

BMG FUNDS

SIMPLIFIED PROSPECTUS DATED

September 5, 2014

BMG BullionFund

(Offering Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3, Class F, Class S1 and Class S2 Units)

BMG Gold BullionFund

(Offering Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3, Class F, Class S1 and Class S2 Units)

(individually, a "BMG Fund" and collectively, the "BMG Funds")



BULLION
MANAGEMENT
SERVICES INC.
A BMG Company

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The BMG Funds and the units of the BMG Funds offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance upon exemptions from registration.

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General Information about the BMG Funds

Introduction

General

This simplified prospectus (the "**Simplified Prospectus**") contains selected important information about the BMG BullionFund and the BMG Gold BullionFund (individually, a "**BMG Fund**", and collectively, the "**BMG Funds**"). The information in this Simplified Prospectus will help you make an informed investment decision and will help you understand your rights as an investor in the BMG Funds.

This Simplified Prospectus contains information about the BMG Funds and the risks of investing in mutual funds generally, as well as information about Bullion Management Services Inc. ("**BMS**" or the "**Manager**"), which is responsible for the management of the BMG Funds.

This document is divided into two parts. The first part, from pages A-1 through A-28, contains general information applicable to all of the BMG Funds. The second part, from pages B-1 through B-13, contains specific information about each of the BMG Funds described in this document.

Additional information about each BMG Fund is available in the following documents:

- the Annual Information Form for the BMG Funds (the "**AIF**");
- the most recently filed Fund Fact for each class of units of that BMG Fund;
- that BMG Fund's most recently filed audited financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance (a "**MRFP**"); and
- any interim MRFP filed after that annual MRFP.

These documents are incorporated by reference into this document, which means they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling us at **905-474-1001** or toll-free at **1-888-474-1001** or from your dealer.

These documents are also available on the internet site for the BMG Funds at www.bmgbullion.com or by contacting the Manager by e-mail at info@bmgbullion.com. These documents and other information about the BMG Funds are available on the internet site of the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.

Unless otherwise stated, all dollar amounts in this Simplified Prospectus are in Canadian dollars.

In this document, "we", "us", "our" and the "Manager" refer to BMS who acts as the manager, promoter and trustee of the BMG Funds, and "Class" or "Classes" refers to a class or classes of the BMG Funds. A reference in this document to "you" refers to everyone who invests in a BMG Fund.

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

A mutual fund is a pool of money contributed by people with similar investment goals that invests in a variety of securities in an effort to achieve a specific investment objective over time. Individuals who contribute money become unitholders of the mutual fund. Mutual fund unitholders share the mutual fund's income, expenses, and gains or losses in proportion to their interest in the mutual fund. The value of an investment in a mutual fund is realized upon redeeming units held. Mutual funds are managed by professional money managers who invest on behalf of the whole group.

Mutual funds own different types of investments depending upon their investment objectives, including stocks, bonds, commodities, real estate, precious metals, derivatives and cash. The value of these investments changes from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it. Mutual funds can also invest in securities of other mutual funds, which are referred to as an underlying fund.

None of your investment in a mutual fund is guaranteed.

Unlike bank accounts or GICs, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. See "*Purchases, Switches, Reclassifications and Redemptions*" at page A-8 for more information.

General Investment Risks

BMG BullionFund invests only in the purchase of unencumbered, physical gold, silver and platinum bullion that is held on an allocated basis. BMG Gold BullionFund invests only in the purchase of unencumbered, physical gold bullion that is held on an allocated basis. Each of the BMG Funds have the objective of providing a secure, convenient, medium-risk alternative for investors seeking to hold the physical bullion for capital preservation and long term appreciation. As a result, the following risk factors are applicable for each BMG Fund:

Precious Metals Risk

The prices for gold, silver and platinum bullion are affected by a variety of factors including: (a) the global supply of, and demand for, such precious metals, which is influenced by such factors as forward selling by producers of such precious metals, purchases made by producers

of such precious metals to unwind hedge positions, central bank purchases and sales, production and cost levels in major producing countries, levels of industrial activity and consumer demand, trading activities of speculators and the buying and selling on behalf of financial investment products similar to the BMG Funds; (b) investors' expectations with respect to the rate of inflation; (c) the exchange rate volatility of the U.S. dollar, the principal currency in which the prices of such precious metals are generally quoted; (d) interest rate volatility; and (e) unexpected global, or regional, political or economic incidents. In addition, governments may intervene from time to time, directly or through regulatory measures, in certain markets such as gold. These factors will indirectly affect the prices for gold, silver and platinum bullion, which will have a direct impact on the value of units of a BMG Fund.

Direct purchases of physical gold, silver and platinum bullion may also generate higher transaction and custody costs than other types of investments. These additional costs may impact the performance of a BMG Fund.

Precious metals and bullions do not generate an income stream if held in an allocated, segregated account and are not leased. Since no BMG Fund will lease its bullion, no BMG Fund will receive any income. A BMG Fund will only earn money on its investment in bullion to the extent that it sells the bullion at a gain.

Availability of Precious Metals Risk

It is possible that the bullion that a BMG Fund invests in, may at times be unavailable for purchase. Depending on the investment objective of a BMG Fund and the availability of each precious metal, that BMG Fund may not be able to achieve its investment objective of being invested in a certain precious metal or a combination of precious metals, as applicable, until those precious metals become available again.

Class Risk

The BMG Funds are available in more than one class of units. Each class has its own fees and expenses which the BMG Funds track separately. If a BMG Fund cannot pay the expenses of one class of units using that class' proportionate share of the assets of the BMG Fund, the BMG Fund will have to pay those expenses out of the other classes' proportionate share of the assets, which would lower the investment return of those other classes. The BMG Funds may issue additional classes without notice to or approval of unitholders. The creation of additional classes could indirectly result in a mitigation of this risk by creating a larger pool of assets for the BMG Funds to draw from.

Foreign Currency Risk

Gold, silver and platinum bullion are usually traded in U.S. dollars and, as a result, the BMG Funds are vulnerable to foreign currency risk, which is the risk that the value of the Canadian dollar will increase as measured against a foreign currency. For example, a precious metal traded in U.S. dollars will fall in value, in Canadian dollar terms, if the Canadian dollar increases in value relative to the U.S. dollar, even though there is no change to the U.S. dollar

value of the precious metal. Conversely, if the Canadian dollar falls in value relative to the U.S. dollar, there is a corresponding gain in the value of the precious metal measured in Canadian dollars attributable solely to the change in the exchange rate. The BMG Funds do not hedge their foreign currency exposure.

Loss, Damage or Restriction of Access to Precious Metals Risk

There is a risk that part of a BMG Fund's physical gold, silver and platinum bullion, as applicable, could be lost, damaged or stolen, notwithstanding the handling of deliveries of bullion by and storage of bullion in the vaults of the BMG Funds' custodian. Also, access to a BMG Fund's physical gold, silver and platinum bullion, as appropriate, could be restricted by natural events or human actions. Any of these events may adversely affect the assets of a BMG Fund and consequently, an investment in units of the BMG Fund. See "*Uninsured Losses Risk*".

Non-Hedging Strategy Risk

The BMG Funds will not hedge their bullion holdings against decreases in the value of gold, silver or platinum bullion, as applicable. A hedging strategy could put a BMG Fund's assets at risk or could add to the BMG Fund's expenses.

Possible Adverse Effect of Substantial Official Sector Gold Sales Risk

The official sector of the gold market consists of central banks, other governmental agencies and multilateral institutions that buy, sell and hold gold as part of their reserve assets. The official sector holds a significant amount of gold, some of which is static, meaning that it is held in vaults and is not bought, sold, leased or swapped or otherwise mobilized, in the open market. A number of central banks have sold portions of their gold reserves in previous years, with the result being that the official sector, taken as a whole, was a net supplier of gold to the open market. However, in recent years, the official sector, taken as a whole, has been a net purchaser of gold from the open market. Nevertheless, in the event that future economic, political or social conditions or pressures require members of the official sector to liquidate their gold assets all at once or in an uncoordinated manner, the demand for gold may not be sufficient to accommodate the sudden increase in the supply of gold to the market, and consequently the price of gold could decline.

Specialization Risk

The BMG Funds will invest only in gold, silver and platinum bullion, as applicable, and investors should only put a portion of their portfolios in a BMG Fund in order to achieve appropriate levels of diversification.

Substantial Unitholder Risk

A single investor (including a BMG Fund) may buy or sell large amounts of units of a BMG Fund. As a result, the BMG Fund may have to alter its portfolio significantly to accommodate large fluctuations in assets. If a BMG Fund experiences a "loss restriction event", the BMG Fund (i) will be deemed to have a year-end for tax purposes (which would result in an allocation of

the BMG Fund's taxable income at such time to unitholders so that the BMG Fund is not liable for income tax on such amounts), and (ii) will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a BMG Fund will be subject to a loss restriction event when a person becomes a "majority-interest beneficiary" of the BMG Fund, or a group of persons becomes a "majority-interest group of beneficiaries" of the BMG Fund, as those terms are defined in the affiliated persons rules contained in the *Income Tax Act* (Canada) (the "**Tax Act**"), with appropriate modifications. Generally, a majority-interest beneficiary of a BMG Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the BMG Fund.

Management Risk

Unitholders of the BMG Funds are primarily dependent on the expertise of the Manager and key personnel of the Manager. The Manager is not registered as a portfolio adviser and does not engage in security selection. There is no assurance that any key personnel of the Manager will not leave the employment of the Manager.

