



Annual Report

FOR THE YEAR ENDED DECEMBER 31, 2013

BMG Gold BullionFund



BULLION
MANAGEMENT
SERVICES INC.
A BMG Company

BMG Gold BullionFund

Annual Financial Statements

For the years ended December 31, 2013 and 2012



BULLION
MANAGEMENT
SERVICES INC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles, and include certain amounts that are based on estimates and judgements made by the Manager. The significant accounting policies that the Manager believes are appropriate for the BMG Fund are described in note 2 to the financial statements.

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

BDO Canada LLP is the external auditor of the BMG Fund, and is appointed by the Trustee of BMG Gold BullionFund. The auditor of the BMG Fund has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to the unitholders its opinion on the financial statements. The auditor’s report is set out herein.



Nick Barisheff
President & CEO
Director



Paul de Sousa
Executive Vice President
Director



Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
66 Wellington Street West, Suite 3600
P.O. Box 131, TD Bank Tower
Toronto ON M5K 1H1 Canada

Independent Auditor's Report

To the Unitholders of BMG Gold BullionFund:

We have audited the accompanying financial statements of BMG Gold BullionFund, which comprise the statement of net assets and investment portfolio as at December 31, 2013, and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets and investment portfolio of BMG Gold BullionFund as at December 31, 2013 and the results of its operations and its changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The financial statements for the year ended December 31, 2012 were audited by another auditor who expressed an unqualified opinion on those statements on March 8, 2013.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario

March 6, 2014

STATEMENTS OF NET ASSETS

As at December 31

	2013 \$	2012 \$
ASSETS		
Gold bullion - at fair value [Average cost \$121,621,509; 2012 - \$133,062,234]	110,318,109	157,058,007
Cash	335,306	803,136
Accounts receivable	197,000	-
Subscriptions receivable	52,334	281,116
Due from manager	19,027	1,194
Total assets	110,921,776	158,143,453
LIABILITIES		
Management fees payable	223,441	312,380
Redemption payable	252,886	60,484
Accounts payable and accrued liabilities	85,420	367,336
Total liabilities	561,747	740,200
Net assets	110,360,029	157,403,253
Total net assets per class		
Class A	92,288,730	132,887,184
Class F	5,832,167	10,164,022
Class G01	3,299,631	5,410,986
Class G05	49,016	65,296
Class G09	5,391,548	1,988,033
Class G15	8,321	10,876
Class I	1,883,132	1,700,800
Class S1	1,460,359	3,629,254
Class S2	147,125	1,546,802
	110,360,029	157,403,253
Net assets per unit		
Class A	4.38	5.87
Class F	4.93	6.53
Class G01	9.20	12.33
Class G05	7.38	9.83
Class G09	9.70	12.85
Class G15	8.60	11.24
Class I	7.63	9.92
Class S1	8.20	10.77
Class S2	8.25	10.90

See accompanying notes

STATEMENTS OF OPERATIONS

For the years ended December 31

	2013	2012
	\$	\$
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Net change in unrealized appreciation/depreciation of investments	(35,299,173)	2,978,351
Net realized gains on investments	424,275	828,010
Net realized and/or unrealized foreign exchange gains (losses)	44,373	(45,598)
Net gain (loss) on investments	(34,830,525)	3,760,763
INVESTMENT INCOME		
Early redemption fees	4,923	8,382
Other	13,157	2,515
Total investment income	18,080	10,897
EXPENSES		
Management fees [note 5]	2,771,112	3,076,143
Security holder reporting costs	344,998	326,040
Bullion storage fees	196,724	217,939
Services tax	392,460	422,999
Other administrative expenses	38,630	38,354
Legal fees	2,376	18,300
Audit fees	44,100	41,880
Filing fees	25,075	19,780
Independent Review Committee fees	1,203	4,722
Interest and bank charges	1,276	334
Total expenses	3,817,954	4,166,491
Expenses absorbed by Manager	(30,913)	(1,194)
Net investment loss	(3,768,961)	(4,154,400)
Decrease in net assets from operations	(38,599,486)	(393,637)
Increase (decrease) in net assets from operations per class		
Class A	(32,907,377)	(498,090)
Class F	(2,168,471)	46,626
Class G01	(1,346,253)	(33,580)
Class G05	(16,280)	693
Class G09	(902,877)	24,561
Class G15	(2,555)	284
Class I	(625,668)	(62,210)
Class S1	(577,310)	101,380
Class S2	(52,695)	26,699
	(38,599,486)	(393,637)
Increase (decrease) in net assets from operations per unit		
Class A	(1.49)	(0.02)
Class F	(1.63)	0.03
Class G01	(3.23)	(0.11)
Class G05	(2.45)	0.12
Class G09	(2.44)	0.17
Class G15	(2.64)	0.29
Class I	(2.39)	(0.70)
Class S1	(2.63)	0.27
Class S2	(1.63)	0.17

