

BMG FUNDS

Annual Information Form

BMG BullionFund (Class A, Class F, Class I, Class S1 and Class S2 Units)
BMG Gold BullionFund (Class A, Class F, Class I, Class S1 and Class S2 Units)

September 4, 2009

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

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Name, Formation and History of the Funds

This annual information form contains information about all of the BMG Funds. It is intended to be read along with the simplified prospectus of the funds you're investing in. If you have questions after reading these documents, please contact your financial advisor or us. In this document, *we*, *us* and *our* refer to Bullion Management Services Inc. ("BMS") the trustee and manager of the funds.

The principal office of each fund is 280-60 Renfrew Drive, Markham, Ontario, L3R 0E1.

Each of BMG BullionFund and BMG Gold BullionFund is a trust established under the laws of Ontario by BMS. BMS was incorporated in Ontario on November 3, 1998 and its sole business activity is management of the funds.

BMG BullionFund (formerly called The Millenium BullionFund until March 18, 2008) was established on January 15, 2002 and is governed by an amended and restated master declaration of trust dated September 4, 2009 and an amended and restated regulation dated September 4, 2009.

BMG Gold BullionFund was established on September 4, 2009 and is governed by an amended and restated master declaration of trust dated September 4, 2009 and a regulation dated September 4, 2009.

The amended and restated regulation master declaration of trust dated September 4, 2009 and the regulation of a fund constitute the declaration of trust of the fund.

Unless otherwise stated, all dollar amounts in this annual information form are in Canadian dollars.

Description of Units of each Class of a Fund

Each fund is divided into classes of units. The interest of each investor in units of a class of a fund, who becomes a unitholder of that class of the fund, is equal to the number of units of that class of the fund registered in the name of the unitholder. There is no limit to the number of units of a class of a fund that can be issued, and there is no fixed issue price. Except for management fee distributions, no unit of a class of a fund has any preference or priority over any other unit of that class of the fund.

No unitholder of a class of a fund shall have individual ownership in any asset of the fund, nor any rights other than those mentioned in this annual information form and the declaration of trust of the fund.

Units of a class of a fund entitle a registered holder to:

1. one vote at all meetings of unitholders of that class of the fund;
2. participate in all distributions and in the division of the net assets of the fund on the liquidation of the fund on a proportionate basis; and

3. redeem units of that class of the fund as described in this annual information form under the heading “Redemption of Units”.

Units of a class of a fund are not transferable, are not entitled to any pre-emptive or conversion rights and there is no liability for future calls or assessments. Fractions of a unit of a class of a fund are entitled to all of these rights except voting rights.

The rights of a unit of a class of a fund may only be modified by amending the declaration of trust of the fund.

The following changes may not be made to the declaration of trust of a fund without the consent of a majority of the unitholders of a class of the fund at a meeting called to consider the matter:

1. any change in the basis of calculating the fees or other expenses that are charged to that class of the fund which could result in an increase in charges to that class of the fund;
2. a change in the trustee and manager of the fund (other than to an affiliate of BMS);
3. any change in the fundamental investment objectives of the fund;
4. any decrease in the frequency of calculating the net asset value per unit of that class of the fund;
5. transferring assets to or from another fund; or
6. reorganizing the fund with another fund.

BMS may amend the declaration of trust of a fund without the prior approval of the unitholders of a class of the fund or notifying the unitholders of that class of the fund of the change, if the proposed amendment is:

1. a change which BMS decides is necessary in order to ensure the fund complies with the laws and regulations applicable to it or the requirements of any regulatory authority having jurisdiction over it;
2. a change which BMS decides is necessary and which will provide additional protection for the unitholders of that class of the fund;
3. a change which BMS has been advised is necessary in order to correct any typographical error, clerical mistakes or ambiguities in the declaration of trust of the fund, as long as the change or correction is not prejudicial to the interests of the unitholders of that class of the fund; or
4. a change which BMS decides is necessary to facilitate the administration of the fund or to respond to amendments to the *Income Tax Act* (Canada) which might otherwise adversely affect the interests of the fund or the unitholders of that class of the fund.

Responsibility for Fund Operations

Trustee and Manager

BMS is the trustee and manager of each fund pursuant to the declaration of trust of that fund described under the section entitled “Name, Formation and History of the Funds”. The address, telephone number, e-mail and web-site address of BMS is 280-60 Renfrew Drive, Markham, Ontario, L3R 0E1, 905 474 1001 or toll free at 1 888 474 1001, info@bmginc.ca and www.bmginc.ca.

BMS is responsible for managing the day-to-day activities of the funds and providing or arranging for all required administrative services of the funds.

BMS may resign as trustee of a fund at any time. However, the resignation will not take effect until a new trustee, that has been approved of by the unitholders of each class of the fund, has been appointed for the fund.