Tax Risk

It is anticipated that, for the purpose of computing its income under the Tax Act, the BMG Funds generally will treat gains (or losses) as a result of dispositions of physical gold, silver and platinum bullion, as applicable, as capital gains (or capital losses), although depending on the circumstances, it may instead, include (or deduct) the full amount of such gains in computing its income. If any transactions of a BMG Fund are reported by it on capital account but are subsequently determined by the Canada Revenue Agency to be on income account, there may be an increase in the net income of the BMG Fund for tax purposes. The taxable component of any redemption proceeds (or any other amounts) distributed to unitholders, with the result that Canadian-resident unitholders could be reassessed by the Canada Revenue Agency to increase their taxable income by the amount of such increase, and non-resident unitholders potentially could be assessed directly by the Canada Revenue Agency for Canadian withholding tax on the amount of net gains on such transactions that were treated by the Canada Revenue Agency as having been distributed to them.

The Canada Revenue Agency can assess a BMG Fund for a failure of the BMG Fund to withhold tax on distributions made by it to non-resident unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident unitholders directly. Accordingly, any such re-determination by the Canada Revenue Agency may result in the BMG Fund being liable for unremitted withholding taxes on prior distributions made to unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the BMG Fund may not be able to recover such withholding taxes from the non-resident unitholders whose units were redeemed, payment of any such amounts by the BMG Fund would reduce the net asset value (the "**NAV**") of the units of the BMG Fund.

Unallocated Precious Metals Risk

The physical gold, silver and platinum bullion to be purchased by a BMG Fund, as appropriate, from the BMG Fund's custodian, will be allocated in a commercially reasonable time and manner. A BMG Fund will, to the extent applicable, but to a very limited degree, hold unallocated bullion with its custodian in its trading account(s). The BMG Fund will, to the extent applicable, attempt to limit the length of time during which any gold, silver and platinum bullion, as appropriate, remains unallocated. During this time, the BMG Fund will, to the extent applicable, be subject to the credit risk of its custodian. There can be no assurance that any losses attributable to holding unallocated gold, silver and platinum bullion, as appropriate, will be recovered by the BMG Fund.

Uninsured Losses Risk

The Bank of Nova Scotia, as custodian, holds custody of the physical gold, silver and platinum bullion assets, as applicable, of the BMG Funds on an allocated, insured basis. Currently, all bullion held by the BMG Funds is held by the custodian in Ontario. The custodian has also agreed to maintain the broadest form of insurance on the gold, silver and platinum bullion, as applicable, that is commercially available to The Bank of Nova Scotia against all risks of physical loss or damage, except those for which insurance is not currently available, including, but not limited to, the risks of war, terrorist events, nuclear incident or government confiscations. Such insurance may help mitigate any losses suffered by a BMG Fund.

In addition, BMS has taken out supplementary insurance on behalf of the BMG Funds to further reduce any risk of certain losses occurring.

Organization and Management of the BMG Funds

Manager

Bullion Management Services Inc.
Suite 280, 60 Renfrew Drive
Markham, Ontario
L3R 0E1

Bullion Management Services Inc. acts as the investment fund manager and is responsible for the day-to-day activities of the BMG Funds, providing or arranging for all required administrative services of the BMG Funds.

Trustee

Bullion Management Services Inc.
Suite 280, 60 Renfrew Drive
Markham, Ontario
L3R 0E1

Each BMG Fund is organized as a trust under the laws of the Province of Ontario. When you invest in a BMG Fund, you are buying units in a trust. BMS, as trustee, holds title to the property of each BMG Fund (e.g. its cash and bullion) on behalf of the unitholders of that BMG Fund.

Portfolio Adviser

None

Each BMG Fund has a fixed investment policy and as a result, no portfolio adviser is required.

Custodian

The Bank of Nova Scotia
Toronto, Ontario

The Bank of Nova Scotia has been appointed by the Manager as custodian of the BMG Funds and has physical custody of the bullion of the BMG Funds. RBC Investor Services Trust has been appointed as a sub-custodian of the BMG Funds' cash by The Bank of Nova Scotia pursuant to a sub-custodian agreement.

Registrar

Bullion Management Services Inc.
Suite 280, 60 Renfrew Drive
Markham, Ontario
L3R 0E1

The Manager, as registrar, keeps a register of the registered owners of units of each Class of each BMG Fund.

Administrator

RBC Investor Services Trust
Toronto, Ontario

The Administrator provides administrative services to the BMG Funds, which includes processing of purchases, switches, redemption orders, issuances of investor account statements and annual tax reporting information.

Auditor

BDO Canada LLP
Toronto, Ontario

The Auditors annually audit the financial statements of each BMG Fund to determine whether they fairly present, in all material respects, the BMG Fund's financial position, results of operations and changes in net assets in accordance with applicable generally accepted accounting principles. BDO Canada LLP is independent of the BMG Funds in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario.

If a decision is made to change auditors of the BMG Funds, unitholders in the BMG Funds will not be asked to approve this change; however, we will provide such unitholders at least 60 days written notice before the effective date of the change in auditors and such change in auditors will be in accordance with applicable securities legislation.

Independent Review Committee

The independent review committees ("IRC") for each of the BMG Funds provide independent oversight and impartial judgment on conflicts of interest involving the BMG Funds. The IRC is responsible for overseeing the Manager's decisions in situations where the Manager is faced with a present or perceived conflict of interest, all in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"). As the BMG Funds have a fixed investment objective, it is not expected that many conflicts of interest will arise. Among other matters, the IRC prepares, at least annually, a report of its activities for investors in each BMG Fund which is, or will be, available on our website at www.bmgbullion.com or upon request by any investor, at no cost, by calling: 905-474-1001 or toll-free at 1-888-474-1001, or e-mailing to: info@bmgbullion.com.

The IRC is currently comprised of three members, each of whom is independent of BMS, its affiliates, and the BMG Funds. Additional information about the IRC, including the names of its members, and governance of each BMG Fund is available in the AIF of the BMG Funds.

If approved by the IRC, a BMG Fund may undertake a merger, reorganization with, or transfer its assets to, another mutual fund provided that these transactions fulfill the requirements under applicable securities legislation and the Manager sends you a written notice at least 60 days before the effective date of any such transaction. Similarly, if approved by the IRC (as necessary) the Manager may implement an increase in charges to a BMG Fund, subject to applicable securities legislation, by sending you a written notice at least 60 days prior to the effective date of any such increase.

Purchases, Switches, Reclassifications and Redemptions

Nature of BMG Funds

When you invest in units of the BMG Funds, you are buying units of a mutual fund trust. Each BMG Fund is open-ended, which means each BMG Fund is permitted to issue an unlimited number of Classes of redeemable units, with each Class of units consisting of an unlimited number of units.

Classes of Units

To address the different investment needs of different types of investors, each BMG Fund offers a variety of Classes, including Class A units and Class F units. The BMG Funds also offer Class B units (B1-B3 inclusive), Class C units (C1-C3 inclusive), Class E units (E1-E15 inclusive), Class G units (G1-G15 inclusive), Class I units and Class S1 units and Class S2 units to qualified investors. Each Class of units of a BMG Fund represents an investment in the same portfolio of assets of the BMG Fund, but each Class of units has a different management fee and expenses that are attributed to it. As a result, a separate NAV is calculated for each Class of units for each BMG Fund.

The Price of a Mutual Fund Unit

You may purchase, switch or reclassify units of a Class of a BMG Fund as described in the Simplified Prospectus.

The NAV is determined for each Class of units of a BMG Fund as at 4:00 p.m. (Eastern time) (the "**Valuation Time**") on each day that the Toronto Stock Exchange is open for business (a "**business day**" or a "**Valuation Date**") or such other time as we determine appropriate. For investors who want to buy units of a Class of a BMG Fund in U.S. dollars on a given day, we calculate the NAV of that BMG Fund in Canadian dollars and then convert the NAV into U.S. dollars using that day's exchange rate.

All requests that we receive from investors before the Valuation Time on each Valuation Date to buy, switch, change or redeem units of a Class of a BMG Fund will be executed on that business day using the NAV per unit of that Class of units of the BMG Fund on that day. Requests received after the close of business will be executed on the next business day using that day's NAV per unit for the applicable Class of units of the applicable BMG Fund.

The BMG Funds are available in each Province and Territory of Canada.

You may buy units of a BMG Fund in either Canadian dollars or U.S. dollars by contacting your dealer. You may redeem your Class of units of a BMG Fund in the same currency in which you purchased them. We will not issue units of a Class of a BMG Fund unless your dealer confirms to us that it has received the necessary funds or a certified cheque from you to buy the units of that Class of the BMG Fund. Your purchase or redemption order should be sent to your dealer. Cheques should be made payable to the name of the applicable BMG Fund. When redeeming units of a Class of a BMG Fund, you should indicate whether you wish to redeem a specified dollar amount or number of units of that Class of the BMG Fund. You may have to pay an administrative fee to your dealer. As a security measure, telephone or electronically transmitted redemption requests will normally not be accepted.

When you redeem units of a Class of a BMG Fund, we will send you the proceeds within three business days of receiving all necessary documents.

See "*Fees and Expenses*" and "*Dealer Compensation*" for more information on the fees and expenses and dealer compensation you may have to pay when you purchase units of a Class of a BMG Fund.

Purchase Options

Investors can buy Class A units and Class F units of each BMG Fund in either Canadian or U.S. dollars. The BMG Funds also offer Class B1, Class B2 and Class B3 units (collectively, the "**Class B units**"), and Class C1, Class C2 and Class C3 units (collectively, the "**Class C units**") in Canadian dollars and Class E1 through E15 inclusive (collectively the "**Class E Units**") in either Canadian or U.S. dollars to certain qualifying investors. The BMG Funds may also issue Class I units to institutional and qualified individual investors on an exempt basis pursuant to applicable securities legislation. Minimum investments may be required for certain Classes of Units of the BMG Funds. Please see "*Minimum Investments*" for more information.