See accompanying notes

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31

	Class A		Class F	
	2013 \$	2012 \$	2013 \$	2012 \$
Net assets - beginning of period	132,887,184	107,455,659	10,164,022	7,271,876
Increase (decrease) in net assets from operations	(32,907,377)	(498,090)	(2,168,471)	46,626
Capital transactions				
Subscriptions	14,083,707	37,224,095	3,072,585	3,618,080
Redemptions	(21,774,784)	(11,294,480)	(5,235,969)	(772,560)
Total capital transactions	(7,691,077)	25,929,615	(2,163,384)	2,845,520
Net assets - end of period	92,288,730	132,887,184	5,832,167	10,164,022

	Class G01		Class G05	
	2013 \$	2012 \$	2013 \$	2012 \$
Net assets - beginning of period	5,410,986	3,152,682	65,296	48,764
Increase (decrease) in net assets from operations	(1,346,253)	(33,580)	(16,280)	693
Capital transactions				
Subscriptions	1,078,307	2,308,209	-	15,839
Redemptions	(1,843,409)	(16,325)	-	-
Total capital transactions	(765,102)	2,291,884	-	15,839
Net assets - end of period	3,299,631	5,410,986	49,016	65,296

	Class G09		Class G15	
	2013 \$	2012 \$	2013 \$	2012 \$
Net assets - beginning of period	1,988,033	1,834,812	10,876	10,592
Increase (decrease) in net assets from operations	(902,877)	24,561	(2,555)	284
Capital transactions				
Subscriptions	5,375,976	779,775	-	-
Redemptions	(1,069,584)	(651,115)	-	-
Total capital transactions	4,306,392	128,660	-	-
Net assets - end of period	5,391,548	1,988,033	8,321	10,876

	Class I		Class S1	
	2013 \$	2012 \$	2013 \$	2012 \$
Net assets - beginning of period	1,700,800	-	3,629,254	4,071,163
Increase (decrease) in net assets from operations	(625,668)	(62,210)	(577,310)	101,380
Capital transactions				
Subscriptions	2,191,000	1,968,010	-	-
Redemptions	(1,383,000)	(205,000)	(1,591,585)	(543,289)
Total capital transactions	808,000	1,763,010	(1,591,585)	(543,289)
Net assets - end of period	1,883,132	1,700,800	1,460,359	3,629,254

	Class S2		Total	
	2013 \$	2012 \$	2013 \$	2012 \$
Net assets - beginning of period	1,546,802	1,910,669	157,403,253	125,756,217
Increase (decrease) in net assets from operations	(52,695)	26,699	(38,599,486)	(393,637)
Capital transactions				
Subscriptions	-	-	25,801,575	45,914,008
Redemptions	(1,346,982)	(390,566)	(34,245,313)	(13,873,335)
Total capital transactions	(1,346,982)	(390,566)	(8,443,738)	32,040,673
Net assets - end of period	147,125	1,546,802	110,360,029	157,403,253

See accompanying notes

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2013

	Allocated ounces	Unallocated ounces	Total Fine ounces	Average Cost \$	Fair Value \$	Total %
Gold Bullion	85,792,725	623.586	86,416.311	121,621,509	110,318,109	99.70
Cash				335,295	335,306	0.30
Total Investment				121,956,804	110,653,415	100.00

BMG Gold BullionFund's assets are held pursuant to a custodial agreement with a major Canadian Chartered Bank (or subsidiary thereof) on an allocated, segregated basis.