The name and municipality of residence and current principal occupation of each director and officer of BMS is as follows:

<i>Name and Municipality of Residence</i>	<i>Office or Position With BMS</i>	<i>Principal Occupation Within Preceding Five Years</i>
Nick Barisheff, Stouffville, Ontario	Chief Executive Officer, President and Director	Mr. Barisheff has been the President and a Director of BMS from its inception in 1998.
Larry Gamble, Orillia, Ontario	Chief Financial Officer and Director	Management Consultant for Carthew Management Ltd. Mr. Gamble is a Certified Financial Planner and has been Chief Financial Officer and a Director of BMS from its inception in 1998.
David Chapman, Toronto, Ontario	Director	Mr. Chapman was an Investment Adviser and Technical Strategist for Union Securities Ltd. from October 2001 until May 2009, when he joined MGI Securities in the same capacity. He has been a Director of BMS since 2002.

Portfolio Adviser

Each fund has a fixed investment objective of investing its assets in gold, silver and platinum bullion, as applicable, regardless of market conditions. As a result, the funds do not have a portfolio adviser.

Administrative Services

BMS has retained the services of RBC Dexia Investor Services Trust of Toronto, Ontario, to assist it with the administration of the funds pursuant to a valuation and record keeping services agreement. The valuation and record keeping services agreement made as of the 9th day of August 2004 is between BMS and RBC Dexia Investor Services Trust and may be terminated by either party on 30 days' prior written notice.

The services RBC Dexia Investor Services Trust provides to the funds include the determination of the value of a fund, maintaining certain records of the fund and processing subscriptions and redemptions for units of each class of the fund.

Brokerage Arrangements

Other than buying bullion through The Bank of Nova Scotia, there are no ongoing contractual arrangements with any dealer with respect to trading activities of a fund. No commission is payable to The Bank of Nova Scotia in connection with a fund's bullion purchases.

Principal Distributor

The funds do not have a principal distributor. Bullion Marketing Services Inc., a company related to BMS, is responsible for arranging for the distribution of units of each class of a fund.

Custodian

The Bank of Nova Scotia of Toronto, Ontario, a leading bank and member of the London Bullion Marketing Association, through its ScotiaMocatta division, is the custodian of the assets of each fund pursuant to an amended and restated bullion trading account agreement made as of September 4, 2009 for each precious metal held by that fund and an amended and restated holding account agreement made as of September 4, 2009. Each bullion trading account agreement is between the applicable fund and The Bank of Nova Scotia and may be terminated by The Bank of Nova Scotia on 30 business days' notice. Each holding account agreement is between the applicable fund and The Bank of Nova Scotia and may be terminated by either party on not less than 180 days' prior written notice to the other party prior to the annual renewal of the agreement. It is expected that the BMG BullionFund's and BMG Gold BullionFund's annual custodial costs for 2009 will be approximately 0.30% and 0.20%, respectively, of the net asset value of that fund.

The Bank of Nova Scotia, as custodian, holds physical custody of the bullion of each fund on a fully allocated and segregated basis. The custodian agrees to maintain insurance satisfactory to it against all risks of physical loss or damage except those for which insurance is not currently available such as war, terrorist events, nuclear incident or government confiscations. Neither the funds nor BMS maintain any additional insurance, as BMS has determined that such insurance is appropriate in the circumstances.

The Bank of Nova Scotia does not sponsor, endorse or promote the funds, or whether or not investors should buy units of the funds. The Bank of Nova Scotia's role with respect to the funds is merely to act as the custodian of the funds with respect to the bullion delivered to it, to hold such bullion on behalf of the funds and to deliver it to such parties as BMS may direct. The Bank of Nova Scotia is not responsible for ensuring that any bullion delivered to or by it is of any

particular weight, quality or composition, or conforms to the standards of any recognized bullion association or trading body.

RBC Dexia Investor Services Trust has been appointed by The Bank of Nova Scotia, with the consent of BMS, as a sub-custodian of the non-bullion assets of the funds pursuant to a sub-custodian agreement made as of the 9th day of August, 2004. The agreement may be terminated at any time by any party on 30 days prior written notice to the other parties.

Auditor

The auditor of each fund is KPMG LLP of Toronto, Ontario.

Registrar

The registrar of units of each fund is BMS. The registrar maintains a register of unitholders of each class of each fund in Toronto, Ontario.

