

BMG FUNDS

**AMENDED AND RESTATED SIMPLIFIED PROSPECTUS DATED
SEPTEMBER 30, 2010, AMENDING AND RESTATING THE SIMPLIFIED
PROSPECTUS DATED AUGUST 16, 2010**

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)

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

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Introduction

This simplified prospectus contains selected important information about 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 a fund.

This simplified prospectus contains information about the funds and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the funds.

This document is divided into two parts. The first part, from pages A-2 through A-18, contains general information applicable to all of the BMG Funds. The second part, from pages B-1 through B-6, contains specific information about each of the funds described in this document.

Additional information about each fund is available in the following documents:

- the annual information form;
- that 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; and
- any interim management report of fund performance filed after that annual management report of fund performance.

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 funds at **www.bmgbullion.com** or by contacting us by e-mail at **info@bmgbullion.com**.

These documents and other information about the funds are available on the internet site of the System for Electronic Document Analysis and Retrieval (also known as SEDAR) at **www.sedar.com**.

Unless otherwise stated, all dollar amounts in this simplified prospectus are in Canadian dollars.

In this document, "we", "us" and "our" refer to Bullion Management Services Inc., the trustee and manager of the funds.

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 is invested in a portfolio of investments on the investors' behalf by professional managers. Fund unitholders share the fund's income, expenses, gains and losses in proportion to their interest in the fund.

Mutual funds own different types of investments depending upon their investment objectives, including stocks, bonds 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.

To address the different investment needs of different types of investors, each of the funds offers class A units, class F units, class I units, class S1 units and class S2 units. Each fund also offers class E units (E1 to E15 inclusive) and class G units (G1 through G15 inclusive) to qualified investors. Each class of units of a fund represents an investment in the same investment portfolio of the fund, but each class of units has a different management fee and expenses that are attributable to it. As a result, a separate net asset value is calculated for each class of units of a fund.

None of your investments in a BMG 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 and Redemptions" at page A-7 for more information.

General Investment Risks

BMG BullionFund invests only in the purchase of unencumbered, fully allocated physical gold, silver and platinum bullion, whereas BMG Gold BullionFund invests only in the purchase of unencumbered, fully allocated physical gold bullion. Both funds have the limited objective of providing a secure, convenient, low-cost, low-risk alternative for investors seeking to hold the physical bullion that fund holds for capital preservation and long term appreciation. As a result, the following risk factors are associated with investing in each 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 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 and by regulation, 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 fund.

Direct purchases of gold, silver and platinum bullion may also generate higher transaction and custody costs than other types of investments, which may impact the performance of a fund.

Precious metals do not generate an income stream if held in an allocated, segregated account and are not leased. A fund will not lease its bullion and therefore, will not receive any income. A fund will only earn money to the extent that it sells bullion in order to fund redemptions and realizes gains on such sales.

Loss, Damage or Restriction of Access to Precious Metals

There is a risk that part or all of a fund's physical gold, silver and platinum bullion, as appropriate, could be lost, damaged or stolen, notwithstanding the handling of deliveries of bullion by and storage of bullion in the vaults of the funds' custodian. Also, access to a fund's physical gold, silver and platinum bullion, as appropriate, can be restricted by natural events or human actions. Any of these events may adversely affect the assets of a fund and consequently, an investment in units of the fund.

Possible Adverse Effect of Substantial Official Sector Gold Sales

The official section 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 recent years, with the result being that the official sector, taken as a whole, has been a net supplier of gold to the open market. 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.

Risks Relating to Unallocated Precious Metals

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

Availability of Precious Metals Risk

It is possible that the bullion that a fund invests in may at times be unavailable from time to time. Depending on the investment objective of a fund and the availability of each precious metal from time to time, that 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.

Foreign Currency Risk

Gold, silver and platinum bullion are usually traded in U.S. dollars and, as a result, the 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 funds do not hedge their foreign currency exposure.

Non-Hedging Strategy Risk

The 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 fund's assets at risk or could add to the fund's expenses.

Specialization Risk

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

Management Risk

Bullion Management Services Inc. is not registered as a portfolio adviser and for this reason each fund has a fixed investment objective.