The allocated bullion is recorded by Refinery, Exact Weight in Ounces and Identification Number.

BMG Gold BullionFund's bullion is free and clear of any lien or claim that the major Canadian Chartered Bank (or subsidiary thereof) may have, except where the claim arises from any unpaid costs.

NOTES TO FINANCIAL STATEMENTS

1. Formation of the Fund

BMG Gold Bullion Fund (the "BMG Fund") was established under the laws of Ontario by a Master Declaration of Trust and a Regulation each dated September 4, 2009, as amended. Bullion Management Services Inc. (the "Manager") is the trustee and manager of the BMG Fund. The BMG Fund currently offers nine classes of units.

These financial statements pertain to Class A, Class F, Class G01, Class G05, Class G09, Class G15, Class I, Class S1 and Class S2 units. The inception dates of the classes are as follows:

Class A	September 4, 2009	Class G15	May 13, 2011
Class F	January 18, 2010	Class I	September 5, 2012
Class G01	August 31, 2010	Class S1	November 9, 2010
Class G05	October 6, 2011	Class S2	November 9, 2010
Class G09	June 10, 2010		

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

The BMG Fund invests only in gold bullion, with the objective of providing a secure, convenient, low-cost, medium-risk alternative for investors seeking to hold gold bullion for capital preservation, long-term appreciation, portfolio diversification and portfolio hedging purposes. The Fund's fixed investment strategy avoids the need for a portfolio manager.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include estimates and assumptions made by the Manager that affect the amounts of assets, liabilities, income and expenses during the reporting period. The significant accounting policies are summarized below:

Designation of Financial Assets and Liabilities

For the purpose of measuring and recognizing financial assets and liabilities shown on the Statements of Net Assets, each financial asset and financial liability is designated as follows: All bullion investments are initially recognized at fair value and are designated as held for trading; cash, accounts receivable, due from manager and subscriptions receivable are reported at amortized cost and designated as loans and receivables. Similarly, accounts payable, accrued liabilities, redemptions payable and management fees payable are reported at amortized cost and designated as other financial liabilities.

Valuation of Investments

Gold bullion is valued at the London PM Fix price when the London market is open for trading. This is an internationally recognized price benchmark set by the London Bullion Market Association for gold. Gold has a price fix generally set twice daily and is identified by AM or PM suffixes. COMEX closing prices will be used when the London market is not open. The difference between this amount and the average cost is being shown as unrealized appreciation (depreciation) of investments.

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

CICA Handbook 3862, Financial Instruments - Disclosures requires the BMG Fund to classify fair value measurements using a three-tier hierarchy. Since bullion trades in active markets, it is classified as Level 1—Measurement with unadjusted quoted prices in active markets. The valuation of all bullion was classified as Level 1 throughout 2013 and 2012.

NOTES TO FINANCIAL STATEMENTS (continued)

Classification of Fair Value Measurements

The classification of fair market value measurements is as follows:

Level 1	Unadjusted quoted prices in active markets
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. prices) or indirectly (i.e. derived from prices)
Level 3	Unobservable inputs

Investment Transactions, Income and Expense Recognition

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis.

The BMG Fund follows the daily accrual method of recording investment income and expenses. Expenses specifically related to each class of units of the BMG Fund are charged directly to that class of units. Income, expenses and realized and unrealized gains (losses) are allocated to each class of the BMG Fund based on that class's pro-rated share of the total net assets of the BMG Fund.

Foreign Currency Translation

Purchases and sales of investments are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions.

Calculation of Net Asset Value ("NAV") Per Unit

The NAV of each class of units of the BMG Fund is calculated in Canadian dollars at 4:00 pm (Eastern Time) on each day on which the Toronto Stock Exchange is open for trading.

The NAV per unit of each class of the BMG Fund that is used for subscriptions and redemptions is the same as the net assets per unit of that class that is used in these financial statements.

