

BMG Funds
60 Renfrew Drive, Suite 280,
Markham, Ontario, L3R 0E1

March 30, 2011

Dear Securityholder:

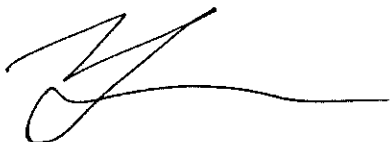
Re: BMG BullionFund and BMG Gold BullionFund (each a Fund), Independent Review Committee Report

As the current chair of the independent review committee (the **IRC**) for the Funds, I am pleased to provide you with the IRC's annual report to securityholders of the Funds for 2010. The IRC was established on November 1, 2007 for the BMG BullionFund and on September 4, 2009 for the BMG Gold BullionFund, and is comprised of three members for each Fund, all of whom are independent of Bullion Management Services Inc. (**BMS**), the manager of the Funds, and its affiliates.

Pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds*, the IRC is required to review all conflict of interest matters that are identified and referred to it by BMS, and to give its approval or recommendation to BMS, depending on the conflict of interest matter being considered. If a conflict of interest matter is identified and referred to the IRC, the IRC's focus is to determine if the action proposed by BMS achieves a fair and reasonable result for the applicable Fund(s).

At least once a year, the IRC will also review and assess, among other things, the adequacy and effectiveness of the policies and procedures that BMS has adopted with respect to conflict of interest matters that effect the Funds, and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

The IRC looks forward to working with BMS to ensure that your interests continue to be served.



Tim Conway
Chair of the Independent Review Committee



IRC Report – December 31, 2010

The Independent Review Committee (the **IRC**) for BMG BullionFund and BMG Gold BullionFund (each a **Fund**) was established on November 1, 2007 and September 4, 2009, respectively. The information disclosed in this report covers the period beginning January 1, 2010 to December 31, 2010, the financial year-end of the Funds (the **Period**).

Members of the IRC:

Name	Residence	First appointed
Tim Conway	Toronto, Ontario	November 1, 2007
Bob Reeves	Toronto, Ontario	November 1, 2007
Chris Ward ¹	Toronto, Ontario	November 1, 2007

During the Period, there were no changes in the composition or membership of the IRC, and there were no relationships that may cause a reasonable person to question a member's independence.

Holdings of Securities

(a) Fund

As at December 31, 2010, the percentage of units of a Fund beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10%.

(b) BMS

As at December 31, 2010, no member of the IRC beneficially owned, directly or indirectly, any voting or equity securities of BMS.

(c) Service providers

As at December 31, 2010, no member of the IRC beneficially owned, directly or indirectly, more than 0.1% of any voting or equity securities of any person or company that provides services to the Funds or BMS.

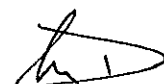
IRC Compensation and Indemnities

The aggregate compensation paid by the Funds to the members of the IRC for the Period was \$16,500. This amount was paid by the Funds.

BMS determined the initial compensation that was paid to each member of the IRC. At least annually, the IRC will review its compensation, giving consideration to the following factors:

- (a) the best interests of the Funds;

¹ Chair of the IRC during 2010.



- (b) the nature, number and complexity of the Funds;
- (c) the nature and extent of the workload of each member of the IRC, including the commitment of time and energy of each member;
- (d) industry best practices, including industry averages and surveys on compensation paid to independent review committees of Canadian investment funds;
- (e) the results of its annual assessment of compensation and effectiveness; and
- (f) the recommendations of BMS for compensation payable to the IRC.

The Fund has also provided an indemnity to each IRC member for his services on the IRC in accordance with the requirements of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107). No amounts were paid to the IRC members by the Funds pursuant to these indemnities during the Period.

Conflict of Interest Matters

NI 81-107 requires the IRC to review all conflict of interest matters that are identified and referred to it by BMS, and to give its approval or recommendation to BMS, depending on the conflict of interest matter under consideration.

The IRC approved all of the conflict of interest matters that were referred to it by BMS during the Period.

The IRC is not aware of any instance during the Period where BMS acted in a conflict of interest matter but did not obtain the approval of the IRC.

No standing instructions were issued by the IRC during the Period.

A handwritten signature or set of initials, possibly 'HT', enclosed in a hand-drawn oval shape.