Conflicts of Interest

Principal Holders of Securities

(a) The BMG BullionFund

As at August 25, 2009:

- (a) Roytor & Co owned 19,585.729, or 14.41% of the issued and outstanding class A units of BMG BullionFund;
- (b) John Hannah owned 15,858.584, or 41.97% of the issued and outstanding class F units of BMG BullionFund;
- (c) Serena Raab-Goitanich owned 5,187.798, or 13.73% of the issued and outstanding class F units of BMG BullionFund;
- (d) Frank Ronald & Carole Levesque owned 4,566.958, or 12.09% of the issued and outstanding class F units of BMG BullionFund;
- (e) KYN Investments Limited owned 245,110.618, or 50.00% of the issued and outstanding class E1 units of BMG BullionFund;
- (f) Axis Holding Limited owned 245,110.618, or 50.00% of the issued and outstanding class E1 units of BMG BullionFund;
- (g) Busby Enterprises Ltd. owned 5,320.918, or 44.43% of the issued and outstanding class E9 units of BMG BullionFund;
- (h) Joanne Michaels owned 2,307.055, or 19.26% of the issued and outstanding class E9 units of BMG BullionFund;
- (i) William Grenier owned 25,186.126, or 50.33% of the issued and outstanding class E10 units of BMG BullionFund;
- (j) The Anne Maksinuk Trust owned 23,808.846, or 47.58% of the issued and outstanding class E10 units of BMG BullionFund;
- (k) Gregory L & Susan M Steger owned 131,500.873, or 17.37% of the issued and outstanding class E11 units of BMG BullionFund;
- (l) Dundee Merchant Bank owned 140,000.000, or 18.50% of the issued and outstanding class E11 units of BMG BullionFund.

- (m) Lewis H. Silverberg Profit Sharing owned 115,608.969, or 35.58% of the issued and outstanding class E15 units of BMG BullionFund;
- (n) Priscilla Costello owned 37,222.489, or 11.45% of the issued and outstanding class E15 units of BMG BullionFund;
- (o) C. Akropolis Holdings Inc. owned 632,800.736, or 33.00% of the issued and outstanding class G1 units of BMG BullionFund;
- (p) Camponavia Investments Ltd. owned 233,880.296, or 12.20% of the issued and outstanding class G1 units of BMG BullionFund;
- (q) Royal Skandia Life Assurance Ltd. owned 29,962.905, or 25.46% of the issued and outstanding class G5 units of BMG BullionFund;
- (r) Michael Robert & Liu Rong Ashburn owned 63,208.826, or 34.75% of the issued and outstanding class G10 units of BMG BullionFund;
- (s) Jonathan Ashby & Julian Gurnsey owned 66,981.132, or 36.83% of the issued and outstanding class G10 units of BMG BullionFund;
- (t) Sandra Christine Genillard owned 51,688.584, or 28.42% of the issued and outstanding class G10 units of BMG BullionFund;
- (u) Citco Global Custody NV-REF 190023 owned 490,037.616, or 50.34% of the issued and outstanding class G11 units of BMG BullionFund;
- (v) Petercam (Luxembourg) SA owned 160,014.000, or 16.44% of the issued and outstanding class G11 units of BMG BullionFund;
- (w) Banque De Luxembourg- Client Account owned 322,384.003, 33.12% of the issued and outstanding class G11 units of BMG BullionFund; and
- (x) Daniel T. McSweeney Trust UDT owned 27,661.528, 100% of the issued and outstanding class G15 units of BMG BullionFund.

With the exception of the foregoing, no other person owns more than 10% of the issued and outstanding units of any class of any fund.

(b) BMS

BMS, the trustee and manager of the funds, is a wholly-owned subsidiary of Bullion Management Group Inc. The voting securities of Bullion Management Group Inc. are owned 32.24% by the Barisheff Family Trust and 32.19% by Carthew Management Ltd. All of the shares of Carthew Management Ltd. are owned by Mr. Gamble and related family trusts. No other shareholder owns more than 10% of Bullion Management Group Inc. Representatives of dealers selling units of the funds also own approximately 4.36% of the outstanding share of Bullion Management Group Inc.

Fund Governance

Each fund is organized as a trust. BMS, as the trustee and the manager of each fund, has the responsibility for managing the affairs of each fund, and has all the necessary powers, duties and authority to do so pursuant to the declaration of trust of each fund. BMS will comply with the declaration of trust of each fund, including the investment policies and restrictions established therein, and all applicable securities laws, regulations and policy statements of the relevant Canadian securities regulatory authorities.

BMS is governed by a board of directors consisting of three individuals, two of whom are officers of BMS. The board of directors oversees the activities of BMS and the funds.

BMS has established appropriate policies, procedures and guidelines relating to the management of the funds, including with respect to business practices and compliance with regulatory and corporate requirements.

Independent Review Committee

Set out below are the names of the three individuals who currently comprise the independent review committee (the **IRC**) for each fund:

- a) Mr. Chris Ward
President and Chief Executive Officer, Riverhorse America Brand Counselors
- b) Mr. Tim Conway
Vice President of Media, PenexMedia
- c) Bob Reeves
Retired

Each member of the IRC is independent of BMS, its affiliates and each fund. The IRC provides independent oversight and impartial judgment on conflicts of interest involving a fund that are referred to it by BMS. Its mandate is to consider such matters and to recommend to BMS what action BMS should take to achieve a fair and reasonable result for a fund in those circumstances; and to review and advise on or consent to, if appropriate, any other matter required by applicable securities laws. The IRC intends to meet at least three times a year.