Investors in foreign jurisdictions may buy Class A units or Class F units of each BMG Fund, and, in some cases, Class S1 units or Class S2 units of the BMG Funds, in either Canadian or U.S. dollars in accordance with the laws of that jurisdiction. Investors in foreign jurisdictions may also buy Class G units (G1 through G15 inclusive) of the BMG Funds in U.S. dollars, in accordance with the laws of that jurisdiction.

No fees, other than those set out in this Simplified Prospectus, are charged to buy units of a BMG Fund in U.S. dollars.

Class A Units

Class A units of a BMG Fund are designed for retail investors and can be purchased pursuant to one of the following two options:

- (i) *Front-end sales charge option:* If you choose this option, you negotiate and pay a sales charge to your dealer. Your dealer will generally deduct the amount of the sales charge that you negotiate with your dealer, which cannot exceed 5% of the amount invested at the time you purchase such units. Subject to a BMG Fund's short-term trading fee, you can redeem your Class A units of the BMG Fund purchased under this option at any time and do not have to pay any redemption fees. See "*Fees and Expenses*", for more information.
- (ii) *Three year deferred sales charge option:* If you choose this option, which is only available at our discretion, all of your investment proceeds will be invested in Class A units of the applicable BMG Fund. If you redeem any of your Class A units of the BMG Fund that you purchased pursuant to this option within three years of buying them, you will have to pay us a redemption fee based on the original NAV of the Class A units of the BMG Fund that you purchased, as set out under "*Redemptions*". The redemption fee declines over time and no redemption fee has to be paid to us if you have held such Class A units of such BMG Fund for more than three years. Depending on when you redeem your

Class A units of such BMG Fund, you may also have to pay the BMG Fund a short-term trading fee.

Class B Units

Class B units of a BMG Fund are designed for individual investors who have agreed with their registered representative that they wish to purchase a Class B unit of an applicable BMG Fund offering reduced overall costs, including a reduced management fee and a reduced trailer fee via a tiered fee schedule based on certain large minimum investments. An investor must maintain a certain minimum balance in Class B units in a specific BMG Fund in order to remain eligible for investment in Class B units of a BMG Fund. If we become aware that you are no longer eligible to hold Class B units of a BMG Fund, we will give you 30 days' notice before we switch your Class B units of the BMG Fund for Class A units of the same BMG Fund.

If you buy Class B units of the BMG Funds, you may have to pay a sales charge to your dealer. Your dealer will generally deduct the amount of the sales charge that you negotiate with your dealer, which cannot exceed 5% of the amount invested at the time you purchase such units. Subject to a BMG Fund's short-term trading fee, you can redeem your Class B units of the applicable BMG Fund at any time and do not have to pay any redemption fees.

Class C Units

Class C units of a BMG Fund are designed exclusively for individual investors who wish to purchase a Class C unit of an applicable BMG Fund offering a reduced overall management fee via a tiered fee schedule based on certain larger minimum investments and have entered into a fee-based program with their dealers where we do not pay any sales charges, trailing fees or other fees to their dealers. Fee-based accounts are all-inclusive programs where an individual investor pays their dealer a set fee (usually based on assets under administration) for all services and advice that they provide to the investor.

You do not have to pay any sales charge if you buy Class C units of a BMG Fund as you already pay your dealer for the advice and other services your dealer provides to you. No trailer fees are paid and as a result of larger minimum investments, the management fee is reduced to up to 1.00% for the BMG Funds. However, your dealer must be a participant in our Class C program. If we become aware that you are no longer eligible to hold Class C units of a BMG Fund, we will give you 30 days' notice before we switch your Class C units of the BMG Fund for Class F units of the BMG Fund. Subject to a BMG Fund's short-term trading fee, you can redeem your Class C units of the BMG Fund at any time and do not have to pay any redemption fees.

Class E Units

Class E units of a BMG Fund are designed for investors who fall within certain prospectus and registration exemption categories within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*, and have a different level of management fees depending on the amount invested and the category of prospectus exemption relied upon.

Class F Units

Class F units of a BMG Fund are designed exclusively for investors who have entered into an investment management agreement with their dealers. This may include:

- (i) individual investors who participate in fee-based programs where we do not pay any sales charges, trailing fees or other fees to their dealers. Fee-based accounts are all-inclusive programs where the individual investor pays their dealer a set fee (usually based on assets under administration) for all services and advice that they provide to the investor; and
- (ii) other investors provided we do not pay any sales charges, trailing fees or other fees to their dealer.

You do not have to pay any sales charge if you buy Class F units of a BMG Fund as you already pay your dealer for the advice and other services your dealer provides to you. No trailer fees are paid and as a result the management fee is reduced to 1.25% for the BMG Funds. We can therefore charge a lower management fee. However, your dealer must be a participant in our Class F program. If we become aware that you are no longer eligible to hold Class F units of a BMG Fund, we will give you 30 days' notice before we switch your Class F units of the BMG Fund for Class A units of the BMG Fund. Subject to a BMG Fund's short-term trading fee, you can redeem your Class F units of the BMG Fund under this option at any time and do not have to pay any redemption fees.

Class G Units

Class G units of a BMG Fund are designed exclusively for investors in foreign jurisdictions, and have a different level of management fees depending on the amount invested.

Class I Units

Class I units of a BMG Fund are designed exclusively for institutional investors and individual investors who have been approved by us. Each eligible investor must enter into a Class I unit account agreement with us.

The criteria for approval may include the value of the investment. No management fees are charged to, or are payable by, a BMG Fund with respect to Class I units. Each investor will negotiate a separate management fee directly payable to us, which will be specified in that investor's Class I unit account agreement.

Class S1 and Class S2 Units

Investors are offered Class S1 units and Class S2 units of the BMG Funds, but only as the Manager deems appropriate, at its discretion, for specified periods of time. You will not be able to buy Class S1 or Class S2 units of a BMG Fund at all times (i.e. if you bought Class S1 or Class S2 units of one of these BMG Funds at a point in time, you may not be able to buy Class S1 units or Class S2 units of that same BMG Fund at a later time). If you buy Class S1 units of a BMG Fund, you will pay a sales charge to your dealer of up to 5.50% of the amount invested at the time you purchase such units and if you buy Class S2 units of a BMG Fund, you will pay a sales charge to your dealer of up to 3% of the amount invested at the time you purchase such units.

It is not expected, that Class S1 units or Class S2 units of the BMG Funds will be offered on a continuous basis at all times. We will publicly disclose by press release when Class S1 units and Class S2 units of the BMG Funds are available for purchase by investors.

Class S1 units and Class S2 units of the BMG Funds will only be offered to you by select dealers from time to time at our discretion. You will not be able to buy Class S1 or Class S2 units of these BMG Funds all the time.

Subject to a BMG Fund's short-term trading fee, you can redeem your Class S1 units and Class S2 units of the BMG Funds under this option at any time and do not have to pay any redemption fees. The only differences between the Class S1 units and the Class S2 units are the times at which they may be offered for sale, and the initial sales charges, management fees and trailer fees that are charged to these units. See "*Fees and Expenses*" for more information.

Price of a Unit of a Class of a BMG Fund

The price of a unit of a Class of a BMG Fund is equal to the NAV per unit of that Class of that BMG Fund. The NAV per unit of a Class of a BMG Fund is determined by adding the value of the assets of that Class of that BMG Fund, subtracting the liabilities of that Class of the BMG Fund and dividing the remainder by the outstanding number of units of that Class of that BMG Fund.

The NAV per unit of each Class of a BMG Fund is calculated in Canadian dollars at the Valuation Time on each Valuation Date. If the Administrator receives your purchase order to buy units of a Class of a BMG Fund before the Valuation Time on a Valuation Date, your purchase order, if accepted by the Administrator, will be processed at the NAV per unit of that Class of the BMG Fund on that day. If the Administrator receives your purchase order to buy units of a Class of a BMG Fund after the Valuation Time, it will be processed, if accepted by the Administrator, at the NAV per unit of that Class of the BMG Fund on the next Valuation Date.

Minimum Investments

Except as set out below, your initial investment in units of Class A and Class F units of a BMG Fund, and in some cases units of Class S1 or Class S2 units of a BMG Fund, must usually be at least \$1,000. Subsequent investments by such unitholders must be at least \$100. If you buy Class A or Class F units of a BMG Fund by means of a pre-authorized investment plan, the minimum subsequent investment per transaction is \$25.

The initial investment in Class B or Class C units of a BMG Fund must usually be at least \$75,000. Subsequent investments by such unitholders must be at least \$100.

If your payment for units of a Class of a BMG Fund is not received by the Administrator from your dealer within three business days of processing your order, the Administrator will redeem your units of that Class of the BMG Fund. If the proceeds of redemption are greater than what you owe, the BMG Fund will keep the difference. If the proceeds are less than what you owe, the Administrator will pay the difference to the BMG Fund and will collect this amount from your dealer, who may collect it from you.

We may reject a purchase order within one day of receiving it.

The minimum account balance is generally \$1,000. If your investment balance falls below the minimum, you may be notified in writing and given 30 days to increase your account balance to the minimum. After that time, the Administrator may redeem your units and mail you a cheque for the proceeds.

Redemptions

You should send your redemption request to your dealer who is responsible for sending your redemption order to the Administrator on the same day that your dealer receives it from you. The Administrator will confirm with your dealer that your dealer has received from you all of the necessary information and instructions to redeem your units of a Class of a BMG Fund.

Depending on how you bought your Class A units of a BMG Fund, you may have to pay a redemption fee:

- (i) no redemption fee is payable if you bought your Class A units of the applicable BMG Fund pursuant to the front-end sales charge option, although your dealer may charge you an administrative fee.