A separate NAV is calculated for each class of units of the BMG Fund by taking that class's proportionate share of the BMG Fund's assets less that class's proportionate share of the BMG Fund's common liabilities and deducting from this amount all liabilities that relate solely to that specific class. The NAV per unit for each class is determined by dividing the NAV of each class by the number of units of that class outstanding at the relevant valuation date.

Income Taxes

Any net taxable investment income and net realized capital gains during the year are distributed to the unitholders such that the BMG Fund is not subject to income tax. Accordingly, no provision for income taxes has been recorded in these financial statements.

Increase (Decrease) in Net Assets From Operations Per Unit

Any increase (decrease) in net assets from operations per unit in the Statements of Operations represents the change in net assets from operations attributable to a class of units of the BMG Fund for the period divided by the weighted average number of units of that class of the BMG Fund outstanding during the year.

3. Regulatory Developments

Future Accounting Changes

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), on January 1, 2011. However, the AcSB deferred the mandatory IFRS changeover date for Canadian investment funds to January 1, 2014.

Consequently, the BMG Fund will publish its first annual audited financial statements in accordance with IFRS for the year ending December 31, 2014, with comparatives for the year ending December 31, 2013, and prepare an opening IFRS statement of net assets at January 1, 2013.

NOTES TO FINANCIAL STATEMENTS (continued)

The Manager has not identified any changes that will impact NAV per unit as a result of the changeover to IFRS. However, this determination is subject to change as the Manager finalizes its assessment of the impact of IFRS, and the impact of new standards issued by the IASB prior to the BMG Fund's adoption of IFRS.

The criteria contained within IAS 32 (Financial Instruments: Presentation) may require unitholders' equity to be classified as a liability within the BMG Fund's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the BMG Fund's unitholder structure to confirm the appropriate classification in accordance with IFRS. Also, the Manager is currently assessing the classification and measurement of its investments in bullion under IFRS, which may have an impact on net assets per unit (but not net asset value per unit). National Instrument 81-106 ("NI 81-106") permits investment funds to have two different net asset values: (i) one for financial statements, which is prepared in accordance with acceptable accounting principles (and referred to as "net assets"); and (ii) another for all other purposes, including unit pricing for investor transactions (referred to as "net asset value").

IFRS is also expected to affect the overall presentation of financial statements, such as the inclusion of a Statement of Cash Flows in the financial statements. Overall, enhanced disclosure requirements are expected.

4. Unitholders' Equity

The capital of the BMG Fund is represented by issued redeemable units. Each unit of each class of the BMG Fund represents an interest in the assets of that class of the BMG Fund. All units of a class of the BMG Fund generally have the same rights and privileges. Each unit of each class of the BMG Fund is entitled to one vote at any meeting of unitholders of the BMG Fund. Each unit of each class of the BMG Fund is also entitled, subject to any management fee distributions, to participate equally in any distributions by the BMG Fund. Fractional units of a class of the BMG Fund are proportionately entitled to all the same rights as other units of that class of the BMG Fund, except that they are non-voting. All units of each class of the BMG Fund are fully paid when issued, and are generally not transferable. Units of each class of the BMG Fund are redeemable at the option of the unitholder owning such units. The number of units of the BMG Fund that may be issued is unlimited. The units of each class of the BMG Fund are issued and redeemed at the NAV per unit of that class of the BMG Fund.

Unitholder transactions during the years ended December 31

	Class A		Class F	
	2013	2012	2013	2012
Balance - beginning of period	22,643,692	18,334,756	1,556,336	1,127,724
Issued	2,745,727	6,195,576	534,318	545,676
Redeemed	(4,300,374)	(1,886,640)	(906,724)	(117,064)
Balance - end of period	21,089,045	22,643,692	1,183,930	1,556,336
Average units outstanding	22,032,460	20,887,230	1,330,559	1,388,267
	Class G01		Class G05	
	2013	2012	2013	2012
Balance - beginning of period	438,717	256,422	6,639	5,000
Issued	97,622	183,596	-	1,639
Redeemed	(177,817)	(1,301)	-	-
Balance - end of period	358,522	438,717	6,639	6,639
Average units outstanding	416,382	312,285	6,639	5,775
	Class G09		Class G15	
	2013	2012	2013	2012
Balance - beginning of period	154,734	144,767	968	968
Issued	505,367	59,876	-	-
Redeemed	(104,057)	(49,909)	-	-
Balance - end of period	556,044	154,734	968	968
Average units outstanding	369,386	141,976	968	968