Among other matters, the IRC prepares, at least annually, a report of its activities for unitholders of each fund which will be available on the internet at www.bmginc.ca and upon request by any unitholder of a fund, at no cost, by calling: 905 474 1001 or toll-free at 1 888 474 1001 or e-mailing to: info@bmginc.ca.

Under securities legislation, the IRC may approve a change in the auditor of a fund in accordance with National Instrument No. 81-102 *Mutual Funds*. In such circumstances, a written notice describing the change in auditors will be sent to unitholders of the applicable fund(s) at least 60 days before the effective date of the change.

Each member of the IRC is paid an annual fee of \$2,500 plus \$1,000 for each meeting attended by the funds, and is reimbursed, by each fund, as applicable, for any fees and/or expenses he incurs in carrying out such duties for that fund. During 2008, each IRC member was paid \$6,000.

Calculation of Net Asset Value per Unit

All units of a class of a fund will be sold at the net asset value per unit of that class of the fund for that day. The net asset value per unit of a class of a fund is calculated before any units of that class of the fund are issued or redeemed. Any units of a class of a fund that are purchased or redeemed on that day are reflected in the net asset value per unit of that class of the fund the next time it is calculated.

Valuation of Portfolio Assets

The value of a class of a fund (the **net asset value per unit of a class**) is determined in Canadian dollars at the close of business (Toronto time) (the **valuation time**) on each valuation date and is equal to the assets of that class of the fund minus the liabilities of that class of the fund divided by the number of units of that class of the fund that are outstanding. A valuation date for a fund is each day on which both the Toronto Stock Exchange and the London Stock Exchange are both open for business.

The assets of each class of a fund will be valued, as applicable, as follows:

- the value of gold bullion on a valuation day shall be equal to its London PM fix price set by the London Bullion Marketing Association, the value of silver bullion on a valuation day shall be equal to its London fix price set by the London Bullion Marketing Association, and the value of platinum bullion on a valuation day shall be equal to its London PM fix price set by the London Platinum and Palladium Market;
- any cash and subscription receivables will be valued at their face value; and
- all assets of a class of the fund carried in foreign currency will be translated into Canadian currency for valuation purposes as nearly as practicable using the Bank of Canada's noon rate on the valuation date on which the net asset value of that class of the fund is calculated.

A class of units of a fund will only be valued in accordance with the foregoing rules and BMS does not and will not exercise any discretion in how the net asset value of a class of the fund will be determined.

The liabilities of a class of a fund on a valuation date include all of the expenses of the fund that are attributable to that class of the fund and have arisen or accrued on or before that valuation date.

Purchases of Units

An investor may buy units of a class of a fund in Canadian dollars or U.S. dollars from his or her dealer. Units of a class of a fund will not be issued to an investor until the investor's dealer confirms to BMS that it has received the necessary funds from the investor to buy the units of that class of the fund. Certified cheques should be made payable to the name of the applicable fund. On request, a fund will issue certificates for units of any class of the fund.

Purchase orders for units of a class of a fund which are received by BMS at or prior to the close of business on any valuation date will be priced on that day. Any purchase orders for units of a class of a fund received after the close of business on a valuation date will be priced on the next valuation date.

Within three business days following the valuation date on which a subscription for units of a class of a fund is accepted, BMS will issue the units of the class of the fund subscribed for at the net asset value per unit of that class of the fund on the valuation date. An investor may purchase units of a class of a fund by certified cheque, bank draft, wire transfer or FundSERV transfer.

BMS has the right to accept or reject a purchase order for units of a class of a fund. BMS will decide to accept or reject a purchase order for units of a class of a fund within one business day of receiving the purchase order. If BMS rejects a purchase order, it will immediately return any monies received with the purchase order to the investor.

An initial investment in units of a class of a fund must usually be at least \$1,000. Subsequent investments in that class of a fund must be at least \$100. The minimum investment per transaction for an investor interested in buying class A units or class F units of a fund by means of a pre-authorized chequing plan is \$100.

If BMS does not receive payment for units of a class of a fund from an investor's dealer within three days of processing an investor's order, BMS will redeem the investor's units of that class of the fund. If the proceeds of redemption are greater than what the investor owes, the fund will keep the difference. If the proceeds are less than what the investor owes, BMS will pay the difference to the fund and will collect this amount from the investor's dealer, who may collect it from the investor.

BMS will arrange for the sale of units of each class of each fund through dealers qualified to sell mutual fund securities.

A dealer may make provision in arrangements that it has with an investor who wants to buy units of a class of a fund that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement to buy units of that class of the fund which is caused by the investor.

Purchase Options

Investors can buy class A units, class F units, class I units, class S1 units or class S2 units of a fund in either Canadian or U.S. dollars. Investors in foreign jurisdictions may also buy class A units, class F units, class I units, class S1 units or class S2 units of a fund in either Canadian or U.S. dollars in accordance with the laws of that jurisdiction.