- (ii) Class A units of the applicable BMG Fund purchased pursuant to the three year deferred sales charge option will have to pay a declining redemption fee as set out below, depending on when such units are redeemed:

If redeemed during the:	Redemption Fee (% of the original NAV of the Class A units redeemed):
1st year	3.0%
2nd year	2.0%
3rd year	1.0%
thereafter	Nil

No redemption fee has to be paid with respect to Class B, Class C, Class F or Class S1 and Class S2 units of a BMG Fund. Please also see "*Short-term Trading*" for more information.

The Administrator will redeem your units of a Class of a BMG Fund on the business day your redemption order is received from your dealer, provided it is received by the Valuation Time on such day. If your redemption order is not received from your dealer by the Valuation Time, the Administrator will process your redemption order on the next business day. Once the instructions necessary to complete your redemption are received from your dealer, the Administrator will send your money to you. If the Administrator does not receive these instructions from your dealer within ten business days of the redemption, the applicable BMG Fund will repurchase your units of that Class of a BMG Fund. If the redemption proceeds are greater than the repurchase amount, the applicable BMG Fund will keep the difference. If the redemption proceeds are less than the repurchase amount, the Administrator will pay the applicable BMG Fund the difference. The Administrator will then collect this difference from your dealer, who may collect it from you.

The obligation to pay the redemption proceeds will be discharged when the monies are deposited into your bank account or when a cheque is mailed to you, unless the cheque is not honoured on presentation for payment. In certain limited situations, you may be allowed to redeem your units of a Class of the BMG Fund on an *in specie* basis.

Suspension of Redemptions

Under extraordinary circumstances, your right to redeem units of a Class of a BMG Fund may be suspended. The Manager or its agent may refuse orders to redeem units of a Class of a BMG Fund:

- (i) during any period when normal trading is suspended on a stock exchange or other market, within or outside Canada, which represents more than 50% by value, or underlying market exposure, of the total assets of the BMG Fund without any allowance for liabilities and if the assets of the BMG Fund cannot be traded in any other market that represents a reasonably practical alternative for the BMG Fund; or
- (ii) with the consent of the applicable securities regulatory authorities.

A BMG Fund will not accept any purchase orders during any period when the right to redeem units of a Class of the BMG Fund is suspended. The suspension will apply to all requests for redemption prior to the suspension in respect of which payment has not been made as well as to all requests received while the suspension is in effect. All unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. All such unitholders shall have the right to withdraw their request for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the BMG Funds, any declaration of suspension made by the Manager shall be conclusive.

Switches

Except for Class S1 and Class S2 units of the BMG Funds, you can switch your investment from a Class of units of one BMG Fund to the corresponding Class of units of the other BMG Fund through your dealer. For units held outside of a registered plan, such a switch will result in a redemption of the units of the BMG Fund you own and a purchase of units of the new BMG Fund. Because you are moving your investment from one BMG Fund to another BMG Fund, the switch will be a taxable transaction to you and you may realize a gain or loss in the same manner as you would otherwise realize on a redemption of units of a BMG Fund. A switch fee of up to 2% of the value of the units switched may be charged by your dealer. See "*Fees and Expenses*", for more information.

Upon a switch of your units, the number of units you hold may change since each Class has a different NAV per unit.

We do not permit switches between units of a Class of a BMG Fund into units of another Class of the same BMG Fund, without the appropriate applicable commissions and fees being applied.

Reclassification

A reclassification of units from one Class of a BMG Fund to another Class of the same BMG Fund is not considered to be a disposition for tax purposes and, accordingly, a unitholder will not realize a gain or loss on such reclassification. Reclassifications are not permitted without the appropriate applicable commissions or fees being applied.

Short-term Trading

Short-term trading, which is redeeming or switching units of a BMG Fund within 60 days after they were purchased, can have an adverse effect on the BMG Funds and on other investors in the BMG Fund since such trading can increase trading, brokerage and other administrative costs of the BMG Fund and interfere with its long-term investment objectives.

The BMG Funds have adopted certain restrictions to deter short-term trading. For example, we may, in our discretion, impose a short-term trading fee of up to a maximum of 1.5% of the value of the units of a Class of a BMG Fund that you redeem, if you hold units of that Class of the BMG Fund for less than 60 days. The short-term trading fee is payable to the applicable BMG Fund and not to the Manager, to offset the cost of the logistics involved in dealing with physical bullion. We also have the discretion to redeem some or all of your units if we believe that you are or may continue to engage in short-term trading.

For the purposes of the short-term trading fee, units will be considered to be redeemed on a first-in first-out basis.

The short-term trading fee will not be charged:

- (i) for a redemption of units acquired through automatic reinvestment of all distributions of net income or capital gains by the BMG Funds;
- (ii) for a redemption of units in connection with a failed settlement of a purchase of units;
- (iii) as a result of switching by the Manager between two BMG Funds;
- (iv) as a result of reclassifying units of a BMG Fund from one class into another class of the BMG Fund;
- (v) for a redemption of units by another investment fund or investment product approved by us;
- (vi) for a redemption of units as a result of regular payments made from registered retirement income funds and locked-in retirement income funds; or
- (vii) in the absolute discretion of the Manager.

While these restrictions and our monitoring attempt to deter short-term trading, we cannot ensure that such trading will be completely eliminated.

Optional Services

Registered Tax Plans

Units of each Class of the BMG Funds are eligible investments for deferred income plans. We offer registered retirement savings plans, including locked-in registered savings plans, locked-in retirement accounts, registered retirement income funds and tax free savings accounts. Since deferred income plans are generally not subject to tax, the ability to receive regular distributions primarily as returns of capital is of less advantage for deferred income plans.

The trustee of our registered plans is Royal Trust Company.

We do not charge an annual trustee fee.

Pre-Authorized Chequing Plan

Provided that your initial investment is at least \$1,000, under a pre-authorized chequing plan, (a "PAC") you can indicate a regular amount of investment (not less than \$25), to be made on a periodic basis (e.g., on the 1st and the 15th of each month), to buy Class A units or Class F units of a BMG Fund, and the chequing account from which the investment amount is to be debited. A void cheque is required. You may suspend or terminate such a plan on ten days' prior written notice.

You cannot buy Class B, Class C, Class S1 or Class S2 units of a BMG Fund, as applicable, under a pre-authorized chequing plan.

While you have a statutory right to withdraw from your initial purchase of units of a Class of a BMG Fund under a pre-authorized chequing plan, you will not have a right to withdraw from subsequent purchases of units of that Class of the BMG Fund. You will continue to have all other statutory rights under securities law, including the rights as described at page A-28 under the heading "*What Are Your Legal Rights?*" You have the right to terminate your participation in a pre-authorized chequing plan at any time.

Systematic Withdrawal Plan

You can establish a systematic withdrawal plan (a "SWP"), provided you are not investing through a retirement savings plan. Under a SWP you can indicate a regular amount of cash withdrawal to be made on a periodic basis and the Class of units of a BMG Fund from which the investment is to be withdrawn. Withdrawals will be made by way of a redemption of units of that Class of the BMG Fund and it should be noted that if withdrawals are in excess of any distributions and net capital appreciation, they will result in an encroachment on, or possible exhaustion of, your original capital. If you choose the SWP, any distributions declared on units of that Class of a BMG Fund held under such a plan must be reinvested into additional units of that Class of a BMG Fund. You may modify, suspend or terminate a SWP on ten days' prior written notice.

Each withdrawal is a redemption of Units and will result in the same tax consequences as any other redemption of Units for cash. See "*Income Tax Considerations for Investors – Taxation of Investors, B. Redemption of Units*".

Fees and Expenses

The following table lists the fees and expenses that you may have to pay if you invest in units of a Class of a BMG Fund. You may have to pay some of these fees and expenses directly. A BMG Fund pays the other fees and expenses. This will reduce the value of your investment in a BMG Fund.

FEES AND EXPENSES PAYABLE BY A FUND							
Management Fees	Each BMG Fund pays the Manager an annual management fee (accrued daily and paid monthly). The management fees payable to us are unique to each Class of each BMG Fund and are expressed as an annual percentage of that BMG Fund's average daily NAV attributable to units of that Class of that BMG Fund, as indicated below:						
	Annual Management Fee Payable by a BMG Fund						
		Class A	Class B	Class C	Class F	Class S1	Class S2
	BMG BullionFund	2.25%	Up to 1.75%	Up to 1.00%	1.25%	0.45%	0.95%
BMG Gold BullionFund	2.25%	Up to 1.75%	Up to 1.00%	1.25%	0.45%	0.95%	
Operating Expenses	<p>Each BMG Fund is responsible for paying its own expenses, other than advertising costs and costs of dealer compensation programmes, which are paid for by the Manager.</p> <p>Operating expenses include, but are not limited to operating and administrative costs, taxes, record keeping, fund and unitholder accounting costs, audit fees and expenses, reporting and filing fees, legal fees, insurance costs, bullion storage fees, custodial expenses, investor servicing costs and brokerage commissions and fees, costs of financial reports and other reports to investors, as well as prospectuses and fund facts. Operating expenses and other costs of a BMG Fund are subject to the applicable taxes including the harmonized sales tax (HST).</p> <p>Each Class of Units of a BMG Fund is responsible for the operating expenses that relate specifically to that Class and for its proportionate share of the operating expenses that are common to all Classes of the BMG Fund. The Manager may, in some years, pay a portion of a Class' operating expenses. The decision to absorb operating expenses is reviewed annually and determined at the discretion of the Manager, without notice to unitholders.</p> <p>Each BMG Fund is responsible for paying its proportionate share of the total compensation and expenses incurred by that BMG Fund's IRC. Each member of the IRC including the chairman of the IRC is paid, as compensation, an annual fee of \$2,400 for each BMG Fund they act for plus \$1,200 including HST, for each meeting attended.</p>						