NOTES TO FINANCIAL STATEMENTS (continued)

	Class I		Class S1	
	2013	2012	2013	2012
Balance - beginning of period	171,498	-	336,896	386,181
Issued	229,382	191,439	-	-
Redeemed	(153,921)	(19,941)	(158,706)	(49,285)
Balance - end of period	246,959	171,498	178,190	336,896
Average units outstanding	261,587	89,435	219,593	369,973
	Class S2			
	2013	2012		
Balance - beginning of period	141,884	178,049		
Issued	-	-		
Redeemed	(124,051)	(36,165)		
Balance - end of period	17,833	141,884		
Average units outstanding	32,364	153,435		

5. Management Fees and Sales Commission

The Manager is responsible for the day-to-day activities of the BMG Fund, providing or arranging for all required administrative services and arranging for the distribution of units of the BMG Fund. For these services, the BMG Fund pays the Manager an annual management fee as defined by the rates set out below. The fees are payable monthly in arrears, based on the average daily net assets of the BMG Fund.

Class A	2.25%	Class G15	0.50%
Class F	1.25%	Class I	negotiable
Class G01	2.25%	Class S1	0.45%
Class G05	1.75%	Class S2	0.95%
Class G09	1.25%		

A sales commission may be charged by a registered dealer or representative at the time an investor buys Class A units, Class G units or Class S units of the BMG Fund. The maximum amount of the sales commission for Classes A and G is 5.26 percent of the net amount invested, and for Class S is 5.82 percent of the net amount invested. The sales commission is only negotiable for Classes A and G. No sales commission is currently charged for the other classes of units of the BMG Fund.

The Manager paid trailer fees to dealers of \$1,156,204 during the 2013 fiscal year [2012: \$1,282,275].

6. Related-Party Transaction

The Manager held units in the following Class as at December 31:

	2013	2012
Class A	51,062	51,062

The BMG Gold Advantage Return BullionFund held units in the following Class as at December 31:

	2013	2012
Class I	246,959	171,498

NOTES TO FINANCIAL STATEMENTS (continued)

7. Income Tax Loss Carryforwards

The Fund has non-capital loss carryforwards of approximately \$10,574,000 [2012: \$7,284,000] available to offset future years' taxable income.

Non-capital losses expire in the taxation year ending December 31:

Year	\$
2029	3,000
2030	1,518,000
2031	2,223,000
2032	3,540,000
2033	3,290,000

8. Financial Risk Management

The BMG Fund's financial instruments consist primarily of cash, accounts receivable, subscriptions receivable, due from manager and bullion investments. The BMG Fund's cash and bullion holdings are exposed to various types of risks including market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks and related risk management practices employed by the BMG Fund are described below.

Market Risk

Market risk is the risk that the fair value or future cash flows of gold bullion investments will fluctuate because of changes in market prices or transaction timing. The market price of gold is impacted by a variety of factors including demand, supply, international events and economic events. The BMG Fund employs a purchase-and-hold investment strategy with purchases in one type of investment. Since the BMG Fund does not lease gold, the only future cash flows will be from dispositions of gold bullion. Dispositions of bullion will be necessary to pay redemptions when cash reserves are not adequate.

As at December 31, 2013, the impact on the BMG Fund's net assets if there were a 5 percent increase or decrease in the price of gold bullion, with all other variables held constant, would be an increase, or decrease, of \$5,515,905 [2012: \$7,852,900] or 5.00 percent [2012: 4.99 percent]. The actual result will vary depending upon the quantity of gold held and other factors, and the difference may be material. The risk has not changed from the prior year.