Investors in foreign jurisdictions can also buy class G units (G1 through G15 inclusive) of a fund in U.S. dollars in accordance with the laws of that jurisdiction. A fund may also issue class E units (E1 through E15 inclusive) in either Canadian or U.S. dollars to investors resident in Canada who are accredited investors within the meaning of National Instrument No. 45-106 *Prospectus and Registration Exemptions*.

No fee is charged to buy units of a fund in U.S. dollars.

Units of class of a fund usually cannot be converted into units of another class of the fund.

Class A Units

Class A units of a fund are designed for retail investors. If an investor purchases class A units of a fund, the investor will negotiate with his or her dealer the sales charge that they will pay, which may be up to 5.00% (i.e., up to 5.26% of the investor's net investment in class A units of the fund). An investor's dealer will generally deduct the amount of the sales charge that is negotiated from the investor's subscription and will forward the net amount to BMS to be invested in class A units of the applicable fund. The amount of the sales commission depends on what the

investor negotiates with his or her dealer. Subject to the fund's short-term trading fee, an investor can redeem his or her class A units of a fund under this option at any time and the investor does not have to pay any redemption fees.

BMS may also pay a class A unitholder's dealer an annual trailer fee of up to 1.00% of the average daily value of the class A units of the applicable fund(s) purchased by the dealer's clients.

Class E Units

Class E units of a fund are designed exclusively for accredited investors in Canada.

Class F Units

Class F units of a 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 BMS does 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 BMS does not pay any sales charges, trailing fees or other fees to their dealer.

An investor buying class F units of a fund does not pay any sales charge as the investor is already paying his or her dealer for the advice and other services that they are providing to the investor. As BMS does not pay trailer fees to dealers with respect to class F units of a fund, BMS can therefore charge a lower management fee. However, the investor's dealer must be a participant in BMS' class F program. If BMS becomes aware that an investor is no longer eligible to hold class F units of a fund, BMS will give the investor 30 days' notice before BMS will switch the investor's class F units of the fund for class A units of the fund.

Class G Units

Class G units of a fund are designed exclusively for investors in foreign jurisdictions.

Class I Units

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

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

If an investor purchases class I units of a fund, the investor will negotiate with his or her dealer the sales charge that they will pay, which may be up to 5.00% (i.e., up to 5.26% of the investor's net investment in class I units of the fund). An investor's dealer will generally deduct the amount of the sales charge that is negotiated from the investor's subscription and will forward the net amount to BMS to be invested in class I units of the applicable fund. The amount of the sales commission depends on what the investor negotiates with his or her dealer. Subject to the fund's short-term trading fee, an investor can redeem his or her class I units of a fund under this option at any time and the investor does not have to pay any redemption fees.

BMS may also pay a class I unitholder's dealer an annual trailer fee of up to 1.00% of the average daily value of the class I units of the applicable fund(s) purchased by the dealer's clients.

Class S1 and Class S2 Units

Class S1 units and class S2 units of a fund are designed for retail investors but will only be issued by BMS as it deems appropriate, at its discretion, for specified periods of time. An investor will not be able to buy class S1 or class S2 units of a fund all the time (i.e., if an investor bought class S1 or class S2 units of a fund at one point in time, the investor may not be able to buy class S1 units or class S2 units of the fund at a later time). An investor buying class S1 units of a fund will pay a sales charge of 5.50% (i.e., 5.82% of the investor's net investment in class S1 units of the fund) and an investor buying class S2 units of a fund will pay a sales charge of 3.00% (i.e., 3.09% of the investor's net investment in class S2 units of the fund).

In addition, class S1 units and class S2 units of the fund may only be distributed by dealers designated by BMS during such times, at its sole discretion.

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

Class S1 units and class S2 units of a fund will only be offered to investors by select dealers from time to time at our discretion. Investors will not be able to buy class S1 or class S2 units of a fund all the time.

Subject to a fund's short-term trading fee, a unitholder can redeem their class S1 units and class S2 units of the fund 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.

BMS does not pay an annual trailer fee for class S1 units. BMS will pay a class S2 unitholder's dealer an annual trailer fee of 0.50% of the average daily value of the class S2 units of the applicable fund(s) purchased by the dealer's clients.

Redemption of Units

A unitholder may redeem units of a class of a fund by sending a redemption order to their dealer. The unitholder may have to pay an administrative fee to their dealer. BMS will confirm with the unitholder's dealer that they have received all necessary information and instructions from the unitholder to redeem the unitholder's units of that class of the applicable fund.

Requests to redeem units of a class of a fund which are received by BMS at or prior to the close of business on any valuation date will be priced on that day and any redemption requests to redeem units of a class of the fund received after the close of business on such valuation day will be priced on the next valuation date.