FEES AND EXPENSES PAYABLE DIRECTLY BY YOU

<p>Sales charges: Class A units Class B units Class C units Class F units Class S1 units Class S2 units</p>	<p><i>Initial Sales Charge Option</i></p> <p>You may pay a negotiable sales charge to your dealer at the time of purchase:</p> <ul style="list-style-type: none"> • not exceeding 5.26% of the net amount you invest in Class A units of a BMG Fund (5.00% of the total amount paid by you); • not exceeding 5.26% of the net amount you invest in Class B units of the applicable BMG Fund (5.00% of the total amount paid by you); • not exceeding 5.82% of the net amount you invest in Class S1 units of the applicable BMG Fund (5.50% of the total amount paid by you); and • not exceeding 3.09% of the net amount you invest in Class S2 units of the applicable BMG Fund (3.00% of the total amount paid by you). <p>There are no sales charges on the purchase of Class C and Class F units of a BMG Fund.</p> <p><i>Three Year Deferred Sales Charge Option</i></p> <p>You may pay a fee when you redeem, change or switch your Class A units depending on how long you have held your units. See "<i>Redemptions</i>" on page A-14 and "<i>Short-term Trading Fee</i>" and "<i>Redemption Fees</i>" below.</p>
<p>Short-term Trading Fee</p>	<p>We may, in our discretion, impose a short-term trading fee of up to a maximum of 1.5% of the value of the units of a Class of a BMG Fund that you redeem, if you hold units of that Class of the BMG Fund for less than 60 days. The short-term trading fee is payable to the applicable BMG Fund and not to the Manager, to offset the cost of the logistics involved in dealing with physical bullion.</p>
<p>Redemption Fees</p>	<p>Under the three year deferred sales charge option, you pay a deferred sales charge to the Manager at the following rates if you redeem your Class A units of a BMG Fund or switch those units into another Class of a BMG Fund of units of a BMG Fund or another BMG Fund that are not subject to a deferred sales charge, during the time periods specified below:</p> <p>First year: 3.00% Second Year: 2.00% Third Year: 1.00% Thereafter: Nil</p> <p>The three year deferred sales charge option fee is calculated on the original purchase price of the units of a BMG Fund that you are redeeming or switching. If a switch occurs, the Manager will:</p> <ul style="list-style-type: none"> • redeem the units that you have held for the longest period of time first; and



Redemption Fees <i>(contd.)</i>	<ul style="list-style-type: none"> then deduct the applicable redemption fee from the proceeds of the redemption. <p>Otherwise, there are no redemption fees payable on the redemption of units of a BMG Fund, but a switch from one BMG Fund to another may be subject to a short-term trading fee. See "Redemptions" on page A-14.</p>
Switch fees	Except for Class S1 and Class S2 units of the BMG Funds, your dealer may charge you up to 2% of the NAV of any units of a Class of a BMG Fund that you switch to the corresponding Class of the other BMG Fund.
Registered Plan Fees	No administration fee is charged by a BMG Fund, but you may be charged an administrative fee by your dealer.

Impact of Sales Charges – Class A, Class B, Class S1 and Class S2 Units

The following table shows the amount of fees that you will have to pay under the different purchase options available to you if you make an investment of Cdn. \$1,000 in Class A, Class B, Class S1 or Class S2 units of a BMG Fund; you hold that investment for one, three, five or ten years and then immediately redeem such units at the end of that period.

Initial Sales Charge Option¹					
	At time of purchase²	1 Year	3 Years	5 Years	10 Years
Class A	\$50.00	\$0	\$0	\$0	\$0
Class B	\$50.00	\$0	\$0	\$0	\$0
Class S1	\$55.00	\$0	\$0	\$0	\$0
Class S2	\$30.00	\$0	\$0	\$0	\$0

¹ A short-term trading fee may apply if you redeem Units within 60 days of their date of purchase or switch. See "Short-term Trading Fee" in the chart on page A-20.

² Assumes the maximum initial sales charge of 5% for Class A and Class B Units, 5.50% for Class S1 Units and 3% for Class S2 Units.

You do not pay a sales charge if you buy Class C or Class F units of a BMG Fund.

Dealer Compensation

Units of each Class of a BMG Fund, other than Class S1 units and Class S2 units of the BMG Funds, are offered for sale on a continuous basis through dealers.

Sales Commission

Your dealer will receive the following sales commission and trailer fees:

Class A

If you buy Class A units of a BMG Fund pursuant to the front-end sales charge option, your dealer, including if they are a discount dealer, may receive a sales commission of up to 5.26% at the time of purchase. The sales commission your dealer receives depends on what sales commission you negotiate with your dealer. We may also pay your dealer, including if they are a discount dealer, an annual trailer fee of up to 1.00% of the average daily NAV of the Class A units of a BMG Fund held by your dealer's clients.

If you buy Class A units of a BMG Fund pursuant to the three year deferred sale option, your dealer, including if they are a discount dealer, will receive a commission of 3.00% of the amount you invest. We will also pay your dealer, including if they are a discount dealer, a trailer fee of up to 0.50% of the average daily NAV of your Class A units for the first three years and then up to 1.00% of the average daily NAV of your Class A units.

Class B

If you buy Class B units of a BMG Fund, your dealer, including if they are a discount dealer, may receive a sales commission of up to 5.26% at the time of purchase. The sales commission your dealer receives depends on what sales commission you negotiate with your dealer. We may also pay your dealer, including if they are a discount dealer, an annual trailer fee of up to 0.75% of the average daily NAV of the Class B units of a BMG Fund held by your dealer's clients.

Class C

If you buy Class C units of a BMG Fund, your dealer does not receive any sales commission or annual trailer fee.

Class F

If you buy Class F units of a BMG Fund, your dealer does not receive any sales commission or annual trailer fee.

Class S1

If you buy Class S1 units of the BMG Funds, you will have to pay a front-end sales commission of up to 5.82% at the time of purchase, which will be paid to your dealer, including if they are a discount dealer. We do not pay your dealer an annual trailer fee for Class S1 units.

Class S2

If you buy Class S2 units of the BMG Funds, you will have to pay a front-end sales commission of up to 3.09% at the time of purchase, which will be paid to your dealer, including if they are a discount dealer. We may also pay your dealer an annual trailer fee of up to 0.50% of the average daily NAV of the Class S2 units of these BMG Funds that are held by your dealer's clients.

Other Kinds of Dealer Compensation

We may share with dealers up to 50% of their eligible costs in marketing units of a Class of a BMG Fund. For example, we may pay a portion of the costs of a dealer advertising the availability of units of a Class of a BMG Fund through the financial advisors of that dealer. We also pay for marketing materials that are given to dealers to help support their sales efforts.

In addition, we may pay part of the costs of a dealer in running a seminar to inform investors about a BMG Fund or about the general benefits of investing in a BMG Fund.

We also may pay up to 10% of the costs of some dealers to hold educational seminars or conferences for their financial advisors to teach them about the advantages of investing in a BMG Fund. The dealer makes all decisions about where and when the conference is held and who can attend.

Under applicable securities legislation, it is the obligation of your dealer and its sales representatives to ensure that the units of a Class of a BMG Fund that you buy are suitable for you taking into consideration your investment objectives and risk tolerances, regardless of the compensation you pay your dealer.

Representatives of dealers selling units of the BMG Funds also own approximately 7.0% of the outstanding shares of our parent company, Bullion Management Group Inc.

Dealer Compensation from Management Fees

We paid dealers approximately 40.66% of our total management fees that we received from the BMG Funds and BMG Gold Advantage Return BullionFund for the financial year ended December 31, 2013.

Income Tax Considerations for Investors

The following is a summary of the principal Canadian federal income tax considerations to you of distributions made by a BMG Fund, and of the disposition of units of a Class of a BMG Fund. It assumes that you are an individual (other than a trust) resident in Canada, who holds units of a Class of a BMG Fund as capital property for tax purposes and that you deal at arm's length with, and are not affiliated with the BMG Funds.

Taxation of BMG Funds

A. Tax Status of BMG Funds

This summary assumes that at all relevant times each BMG Fund qualifies as a mutual fund trust for the purposes of the Tax Act. Each BMG Fund currently qualifies as a mutual fund trust. If a BMG Fund ceased to qualify as a mutual fund trust, the tax considerations for investors would be materially different from those described below.

Based on the current investments of the BMG Funds and the investment policy of each of these BMG Funds, each of these BMG Funds expects that it will retain its status as a mutual fund trust for purposes of the Tax Act even if a majority of the units of that BMG Fund are owned by non-residents of Canada.

The fact that non-residents may invest in a BMG Fund will have no adverse tax consequences under the Tax Act to an individual resident in Canada who holds units of a Class of a BMG Fund or to a registered plan such as registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), deferred profit sharing plans (DPSPs), registered disability savings plans (RDSPs), tax-free savings accounts (TFSA) and registered education savings plans (RESPs). A BMG Fund does not expect to realize any gains or losses other than when it is required to sell assets to fund redemptions of units of a Class of a BMG Fund. To the extent a BMG Fund does realize gains to redeem units of a Class of a BMG Fund it will generally make sufficient distributions to redeeming unitholders of that Class of a BMG Fund so that it does not have to pay regular income tax.

B. Taxation of Dispositions of Bullion

Under the current administrative practices of the Canada Revenue Agency, an individual may generally choose to treat gains and losses realized on the disposition of gold, silver and platinum bullion as either capital gains and capital losses, or as income gains and income losses, provided that the individual takes a consistent filing position from year to year. However, this practice does not apply to gains and losses realized by a BMG Fund. In particular, the Canada Revenue Agency has expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for purposes of the Tax Act as being derived from an adventure or concern in the nature of trade, so that such transactions give rise to ordinary income rather than capital gains - although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. The holding by the BMG Funds of physical bullion with no intention of disposing of such bullion except, where necessary, to fund or satisfy redemptions of units likely would not represent an adventure or concern in the nature of trade so that a disposition of bullion in connection with a redemption of units that previously had been acquired with such intention would likely give rise to a capital gain (or capital loss) to a BMG Fund.