Uninsured Losses Risk

The Bank of Nova Scotia, as custodian, holds custody of the physical gold, silver and platinum bullion assets, as applicable, of each fund on a fully allocated and segregated basis. The custodian has also agreed to maintain the broadest form of insurance on the gold, silver and platinum bullion, as applicable, held by the funds that is commercially available to the custodian against all risks of physical loss or damage howsoever caused, excluding the risks of war, terrorist events, nuclear incident and government confiscations. Such insurance may help mitigate any losses suffered by a fund.

In addition, Bullion Management Services Inc. has taken out insurance on behalf of the funds to further reduce any risk of certain losses occurring.

Tax Risk

It is anticipated that, for purpose of computing its income under the *Income Tax Act* (Canada), the 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 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 fund for tax purposes and the taxable component of 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 fund for a failure of the 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 fund being liable for unremitted withholding taxes on prior distributions made to unitholders who were not resident in Canada for the purposes of the *Income Tax Act* (Canada) at the time of the distribution. As the 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 fund would reduce the net asset value of the units of the fund.

Organization and Management of the BMG Funds

<p>Manager</p> <p>Bullion Management Services Inc. 280-60 Renfrew Drive Markham, Ontario L3R 0E1</p>	<p>The manager is responsible for the day-to-day activities of the funds, providing or arranging for all required administrative services of the funds.</p>
<p>Trustee</p> <p>Bullion Management Services Inc. Markham, Ontario</p>	<p>Each fund is a trust. When you invest in a fund, you are buying units in a trust. The trustee holds title to the property of each fund (e.g. its cash and bullion) on behalf of the unitholders of that fund.</p>

<p>Portfolio Advisor</p> <p>None</p>	<p>Each fund has a fixed investment objective of investing a portion of its assets in gold, silver and platinum bullion, as applicable.</p>
<p>Principal Distributor</p> <p>BMO Nesbitt Burns Inc. Toronto, Ontario</p>	<p>BMO Nesbitt Burns Inc. is the principal distributor for the class S1 units and class S2 units of each fund. BMO Nesbitt Burns Inc. markets and sells the class S1 units and class S2 units of each fund through its salespersons and the salespersons of other dealers. The remaining classes of units of each Fund do not have a principal distributor.</p>
<p>Custodian</p> <p>The Bank of Nova Scotia Toronto, Ontario</p>	<p>The Bank of Nova Scotia has physical custody of each fund's bullion and RBC Dexia Investor Services Trust has been appointed as a sub-custodian of each fund's cash by The Bank of Nova Scotia.</p>
<p>Registrar</p> <p>Bullion Management Services Inc. Markham, Ontario</p>	<p>The registrar keeps track of the registered owners of units of each class of each fund in a register of unitholders of that class of that fund.</p>
<p>Administrator</p> <p>RBC Dexia Investor Services Trust Toronto, Ontario</p>	<p>The Administrator provides administration services to the funds.</p>
<p>Auditor</p> <p>KPMG LLP Toronto, Ontario</p>	<p>The auditor examines the annual financial statements of the funds and expresses an opinion thereon. The auditor also does a physical count of the bullion of each fund on an annual basis.</p>

<p>Independent Review Committee</p>	<p>The independent review committee, or IRC, of a fund provides independent oversight and impartial judgment on conflicts of interest involving the fund. Among other matters, the IRC prepares, at least annually, a report of its activities for investors in each 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.</p> <p>The IRC is currently comprised of three members, each of whom is independent of Bullion Management Services Inc., its affiliates and the funds. Additional information about the IRC, including the names of its members, and governance of each fund is available in the annual information form of the funds.</p> <p>In addition, the auditors of the funds may not be changed unless the IRC has approved the change in accordance with National Instrument 81-107 <i>Independent Review Committee for Investment Funds</i> and a written notice describing the change in auditors is sent to unitholders at least 60 days before the effective date of the change.</p>
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Purchases and Redemptions

You may buy a class of units of a fund in either Canadian dollars or U.S. dollars by contacting your dealer. You may redeem such class of units of the fund in the same currency those units were purchased. We will not issue units of a class of a 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 fund. Your purchase or redemption order should be sent to your dealer. 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.