The unitholder's dealer is responsible for sending the unitholder's redemption order to BMS on the same day that the dealer receives it from the unitholder. BMS will redeem the unitholder's units of a class of a fund on the business day BMS receives the redemption order from the unitholder's dealer, provided BMS receives it at or before the close of business on such day. If BMS does not receive the unitholder's redemption order to redeem units of a class of a fund from the unitholder's dealer until after the close of business on such day, BMS will process the unitholder's redemption order on the next business day. Once BMS receives from the unitholder's dealer the instructions necessary to complete the redemption, BMS will send the redemption proceeds in the same currency as the units were initially purchased to the unitholder. If BMS does not receive these instructions from the unitholder's dealer within 10 business days of the redemption, the applicable fund will repurchase the unitholder's units of that class of such fund. If the redemption proceeds are greater than the repurchase amount, the applicable fund will keep the difference. If the redemption proceeds are less than the repurchase amount, BMS will pay the applicable fund the difference. BMS will then collect this difference from the unitholder's dealer, who may collect it from the unitholder.

The obligation to pay the redemption proceeds will be discharged when the monies are deposited into the unitholder's bank account or a cheque is mailed to the unitholder, unless the cheque is not honoured on presentation for payment. In certain limited situations, BMS may allow a unitholder to redeem his or her units of a class of a fund on an *in specie* basis.

A dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with any failure of the investor to satisfy the requirements of a fund or securities legislation for a redemption of units of a class of the fund.

No redemption fee is payable to BMS if an investor buys class A units of the fund, although a unitholder's dealer may charge the investor an administrative fee. In addition, no fee is charged to redeem units of a fund that were purchased in U.S. dollars.

Units of a class of the fund are usually not redeemable at BMS' option.

BMS may suspend the redemption of units of each class of a fund:

- (i) if normal trading is suspended in the market, within or outside Canada, which represents more than 50% by value, or underlying market exposure, of the total assets of the fund

without any allowance for liabilities and if the assets of the fund cannot be traded in any other market that represents a reasonably practical alternative for the fund; or

- (ii) with the consent of the Ontario Securities Commission.

BMS will not accept subscriptions for a fund during any time while the right to redeem units of each class of the fund is suspended.

The declaration of trust of each fund provides that to the extent that it is required to sell bullion to satisfy the payment of proceeds of redemption to a redeeming unitholder, it may allocate any taxable income earned from such sale to such redeeming unitholder. For more details see “Income Tax Considerations – Tax Status of a Fund”.

Reclassification

A reclassification of units from one class of a fund to another class of the 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.

Fees and Expenses

A fund is responsible for paying all operating expenses incurred in the normal course of its activities including record keeping, fund and unitholder accounting costs, audit fees and expenses, reporting and filing fees, legal fees, insurance costs, bullion storage fees, custodial expenses, brokerage commissions and other expenses directly related to portfolio transactions of the fund and taxes payable by the fund. To the extent applicable these costs are borne by the class of units of a fund to which they apply.

Investment Restrictions

The funds are subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 *Mutual Funds*, which are designed in part to ensure that the investments of the funds are diversified and relatively liquid and to ensure the proper administration of each fund. These restrictions and practices may only be varied with the prior consent of the Canadian Securities Administrators.

Each fund is managed in accordance with these restrictions and practices except that each fund has obtained, or is in the process of obtaining, the necessary consent from the Canadian Securities Administrators such that it may invest more than 10% of its total assets (taken at the market value at the time of purchase) in each of gold, silver and platinum bullion, as applicable.

BMG BullionFund currently qualifies as a mutual fund trust under the *Income Tax Act* (Canada). Therefore, units of each class of BMG BullionFund are currently qualified investments for registered retirement savings plans (a RRSP), registered retirement income funds (a RRIF), deferred profit sharing plans (a DPSP), registered disability savings plans (a RDSP), registered education savings plans (a RESP) and tax-free savings accounts (a TFSA). Units of each class of BMG Gold BullionFund are also expected to be qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

Income Tax Considerations

The following general summary describes the principal Canadian federal income tax consequences of an investment in units of a class of a fund to a unitholder who is an individual (other than a trust) resident in Canada and who holds units of that class of the fund as capital property.

This summary takes into account the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder, as well as all publicly announced proposed amendments to the *Income Tax Act* (Canada) and regulations as of the date hereof. It also takes into account the published administrative practices of the Canada Revenue Agency.

This summary is not intended to be exhaustive. It does not address provincial, territorial or foreign tax considerations. Unitholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in their particular circumstances.

The summary assumes that at all relevant times each fund is a mutual fund trust for the purposes of the *Income Tax Act* (Canada). If a fund ceased to qualify as a mutual fund trust, the tax considerations for unitholders would be materially different from those described below. Based on the current investments of a fund and its investment policy, the fund will retain its status as a mutual fund trust for purposes of the *Income Tax Act* (Canada) even if a majority of the units of the fund are owned by non-residents of Canada. The fact that non-residents may invest in a fund will have no adverse tax consequences under the *Income Tax Act* (Canada), to an individual resident in Canada who holds units of a class of the fund or to a registered plan such as an RRSP, RRIF, DPSP, RDSP, RESP or TFSA.