As the BMG Funds intend to be long-term holders of physical bullion and do not anticipate that they will sell their physical bullion (otherwise than where necessary to fund or satisfy redemptions of units), the BMG Funds generally will treat gains (or losses) as a result of dispositions of physical bullion as capital gains (or capital losses), although depending on the circumstances, the BMG Funds may instead include (or deduct) the full amount of such gains or losses in computing its income. The declaration of trust of each BMG Fund provides that, to the extent that a BMG Fund is required to sell bullion to fund or satisfy the payment of proceeds of redemption to a redeeming

unitholder, it may allocate any gains realized from such sale to such redeeming unitholder. Accordingly, if a BMG Fund is required to sell bullion to fund or satisfy your redemption of units of a Class of a BMG Fund, the gains realized by a BMG Fund on such sale will not be taxed in a BMG Fund but may be allocated and distributed to you and you will be taxed on such amount as capital gains if a BMG Fund treats such disposition as giving rise to a capital gain. However, there is no guarantee that a BMG Fund will always treat dispositions of bullion as giving rise to capital gains or that the Canada Revenue Agency will accept such treatment.

Taxation of Investors

For Units Not Held in a Registered Plan

A. Distributions on Units

It is not anticipated that the BMG Funds will make any distributions of capital gains or other income to unitholders other than in the event of a redemption that requires a BMG Fund to sell bullion to satisfy the redemption price. It is also not anticipated that the BMG Funds will make any distribution that is a return of capital.

B. Redemption of Units

In computing your income, you must take into account any capital gain or capital loss you realize on redeeming units of a Class of a BMG Fund (including on a switch of units between BMG Funds). The capital gain (or capital loss) on a unit of a Class of a BMG Fund will be the amount by which your redemption proceeds exceed (or are less than) the adjusted cost base of the unit of that Class of a BMG Fund which have been adjusted for any previous return of capital. Your redemption proceeds for computing your capital gain or loss will also be reduced to the extent that a BMG Fund distributes to you realized capital gains and/or other net income from selling bullion to BMG Fund or satisfy your redemption request.

A distribution by a BMG Fund of bullion upon an *in specie* redemption of units of a Class of a BMG Fund will be treated as a disposition by a BMG Fund of the bullion so distributed, for proceeds of disposition equal to the fair market value of the bullion at the time it is distributed. A BMG Fund will realize a gain (or a loss) to the extent that the proceeds of disposition exceed (or are less than) the BMG Funds' cost of the bullion and any reasonable costs of disposition. Each BMG Fund currently intends to treat as payable to a redeeming unitholder any amount of gain realized by a BMG Fund as a result of the distribution of bullion *in specie* to that unitholder.

Since a BMG Fund intends to allocate capital gains and/or other net income only to redeeming unitholders, unitholders of a BMG Fund who do not redeem their units of a BMG Fund will not be affected by redemptions by other unitholders that cause a BMG Fund to realize income for tax purposes.

When units of a Class of a BMG Fund are redeemed by the distribution of bullion *in specie* to a unitholder, the proceeds of disposition to that unitholder from the units of that Class of a BMG Fund that are redeemed will be equal to the fair market value of the property so distributed, and any cash received, less any gain realized by a BMG Fund as a result of the redemption of such units which is being made payable by a BMG Fund to that unitholder. For greater certainty, if a gain is realized by a BMG Fund as a result of an *in specie* distribution of bullion as a result of a redemption of units of a Class of a BMG Fund by a unitholder and such gain is allocated to and made payable by a BMG Fund to the unitholder, the unitholder will be required to include such gain in income. The cost of any bullion distributed by a BMG Fund to a unitholder upon a redemption of units of a Class of a BMG Fund will be equal to the fair market value of the bullion at the time of the distribution.

A unitholder is required to compute all amounts under the Tax Act, including cost base, proceeds of disposition, and income, in Canadian dollars

C. Reclassification of Units

Based on our understanding of the current published administrative policies of the Canada Revenue Agency made publicly available, a reclassification of units from one Class of a BMG Fund to another Class of a BMG Fund is not considered to be a disposition for tax purposes and, accordingly, a unitholder will not realize a gain or loss on such reclassification.

D. Computation of Capital Gains

One-half of a capital gain (a taxable capital gain) is included in income and one-half of a capital loss (an allowable capital loss) may be deducted against current or future taxable capital gains in accordance with the rules of the Tax Act.

For Canadian tax purposes you must compute the cost of your units of a Class of a BMG Fund in Canadian dollars or the Canadian dollar equivalent at the time of payment of the subscription price using the appropriate exchange rate in accordance with the detailed rules in the Tax Act. You also must report your redemption proceeds in Canadian dollars or the Canadian dollar equivalent, at the time of redemption using the appropriate exchange rate. Accordingly, if you subscribe for units of a Class of a BMG Fund in U.S. dollars, you may realize a foreign exchange gain or loss if the exchange rate between the Canadian and U.S. dollar at the time of purchase of a unit of a Class of a BMG Fund differs from the exchange rate at the time such unit is redeemed.

The adjusted cost base of a unit of a Class of a BMG Fund will generally be the weighted average cost of all your units of that Class of a BMG Fund. Any sales commissions that you pay when you buy a unit of a Class of a BMG Fund will be included in the cost of your unit of that Class of a BMG Fund for these purposes.

For example, if you own 500 Class A units of a BMG Fund with an adjusted cost base of \$10 each (i.e. a total of \$5,000), and you then purchase another 200 Class A units of a BMG Fund for \$12 each for a total of \$2,400, you will now have spent \$7,400 for 700 Class A units of a BMG Fund. Your new adjusted cost base for each Class A unit of a BMG Fund will now be equal to \$7,400 divided by 700, or \$10.57 per Class A unit.

E. Tax Statements

We will issue a tax statement to you each year containing information needed to complete your income tax return in respect of your investment in the BMG Funds. You should keep detailed records of the purchase cost, sales commissions and distributions relating to your units of each Class of a BMG Fund in order to calculate their adjusted cost base. You may wish to consult your own tax advisor.

For Units Held in a Registered Plan

Units of each Class of each BMG Funds are currently qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and for TFSAs.

You pay no tax on income distributed by a BMG Fund on units of a Class of a BMG Fund that are held by a registered plan such as an RRSP, RRIF, DPSP, RDSP, RESP or TFSA provided that the units of that Class of a BMG Fund are qualified investments, or on any gains the plan realizes on redeeming units of that Class of a BMG Fund, as long as the proceeds remain in the plan.

In general, you will be taxed if you withdraw money from a registered plan (other than a TFSA). You should consult with your own tax advisor before withdrawing any amount from a registered plan.

If the units of a BMG Fund are "**prohibited investments**", a unitholder who is a holder of a TFSA or annuitant of a RRSP or RRIF which holds units of a BMG Fund will be subject to a penalty tax as set out in the Tax Act. A prohibited investment includes a unit of a trust which does not deal at arm's length with a unitholder, or in which the unitholder has a significant interest. A significant interest, in general terms, means the ownership of 10% or more of the value of a BMG Fund's outstanding units by a unitholder, either alone or together with persons and partnerships with whom the unitholder does not deal at arm's length.

Bullion distributed by a BMG Fund to a unitholder on a redemption of units will not be a qualified investment for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

What are your Legal Rights?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus or Fund Facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the Simplified Prospectus, AIF, Fund Facts or financial statements of a BMG Fund misrepresent any facts about a BMG Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Specific information about each of the BMG Funds described in this document

This part of the Simplified Prospectus contains detailed descriptions of each BMG Fund to help you make your investment decisions.

BMG Fund Details

This is a summary of some basic information about each BMG Fund, such as when it was started and the nature of securities offered. This section also tells you if the securities of a BMG Fund are eligible for registered plans, such as RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs. See "*Income Tax Considerations for Investors – For Units Held in a Registered Plan*".

What does the BMG Funds invest in?

This section describes the fundamental investment objective of each BMG Fund.

What are the risks of investing in the BMG Funds?

This tells you some of the risks of investing in a BMG Fund. You'll find a description of what each risk means under General Investment Risks on page A-2. For a more complete discussion about the risks of investing in a BMG Fund, you should consult your registered representative.

Who should invest in the BMG Funds?

This section can help you decide if a BMG Fund might be suitable for you. It includes information about the level of investor risk tolerance that would be appropriate for a BMG Fund. This section is meant as a general guide only. For advice about your account, you should consult your registered representative.

Investment Risk Classification Methodology

The methodology for assigning a risk classification is based primarily on qualitative factors and the Manager's views on the fundamentals of precious metals and gold bullion and other factors (including risk factors that a BMG Fund is subject to) that we feel are relevant. These qualitative factors and our views on the fundamentals of precious metals and gold bullion include:

- Precious metals and gold bullion generally have had a negative correlation when compared to other major asset classes;
- Precious metals and gold bullion have been viewed as an effective hedge against a lower U.S. dollar and inflation;
- Precious metals and gold bullion can act as an inflationary hedge for investors seeking protection from inflation and hyperinflation;

- Precious metals and gold bullion preserve their purchasing power due to supply constraints, especially as compared to fiat currencies which can be printed in unlimited amounts;
- Bullions have intrinsic value, are indestructible and possess a high value to weight ratio; and
- Bullions may provide protection against falling equity prices.

The BMG Funds are assigned an investment risk rating in one of the following categories:

Low for funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;

Low to Medium for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;

Medium for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large capitalization Canadian and/or international equity securities;

Medium to High for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High for funds with a level of risk that is typically associated with investments in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets).