Credit Risk

As at December 31, 2013, the BMG Fund had no significant investments in debt instruments and/or derivatives. The BMG Fund limits its exposure to credit loss by placing its cash and cash equivalents in high-credit-quality issuers. Dispositions of bullion, if any, are with a major Canadian Chartered Bank (or subsidiary thereof) that is a recognized dealer in bullion. The BMG Fund may have credit exposure to the Canadian Chartered Bank (or subsidiary thereof) to the extent of any unsettled trades. The risk has not changed from the prior year.

Liquidity Risk

The BMG Fund is exposed to daily cash redemptions of redeemable units. The BMG Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. In addition, gold bullion is readily realizable and liquid, therefore the BMG Fund's liquidity risk is minimal. All liabilities are payable within a year. The risk has not changed from the prior year.

Interest Rate Risk

The majority of the BMG Fund's financial assets and liabilities were non-interest-bearing as at December 31, 2013 and 2012. Accordingly, the BMG Fund is not directly exposed to significant risk due to fluctuations in the prevailing levels of market interest rates. The risk has not changed from the prior year.

Currency Risk

Gold bullion is generally quoted and traded in US dollars and, as a result, the BMG Fund is subject to foreign currency risk. The BMG Fund does not hedge its foreign currency exposure.

NOTES TO FINANCIAL STATEMENTS (continued)

The BMG Fund holds cash in Canadian and US dollars to pay redemptions and operating costs. The Manager monitors the cash balance of the BMG Fund on a daily basis and only purchases gold bullion when surplus cash is available. Normally the cash balance is less than 5 percent of the assets of the BMG Fund.

As at December 31, 2013, 100.2 percent [2012: 100 percent] of the BMG Fund's net assets were exposed to US dollars. If the exchange rate with the Canadian dollar increased or decreased by 1 percent with all other variables held constant, net assets would have increased or decreased respectively by approximately \$1,105,622 [2012: \$1,574,636].

The actual results may differ from this sensitivity analysis and the difference could be material, because the price of bullion tends to be negatively correlated with the US dollar. The risk has not changed from the prior year.

Foreign Currency Exposure

December 31, 2013

Description	US \$	Canada \$	Total \$
Cash	261,303	74,003	335,306
Bullion	110,318,109	-	110,318,109
Other Net Assets	(17,258)	(276,128)	(293,386)
Net Assets	110,562,154	(202,125)	110,360,029
Percent	100.2%	-0.2%	100.0%

December 31, 2012

Description	US \$	Canada \$	Total \$
Cash	430,849	372,287	803,136
Bullion	157,058,007	-	157,058,007
Other Net Assets	(25,239)	(432,651)	(457,890)
Net Assets	157,463,617	(60,364)	157,403,253
Percent	100.0%	0.0%	100.0%

The BMG Group of Companies includes the parent company, Bullion Management Group Inc., and its wholly owned subsidiaries, Bullion Management Services Inc., Bullion Marketing Services Inc., BMG DSC Inc., Bullion Management Group (Asia) Limited and Bullion Custodial Services Inc., and its wholly owned subsidiary, International Bullion Sales Corporation (collectively "BMG").

www.bmgbullion.com

Head office:

Bullion Management Services Inc.
60 Renfrew Drive, Suit 280
Markham, ON L3R 0E1
Canada

Tel: 905.474.1001 / 888.474.1001
www.bmgbullion.com
info@bmgbullion.com



BULLION
MANAGEMENT
SERVICES INC.

A BMG Company

The forward-looking information, opinions, estimates and projections contained herein are solely those of Bullion Management Services Inc. (BMS), a BMG company, and are subject to change without notice. BMS makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, BMS assumes no responsibility for any losses or damages, whether direct or indirect, that arise out of the use of this information.

BMS is the investment manager of the BMG BullionFund™, BMG Gold BullionFund™ and the BMG Gold Advantage Return BullionFund™ (collectively, the BMG Funds).

The information should not be regarded by recipients as a substitute for the exercise of their own judgement. Commissions, trailing commissions, management fees and expenses may all be associated with an investment in BMG Funds™. Please read the prospectus before investing. BMG BullionFund™, BMG Gold BullionFund™ and BMG Gold Advantage Return BullionFund™ are not guaranteed, their units fluctuate in value and past performance may not be repeated.