Tax Status of a Fund

Each fund is a unit trust for purposes of the *Income Tax Act* (Canada) and currently qualifies, or is expected to qualify, as a mutual fund trust under the *Income Tax Act* (Canada). BMG Gold BullionFund currently does not qualify as a mutual fund trust under the *Income Tax Act* (Canada) but it will be so qualified if it meets certain conditions relating to the level of ownership and dispersal of its units. If such conditions are met by the date BMG Gold Bullion Fund's first tax return is due, the fund will validly elect in such tax return to be deemed to be a mutual fund trust throughout its first taxation year. Although no assurance can be provided in this regard, the Manager expects that the BMG Gold Bullion Fund will meet such criteria and thereafter maintain its status as a mutual fund trust.

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 commodities (including gold, silver and platinum bullion) as either capital gains and capital losses or as income gains and income losses, provided that a consistent practice is followed from year to year. The Canada Revenue Agency has taken the position that this administrative practice will not be applied to gains and losses realized by a mutual fund trust, such as a fund. The declaration of trust of each fund provides that to the extent that it is required to sell bullion to satisfy the payment of proceeds of redemption to a redeeming unitholder, it may allocate any taxable income earned from such sale to such redeeming unitholder. Accordingly, if a fund is required to sell bullion to satisfy a unitholder's redemption of units of a class of the fund, the income earned by the fund on such sale, if any, may be allocated and distributed to the redeeming unitholder in which case the

redeeming unitholder will be taxed on such amount as ordinary income and not as capital gains. For units of a class of a fund that are not held in a registered plan, the unitholder will pay tax on such amount at the unitholder's applicable marginal tax rate.

No fund will be liable for regular tax under the *Income Tax Act* (Canada) in respect of its net income for a taxation year to the extent that such net income is distributed to its unitholders.

Losses incurred by a fund cannot be allocated to unitholders, but may be carried forward and deducted by the fund in future years.

A distribution by a fund of bullion upon an *in specie* redemption of units of a class of the fund will be treated as a disposition by the fund of the bullion so distributed for proceeds of disposition equal to their fair market value. A fund will realize a gain (or a loss) to the extent that the proceeds of disposition (computed in Canadian dollars) exceed (or are less than) the fund's cost of the bullion (computed in Canadian dollars) and any reasonable costs of disposition. Since a fund must compute its income in Canadian dollars, it may realize gains and losses due to fluctuations between the foreign exchange rate between the Canadian and U.S. dollar. Each fund currently intends to treat as payable to a redeeming unitholder any gain realized by that fund as a result of the distribution of bullion *in specie* to the unitholder.

Taxation of Distributions

It is not anticipated that a fund will make any distributions of income to unitholders of any class of the fund other than in the event of a redemption of units of that class of the fund that requires the fund to sell bullion to satisfy the redemption price. In the event that a fund makes a distribution to a unitholder of a class of the fund, the unitholder of that class of the fund will be required to include in income the net income of the fund distributed to the unitholder in the year, including management fee distributions to the extent paid from net income. If a unitholder's share of distributions from a fund in a year exceeds the unitholder's share of the fund's net income for the year, the excess will not be taxable but will reduce the adjusted cost base of the unitholder's units of that class of the fund.

If a unitholder owns units of a class of a fund on a distribution date, the unitholder may receive a share of the net income distributed by the fund on that date. The unitholder will be required to pay tax on the distribution even if the unitholder just bought the units of that class of a fund and the net income arose before the units of that class of the fund were purchased. However, it is anticipated that any income of a fund will only be allocated to redeeming unitholders. A distribution generally reduces a fund's net asset value per unit per class.

Redemption and Issue of Units

On a redemption or other disposition of a unit of a class of a fund, a capital gain will be realized by a unitholder to the extent that the proceeds of disposition of the unit of that class of the fund exceed the unitholder's adjusted cost base of the unit of that class of the fund and any costs of disposition. If the adjusted cost base of the unit of that class of a fund and any costs of disposition exceed the proceeds of disposition, the unitholder will realize a capital loss. One-half of a capital gain or a capital loss is generally taken into account in determining taxable capital gains and allowable capital losses. Allowable capital losses may only be deducted against taxable capital gains. The redemption proceeds for computing a unitholder's capital gain or loss

will be reduced to the extent that a fund distributes taxable income to the unitholder that it realizes on selling bullion to satisfy the unitholder's redemption requests. As stated above, such distribution by a fund of its income to a unitholder will be taxed in the unitholder's hands as ordinary income. Accordingly, in certain circumstances, any accrued gain on a unit may be taxed as ordinary income and not on account of capital.

For Canadian tax purposes a unitholder must compute the cost of units of a class of a fund owned by the unitholder in the Canadian dollar equivalent at the time of payment of the subscription price. A unitholder must also report the redemption proceeds in the Canadian dollar equivalent at the time of redemption. Accordingly, if a unitholder subscribes for units of a class of a fund in U.S. dollars, the unitholder 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 the fund differs from the exchange rate at the time such unit is redeemed. Unitholders should consult their own tax advisors as to whether any such foreign exchange gains or losses would be on income account or would be a capital gain or capital loss.