Although monitored on a monthly basis, we review the investment risk level of the BMG Funds on an annual basis. Should these conditions change in a material way, we will reconsider the risk rating.

A copy of our risk analysis will also be provided on request, free of charge, by calling us toll-free at [1-888-474-1001](tel:1-888-474-1001), or by writing to us at Suite 280, 60 Renfrew Drive, Markham, Ontario, L3R 0E1.

Distribution Policy

This section tells you how often a BMG Fund pays out distributions of income and capital dividends and when and how they are paid. Please see "*Income Tax Considerations for Investors*" for more information.

BMG Fund expenses indirectly borne by investors

This information is intended to help you compare the cost of investing in a BMG Fund with the cost of investing in other mutual funds. This section shows the amount of fees and expenses paid by a BMG Fund that are indirectly borne by investors. While you do not pay these costs directly, they have the effect of reducing a BMG Fund's returns. The information is based on an initial investment of \$1,000 and a total annual return of 5% and assumes that the management expense ratio of a BMG Fund was the same throughout each period shown as it was during the last completed financial year. For additional information refer to "*Fees and Expenses*" earlier in this document.

BMG BULLIONFUND

Fund Details

Type of Fund	Precious Metals Fund
Date Fund Was Started	January 15, 2002 ¹
Units Offered	Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3, Class F, Class S1 and Class S2 units of a mutual fund trust.
Registered Tax Plan Status	Qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSA's under the Tax Act.

What Does the BMG BullionFund Invest In?

Investment Objectives

The BMG BullionFund invests only in equal dollar proportions of unencumbered, physical gold, silver and platinum bullion. The BMG BullionFund stores the physical bullion with The Bank of Nova Scotia as set out in its Holding Account Agreement on an allocated, insured basis. The BMG BullionFund's objective is to provide a secure, convenient, medium-risk, method for investors seeking to hold gold, silver and platinum bullion for capital preservation, long-term appreciation, portfolio diversification and portfolio hedging purposes. All physical bullion purchased by the BMG BullionFund is purchased from ScotiaMocatta, a division of The Bank of Nova Scotia, as set out in its Trading Account Agreements. The Bank of Nova Scotia is a member of the London Bullion Market Association (the "LBMA"). Bullion Management Group Inc., the parent of the Manager, is an associate member of the LBMA. All physical bullion purchased by the BMG BullionFund meets the "London Good Delivery" standard as set out by the LBMA or the "London/Zurich Good Delivery" standard as set out by the London Platinum and Palladium Market.

The economic factors that determine the price of gold, silver and platinum are, in most cases, opposed to the factors that determine the prices of most other financial assets. An investment in units of a Class of the BMG BullionFund the Manager believes, therefore, acts as a hedge against the volatility of an investor's other investments. Units of a Class of the BMG BullionFund are only intended to be one part of an investor's investment strategy.

¹ Class A units were created on January 15, 2002. Class B units and Class C units were created on August 28, 2013. Class F units were created on February 9, 2004. Class S1 and Class S2 units were created on August 27, 2012.

BMG BULLIONFUND

By investing an equal portion of the BMG BullionFund's subscription proceeds in gold, silver and platinum bullion, the Manager of the BMG BullionFund believes that the BMG BullionFund should be able to effectively reduce its long term volatility while improving long-term returns, because the value of gold is primarily based on its monetary value, whereas the value of silver and platinum are based on their commodity value. During normal economic conditions, the Manager of the BMG BullionFund believes that the commodity demand for silver and platinum should be higher than for gold, and the value of silver and platinum should typically outperform the value of gold. In contrast, if monetary demand increases, then the Manager of the BMG BullionFund believes that the value of gold should typically increase faster than that of silver or platinum, although over time both silver and platinum should follow the price of gold. As a result, by investing in all three metals, the Manager of the BMG BullionFund believes that the BMG BullionFund should be able to reduce volatility while improving long-term returns.

Unlike stocks of a mining company, which can be significantly affected by a variety of factors, including, but not limited to environmental risk, management risk, financial strength, mine life, productivity and the impact of hedging policies, an investment in units of a Class of the BMG BullionFund does not rely on any of these issue specific factors. The value of the BMG BullionFund is purely a function of the spot price of gold, silver and platinum bullion. To keep the investment objective of the BMG BullionFund simple and wholly-independent of managerial discretion, it was decided that the assets of the BMG BullionFund would be invested in equal dollar amounts of gold, silver and platinum bullion. No rebalancing of the BMG BullionFund's assets will be done if one metal outperforms or underperforms the others.

The maintenance of equal weighting in each of gold, silver and platinum bullion will be subject to availability of the precious metals. If a particular precious metal is not available at a particular time, the BMG BullionFund's assets will be invested in those precious metals which are available on an equal basis, with the result that the Fund may become overweighted in the remaining precious metals on a pro rata basis. The BMG BullionFund's investment in all three precious metals will be adjusted as soon as such precious metal becomes available. This will ensure that the assets of the BMG BullionFund were invested one-third in each of gold, silver and platinum bullion, once the metal became available.

The fundamental investment objective of the BMG BullionFund cannot be changed without the prior approval of unitholders.

Investment Strategies

The BMG BullionFund will invest one-third of its assets in each of gold, silver and platinum bullion, at the time of purchase, regardless of market conditions. The BMG BullionFund will not base its investment decisions on short-term changes in the prices of gold, silver and platinum bullion.

BMG BULLIONFUND

BMS is not registered as a portfolio manager and for this reason, the BMG BullionFund has a fixed investment policy. This also means that the BMG BullionFund does not re-balance the holdings of gold, silver and platinum after the initial one-third purchase of each precious metal.

A small portion of the BMG BullionFund's assets (generally no more than 5%) will be held in cash to allow the BMG BullionFund to pay its expenses and to facilitate any redemption of units of a Class of the BMG BullionFund.

The holdings of the BMG BullionFund as of August 15, 2014 represented the following:

	Ounces Held	Value ⁽¹⁾	Percentage of BMG BullionFund
Gold	73,392.392	\$103,776,749	41.64
Silver	4,126,978.200	\$55,073,581	22.10
Platinum	34,908.155	\$89,424,240	35.88
Cash	-	\$1,184,134	0.48

⁽¹⁾ Value based on the following spot prices as of August 15, 2014: gold US\$1,296.00; silver US\$19.86; and platinum US\$1,446.00.

Over the 12 month period immediately preceding the date of this Simplified Prospectus, the following were the maximum percentages of the BMG BullionFund's net assets represented by any one precious metal during that period:

	Maximum Percentage of BMG BullionFund	Date Maximum was reached
Gold	42.22	April 21, 2014
Silver	38.70	August 28, 2013
Platinum	23.59	June 10, 2014
Cash	1.61	June 17, 2014

In the event that it should become necessary for the BMG BullionFund to sell precious metals to meet unitholder redemptions, the BMG BullionFund will sell gold, silver and platinum in the same proportions as its then current holdings determined as of the close of business on the previous business day.

The BMG BullionFund will not use derivatives or invest in securities or certificates of companies that produce gold, silver or platinum bullion. The BMG BullionFund will not invest in foreign securities.

The BMG BullionFund will not lease or lend its bullion and will not use leverage, nor will it hedge either the bullion or the currency, or use market timing, or trade the bullion.

While in custody, all physical bullion will be stored in the custodian's secure storage facilities on an allocated, insured basis.

BMG BULLIONFUND

The current holdings of the BMG BullionFund in gold, silver and platinum bullion by percentage of net assets of the BMG BullionFund will be updated daily and may be viewed on the BMG BullionFund's web-site at www.bmgbullion.com or by contacting us by e-mail at info@bmgbullion.com.

What are the Risks of Investing in the BMG BullionFund?

Generally, not less than 95% of the BMG BullionFund's assets will be invested in gold, silver and platinum bullion.

The BMG BullionFund will therefore be subject to the following risks. For an explanation of each risk, see "*General Investment Risks*", under "*What is a Mutual Fund and What are the Risks of investing in a Mutual Fund*".

- Precious metals risk;
- Availability of precious metals risk;
- Class risk;
- Foreign currency risk;
- Loss, damage or restriction of access to precious metals risk;
- Non-hedging strategy risk;
- Possible adverse effect of substantial official sector gold sales risk;
- Specialization risk;
- Substantial unitholder risk;
- Tax risk;
- Unallocated precious metals risk; and
- Uninsured losses risk.

Who Should Invest in the BMG BullionFund?

The Manager of the BMG BullionFund believes that the BMG BullionFund is appropriate for investors who are comfortable with medium risk and are seeking capital preservation, long-term capital growth in precious metals, want to maintain a high level of liquidity of their investments, a hedge against most other forms of investments and have a long-term investment horizon.

Fund Risk Classification

The risk rating assigned to the BMG BullionFund by the Manager is Medium risk and the Manager feels it is an appropriate investment if you have a medium to long term investment horizon. Please see "*Investment Risk Classification Methodology*" for a discussion of how the Manager assigns risk rating.

Distribution Policy

Net realized capital gains and net income may be declared payable from time to time, at our discretion. Normally, this will only occur at year-end. Although the BMG BullionFund does not anticipate realizing net capital gains or earning income, if it does, the Manager of the BMG BullionFund intends that sufficient net realized capital gains and/or net income will be made payable to unitholders of each Class of the BMG BullionFund each year so that the BMG BullionFund will generally not have any regular tax liability.