When redeeming units of a class of a fund you should indicate whether you wish to redeem a specified dollar amount or number of units of that class of the 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 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 fund.

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 you buy class A units of a fund, 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 5.00% (i.e., up to 5.26% of your net investment in class A units of the fund) from your subscription and forward the net amount to us to be invested in class A units of the applicable fund. Subject to a fund's short-term trading fee, you can redeem your class A units of the fund under this option at any time and do not have to pay any redemption fees. See "Fees and Expenses".

Class E Units

Class E units of a fund are designed 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 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 fund as you already pay your dealer for the advice and other services your dealer provides to you. 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 fund, we will give you 30 days' notice before we switch your class F units of the fund for class A units of

the fund. Subject to a fund's short-term trading fee, you can redeem your class F units of the fund under this option at any time and do not have to pay any redemption fees.

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 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 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.

If you buy class I units of a fund, 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 5.00% (i.e., up to 5.26% of your net investment in class I units of the fund) from your subscription and forward the net amount to us to be invested in class I units of the applicable fund. Subject to a fund's short-term trading fee, you can redeem your class I units of the fund under this option at any time and do not have to pay any redemption fees. See "Fees and Expenses".

Class S1 and Class S2 Units

Class S1 units and class S2 units of a fund will be offered to investors, but only as we deem appropriate, at our discretion, for specified periods of time. You will not be able to buy class S1 or class S2 units of a fund at all times (i.e., if you bought class S1 or class S2 units of a fund at a point in time, you may not be able to buy class S1 units or class S2 units of the fund at a later time). If you buy class S1 units of a fund you will pay a sales charge to your dealer of up to 5.50% (i.e., 5.82% of your net investment in class S1 units of the fund) and if you buy class S2 units of a fund you will pay a sales charge to your dealer of up to 3.00% (i.e., 3.09% of your net investment in class S2 units of the fund).

In addition, class S1 units and class S2 units of the fund will only be distributed by dealers designated by BMO Nesbitt Burns Inc.

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. We 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 you by select dealers from time to time at the discretion of BMO Nesbitt Burns Inc. and/or our discretion. You 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, you can redeem your 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. See "Fees and Expenses".

Price of a Unit of a Class of a Fund

The price of a unit of a class of a fund is equal to the net asset value per unit of that class of the fund. The net asset value per unit of a class of a fund is determined by adding up the value of the assets of that class of the fund, subtracting the liabilities of that class of the fund and dividing the remainder by the number of units of that class of the fund that are outstanding.

The net asset value of each class of a fund is calculated in Canadian dollars at the close of business on each business day. If we receive your purchase order to buy units of a class of a fund before such time on any business day, your purchase order, if accepted by us, will be processed at the net asset value per unit of that class of the fund on that day. If we receive your purchase order to buy units of a class of a fund after such time, it will be processed, if accepted by us, at the net asset value per unit of that class of the fund on the next business day. A "business day" is each day on which the Toronto Stock Exchange and the London Stock Exchange are both open for trading.

Minimum Investments

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

The initial minimum investment to buy class I units of a fund is currently \$1,000,000.

If your payment for units of a class of a fund is not received by us from your dealer within three days of processing your order, we will redeem your units of that class of the fund. If the proceeds of redemption are greater than what you owe, the fund will keep the difference. If the proceeds are less than what you owe, we will pay the difference to the 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.

Redemptions

You should send your redemption request to your dealer who is responsible for sending your redemption order to us on the same day that your dealer receives it from you. We 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 fund.

No redemption fee has to be paid with respect to class A units, class F units, class I units, class S1 units or class S2 units of a fund, although your dealer may charge you an administrative fee. In addition, no fee is charged to redeem units of a fund that were purchased in U.S. dollars.