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

The adjusted cost base of a unit of a class of a fund will generally be the weighted average cost of all units of that class of the fund. Accordingly, when a unit of a class of a fund is acquired, its cost (including any sales commissions) will generally be averaged with the adjusted cost base of the other units of that class of the fund owned by the unitholder to determine the adjusted cost base of each unit of that class of the fund then owned by the unitholder.

Alternative Minimum Tax

In general terms, any net income paid to a unitholder of a fund will not increase the unitholder's liability for alternative minimum tax. Capital gains realized on the disposition of units of a class of the fund may increase a unitholder's liability for alternative minimum tax.

Statements

Unitholders of a class of a fund will receive an annual statement in order to complete their income tax returns in respect of their investment in the funds. Unitholders should keep records of the cost of units of a class of a fund acquired so that they can calculate any capital gain or loss on the redemption or other disposition of units of that class of the fund.

Registered Tax Plan Status of a Fund

Units of BMG BullionFund are currently qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs. Units of BMG Gold BullionFund are also expected to be qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

If it becomes apparent that BMG Gold BullionFund will not meet the conditions relating to the level of ownership and dispersal of its units to qualify as a mutual fund trust for purposes of the *Income Tax Act* (Canada) by the end of 2009, BMG Gold BullionFund will apply to the Canada Revenue Agency to become a registered investment under the *Income Tax Act* (Canada) effective from the date of its formation to ensure that its units are qualified investments for such plans.

Generally, distributions by a fund to an RRSP, RRIF, DPSP, RESP or TFSA and gains realized by such registered plans upon the disposition of units of a class of a fund will not be subject to tax under the *Income Tax Act* (Canada). Amounts received from a registered plan (other than a TFSA) by an individual will generally be included in the individual's income for tax purposes in the year of receipt.

Material Contracts

The material contracts pertaining to the funds are listed below:

- (a) the amended and restated master declaration of trust and the regulations of each fund referred to in the section entitled "Name, Formation and History of the Fund";
- (b) the valuation and record keeping services agreement referred to in the section entitled "Responsibility for Fund Operations";
- (c) the bullion trading account agreements referred to in the section entitled "Responsibility for Fund Operations";
- (d) the sub-custodian agreement referred to in the section entitled "Responsibility for Fund Operations"; and
- (e) the amended and restated holding account agreements referred to in the section entitled "Responsibility for Fund Operations".

Copies of the foregoing material contracts may be inspected by prospective or existing unitholders during normal business hours at the principal office of the funds.

Exemptions and Approvals

Each fund has received, or expects to receive, exemptive relief allowing it to invest the appropriate amount of its assets in gold, silver and platinum bullion, as applicable.

AUDITORS' CONSENT

BMG BullionFund
BMG Gold BullionFund
(collectively, the "Funds")

We have read the Simplified Prospectus and Annual Information Form of the Funds dated September 4, 2009 relating to the sale and distribution of class A units, class F units, class I units, class S1 units and class S2 units of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Simplified Prospectus and Annual Information Form of our report to the Unitholders of BMG BullionFund on the statements of net assets and investment portfolio of BMG BullionFund as at December 31, 2008 and the statements of operations and changes in net assets for the year then ended. Our report is dated January 16, 2009.

We also consent to the incorporation by reference in the Simplified Prospectus and Annual Information Form of our report dated September 4, 2009 to the Directors of Bullion Management Services Inc. on the statement of net assets of BMG Gold BullionFund as at September 4, 2009.

"KPMG LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
September 4, 2009

Certificate of the Fund and the Manager and Promoter of the Funds

This annual information form, together with the simplified prospectus, required to be sent or delivered to a purchaser during the currency of this annual information form and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus as required by the securities legislation of all provinces and territories and do not contain any misrepresentations.

September 4, 2009

“Nick Barisheff”

Nick Barisheff
Chief Executive Officer
Bullion Management Services Inc.

“Larry Gamble”

Larry Gamble
Chief Financial Officer
Bullion Management Services Inc.

On behalf of the Board of Directors
Bullion Management Services Inc.
as Trustee and as Manager and Promoter of the funds

“David Chapman”

David Chapman
Director
Bullion Management Services Inc.

BMG FUNDS

Additional information about the funds are available in each fund's management reports of fund performance and financial statements.

You can obtain a copy of these documents at no cost by calling us at 905 474 1001 or toll-free at 1 888 474 1001, by e-mail at info@bmginc.ca or from your dealer.

These documents and other information about the funds, such as information circulars and material contracts, are also available on BMG Funds internet site at www.bmginc.ca or on the internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

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

**Tel: 905 474 1001 / 1 888 474 1001
Fax: 905 474 1091**