The BMG BullionFund does not anticipate making any distributions except to the extent it would otherwise realize net gains on the sale of bullion to fund a redemption of units, **in which case such net gains will be distributed to the redeeming unitholder.**

BMG BullionFund Expenses Indirectly Borne by Investors

The following information is intended to help you compare the cost of investing in Class A, Class B, Class C and Class F units of the BMG BullionFund with the cost of investing in other mutual funds. The following table shows the fees and expenses paid by the BMG BullionFund that are indirectly borne by an investor in Class A, Class B, Class C, and Class F units of the BMG BullionFund:

Fees and expenses for every \$1,000 you invest in units of the BMG BullionFund over	1 year	3 years	5 years	10 years
Class A (\$)	30.70	93.89	159.54	335.08
Class F (\$)	20.20	62.42	107.20	231.36
Class B2 (\$)	22.20	68.47	117.35	251.93
Class B3 (\$)	19.80	61.21	105.16	227.19
Class C2 (\$)	16.00	49.65	85.63	186.84

No Class S1 or Class S2 units of the BMG BullionFund have been issued to date and accordingly no data is available.

The foregoing is a unitholder's cumulative proportional share of the fees and expenses paid by the BMG BullionFund, in dollars, over a period of one, three, five and ten years assuming:

- (i) an initial investment of \$1,000;
- (ii) a total annual return of the BMG BullionFund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that Class of the BMG BullionFund of units of the BMG BullionFund were the same throughout the ten-year period as they were in the last completed financial year of the BMG BullionFund.

Please see "Fees and Expenses" on page A-19 of this Simplified Prospectus for other information about fees and expenses paid directly by the investor.



BMG GOLD BULLIONFUND

Fund Details

Type of Fund	Precious Metals Fund
Date Fund Was Started	September 4, 2009 ²
Units Offered	Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3, Class F, Class S1 and Class S2 units of a mutual fund trust
Registered Tax Plan Status	Qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs under the Tax Act

What Does the BMG Gold BullionFund Invest In?

Investment Objectives

The BMG Gold BullionFund invests only in unencumbered, physical gold bullion. The BMG Gold BullionFund stores the physical bullion with The Bank of Nova Scotia as set out in its Holding Account Agreement on an allocated, insured basis. The BMG Gold BullionFund's objective is to provide a secure, convenient, medium-risk, 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 Gold BullionFund is purchased from ScotiaMocatta, a division of The Bank of Nova Scotia, as set out in its Trading Account Agreement. The Bank of Nova Scotia is a member of the LBMA. Bullion Management Group Inc., the parent of the Manager, is an associate member of the LBMA. All physical bullion purchased by the BMG Gold BullionFund meets the "London Good Delivery" standard as set out by the LBMA.

The economic factors that determine the price of gold bullion are in most cases, opposed to the factors that determine the prices of most other financial assets. An investment in units of a Class of the BMG Gold BullionFund the Manager believes, therefore, acts as a hedge against the volatility of an investor's other investments. Units of a Class of the BMG Gold BullionFund are only intended to be one part of an investor's investment strategy.

Unlike stocks of a mining company, which can be significantly affected by a variety of factors, including, but not limited to environmental risk, management risk, financial strength, mine life,

² Class A units, Class F units, Class S1 units and Class S2 units of the Fund were each created on September 4, 2009. Class B units and Class C units were created on August 28, 2013.

BMG GOLD BULLIONFUND

productivity and the impact of hedging policies, an investment in units of a Class of the BMG Gold BullionFund does not rely on any of these issue specific factors. The value of the BMG Gold BullionFund is purely a function of the spot price of gold bullion. To keep the investment objective of the BMG Gold BullionFund simple and wholly-independent of managerial discretion, it was decided that the assets of the BMG Gold BullionFund would be solely invested in gold bullion.

If gold bullion is not available at a particular time, the BMG Gold BullionFund's assets will be invested in cash until gold bullion becomes available again, which may mean that the BMG Gold BullionFund may not be able to achieve its investment objective for a period of time.

The fundamental investment objective of the BMG Gold BullionFund cannot be changed without the approval of the unitholders.

Investment Strategies

The BMG Gold BullionFund will invest almost all of its assets in gold bullion regardless of market conditions, with the remainder of its assets held in cash (as discussed below). The BMG Gold BullionFund will not base its investment decisions on short-term changes in the prices of gold bullion.

BMS is not registered as a portfolio manager and for this reason, the BMG Gold BullionFund has a fixed investment policy.

A small portion of the BMG Gold BullionFund's assets (generally no more than 5%) will be held in cash to allow the BMG Gold BullionFund to pay its expenses and to facilitate any redemption of units of a Class of the BMG Gold BullionFund.

The holdings of the BMG Gold BullionFund as of August 15, 2014 represented the following:

	Ounces Held	Value ⁽¹⁾	Percentage of BMG Gold BullionFund
Gold	77,778.406	\$109,978,522	99.65
Cash	-	\$597,546	0.54

⁽¹⁾ Value based on the following spot price of gold as of August 15, 2014: US\$1,296.00.

The BMG Gold BullionFund will not use derivatives or invest in securities or certificates of companies that produce gold bullion. The BMG Gold BullionFund will not invest in foreign securities.

The BMG Gold BullionFund will not lease or lend its bullion and will not use leverage, nor will it hedge either the bullion or the currency, or use market timing, or trade the bullion.

While in custody, all physical bullion will be stored in the custodian's secure storage facilities on an allocated, insured basis.

BMG GOLD BULLIONFUND

The current holdings of the BMG Gold BullionFund in gold bullion by percentage of net assets of the BMG Gold BullionFund will be updated daily and may be viewed on the BMG Gold BullionFund's web-site at www.bmgbullion.com or by contacting us by e-mail at info@bmgbullion.com.

What are the Risks of Investing in the BMG Gold BullionFund?

Generally, not less than 95% of the BMG Gold BullionFund's assets will be invested in gold bullion.

The BMG Gold BullionFund will therefore be subject to the following risks. For an explanation of each risk, see "*General Investment Risks*", under "*What is a Mutual Fund and What are the Risks of investing in a Mutual Fund*".

- Precious metals risk;
- Availability of precious metals risk;
- Class risk;
- Foreign currency risk;
- Loss, damage or restriction of access to precious metals risk;
- Non-hedging strategy risk;
- Possible adverse effect of substantial official sector gold sales risk;
- Specialization risk;
- Substantial unitholder risk;
- Tax risk;
- Unallocated precious metals risk; and
- Uninsured losses risk.

Who Should Invest in the BMG Gold BullionFund?

The Manager of the BMG Gold BullionFund believes that the BMG Gold BullionFund is appropriate for investors wanting to diversify their portfolio with gold bullion and who are comfortable with medium risk and are seeking capital preservation, long-term capital growth in gold bullion, a hedge against all other forms of investments and have a long-term investment horizon.

Fund Risk Classification

The risk rating assigned to the BMG Gold BullionFund by the Manager is Medium risk and the Manager feels it is an appropriate investment if you have a medium to long term investment horizon. Please see "*Investment Risk Classification Methodology*" for a discussion of how the Manager assigns risk rating.

BMG GOLD BULLIONFUND

Distribution Policy

Net realized capital gains and net income may be declared payable from time to time, at our discretion. Normally, this will only occur at year-end. Although the BMG Gold BullionFund does not anticipate realizing net capital gains or earning income, if it does, the Manager of the BMG Gold BullionFund intends that sufficient net realized capital gains and/or net income will be made payable to unitholders of each Class of the BMG Gold BullionFund each year so that the BMG Gold BullionFund will generally not have any regular tax liability.

The BMG Gold BullionFund does not anticipate making any distributions except to the extent it would otherwise realize net gains on the sale of bullion to fund a redemption of units, in which case such net gains will be distributed to the redeeming unitholder.

BMG Gold BullionFund Expenses Indirectly Borne by Investors

The following information is intended to help you compare the cost of investing in Class A, Class B, Class C, Class F, Class S1 and Class S2 units of the BMG Gold BullionFund with the cost of investing in other mutual funds. The following table shows the fees and expenses paid by the BMG Gold BullionFund that are indirectly borne by an investor in Class A, Class B, Class C, Class F, Class S1 and Class S2 units of the BMG Gold BullionFund:

Fees and expenses for every \$1,000 you invest in units of the BMG Gold BullionFund over	1 year	3 years	5 years	10 years
Class A (\$)	30.60	93.59	159.05	334.14
Class F (\$)	20.20	62.42	107.20	231.36
Class C3 (\$)	14.80	45.98	79.40	173.79
Class S1 (\$)	15.10	46.90	80.96	177.06
Class S2 (\$)	29.40	90.03	153.18	322.81

No Class B units of the BMG Gold BullionFund have been issued to date and accordingly no data is available.

The foregoing is a unitholder's cumulative proportional share of the fees and expenses paid by the BMG Gold BullionFund, in dollars, over a period of one, three, five and ten years assuming:

- (i) an initial investment of \$1,000;
- (ii) a total annual return of the BMG Gold BullionFund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that Class of the BMG Gold BullionFund of units of the BMG Gold BullionFund were the same throughout the ten-year period as they were in the last completed financial year of the BMG Gold BullionFund.

Please see "Fees and Expenses" on page A-19 of this Simplified Prospectus for other information about fees and expenses paid directly by the investor.

BMG FUNDS

BMG BullionFund

(Offering Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3, Class F, Class S1 and Class S2 Units)

BMG Gold BullionFund

(Offering Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3, Class F, Class S1 and Class S2 Units)

Additional information about the BMG Funds is available in the BMG Funds' AIF, MRFP and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents at your request, and at no cost, by calling us at [905-474-1001](tel:905-474-1001) or toll-free at [1-888-474-1001](tel:1-888-474-1001), by e-mail at info@bmgbullion.com or from your dealer.

These documents and other information about the BMG Funds, such as information circulars and material contracts, are also available on the internet site for the BMG Funds, at www.bmgbullion.com or at www.sedar.com.

BMG Funds

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