | \$ 119,461 | \$ 119,461 |
| Redemptions payable                      | -          | 125,356    | 125,356    |
| Accounts payable and accrued liabilities | -          | 418,483    | 418,483    |
| Redeemable units                         | 98,321,875 | -          | 98,321,875 |

### 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 June 30, 2023 and December 31, 2022. Accordingly, the BMG Fund is not 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. Gold 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

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 gold 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, 2023, 100.2%% [December 31, 2022: 100.0%] 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 \$985,574 [December 31, 2022: \$983,622].

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, 2023

| Description                 | US<br>\$          | Canada<br>\$   | Total<br>\$       |
|-----------------------------|-------------------|----------------|-------------------|
| Cash                        | 147,565           | 366,845        | 514,410           |
| Investments in gold bullion | 98,409,825        | -              | 98,409,825        |
| Other Net Assets            | -                 | (528,732)      | (528,732)         |
| <b>Net Assets</b>           | <b>98,557,390</b> | <b>161,887</b> | <b>98,395,503</b> |
| <b>Percent</b>              | <b>100.2%</b>     | <b>(0.2)%</b>  | <b>100.0%</b>     |

#### December 31, 2022

| Description                 | US<br>\$          | Canada<br>\$    | Total<br>\$       |
|-----------------------------|-------------------|-----------------|-------------------|
| Cash                        | 113,754           | 582,004         | 695,758           |
| Investments in gold bullion | 98,248,417        | -               | 98,248,417        |
| Other Net Assets            | -                 | (622,300)       | (622,300)         |
| <b>Net Assets</b>           | <b>98,362,171</b> | <b>(40,296)</b> | <b>98,321,875</b> |
| <b>Percent</b>              | <b>100.0%</b>     | <b>0.0%</b>     | <b>100.0%</b>     |

### 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 (cash overdraft), 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 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 six month period ended June 30, 2023 and for the year ended December 31, 2022. In addition, there were no investments or transactions classified in Level 3 for six month period ended June 30, 2023 and for the year ended December 31, 2022.

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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** 110 COCHRANE DRIVE, SUITE 200 MARKHAM, ON L3R 9S1 CANADA  
1.888.474.1001 | 905.474.1001 | [BMG-GROUP.COM](http://BMG-GROUP.COM) | [INFO@BMG-GROUP.COM](mailto:INFO@BMG-GROUP.COM)

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