We will redeem your units of a class of a fund on the business day your redemption order is received from your dealer, provided it is received on or before the close of business on such day. If your redemption order is not received from your dealer until after the close of business on such day, we will process your redemption order on the next business day. Once the instructions necessary to complete your redemption are received from your dealer, we will send your money to you. If we do not receive these instructions from your dealer within 10 business days of the redemption, the fund will repurchase your units of that class of a fund. If the redemption proceeds are greater than the repurchase amount, the fund will keep the difference. If the redemption proceeds are less than the repurchase amount, we will pay the fund the difference. We 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 a cheque is mailed to you, unless the cheque is not honoured on presentation for payment. In certain limited situations, we may allow you to redeem your units of a class of the fund on an *in specie* basis.

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

Suspension of Redemptions

Under extraordinary circumstances, your right to redeem units of a class of a fund may be suspended. We may refuse orders to redeem units of a 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.

A fund will not accept any purchase orders during any period when the right to redeem units of a class of the fund is suspended.

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.

Switches

Except for class S units of a fund, you can switch your investment from a class of units of one fund to the corresponding class of units of another fund through your dealer. Such a switch will result in a redemption of the units of the fund you own and a purchase of units of the new fund. Because you are moving your investment from one fund to another 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 fund. A switch fee of up to 2.0% of the value of the units switched may be charged by your dealer. See “Fees and Expenses”.

Optional Services

Registered Tax Plans

Units of each class of a fund are, or are expected to be, eligible investments for deferred income plans. We offer registered retirement savings plans, including locked-in registered savings plans, locked-in retirement accounts and registered retirement income funds.

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 (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 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 S1, class S2 or class I units of a fund 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 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 fund. You will continue to have all other statutory rights under securities law, including the rights as described at page A-20 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 (SWP), provided you are not investing through a retirement savings plan. Under a systematic withdrawal plan you can indicate a regular amount of cash withdrawal (not less than \$25 monthly) to be made on a periodic basis and the class of units of a fund from which the investment is to be withdrawn. Withdrawals will be made by way of a redemption of units of that class of a 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 systematic withdrawal plan, any distributions declared on units of that class of a fund held under such a plan must be

reinvested into additional units of that class of the fund. To establish a systematic withdrawal plan in respect of a class of units of a fund your account must have a minimum value of \$5,000. You may modify, suspend or terminate a systematic withdrawal plan on ten days' prior written notice.

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 fund. You may have to pay some of these fees and expenses directly. A fund pays the other fees and expenses. This will reduce the value of your investment in a fund.

Fees and Expenses Payable by a Fund	
Management Fees	<p>We are paid an annual management fee from the class A units of a fund of 2.25%. The management fee for the class A units of a fund is based on the average daily net asset value of the class A units of the fund and is payable monthly, in arrears.</p> <p>We are paid an annual management fee from the class F units of a fund of 1.25%. The management fee for the class F units of a fund is based on the average daily net asset value of the class F units of the fund and is payable monthly, in arrears.</p> <p>We are paid an annual management fee from the class S1 units and the class S2 units of a fund of 0.45% and 0.95%, respectively. The management fee for the class S1 units and the class S2 units of a fund is based on the average daily net asset value of the class S1 units and the class S2 units of the fund, respectively, and is payable monthly, in arrears.</p> <p>Each investor who buys class I units of a fund will negotiate with us the management fee that they will pay directly to us with respect to such units.</p>
Operating Expenses	<p>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, (expected to be 0.30% and 0.20% of the net asset value of the BMG BullionFund and BMG Gold BullionFund, respectively, in 2010) 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 the fund to which they apply.</p>

Fees and Expenses Payable by a Fund	
Operating Expenses (Cont'd)	The funds are also responsible for paying each member of the independent review committee or IRC of the funds an annual fee of \$2,200 plus \$1,100 for each meeting attended. A fund will also reimburse each member of its IRC for any fees and/or expenses they incur in carrying out their duties on behalf of the fund.
Fees and Expenses Payable Directly by You	
Sales charges: class A units, class I units, class S1 units and class S2 units	You may pay a negotiable sales charge to your dealer not exceeding 5.26% of the net amount you invest in class A units or class I units of a fund (5.00% of the total amount paid by you). If you purchase class S1 units of a fund, you must pay a sales charge to your dealer not exceeding 5.82% of the net amount you invest in class S1 units of the fund (5.50% of the total amount paid by you). If you purchase class S2 units of a fund, you must pay a sales charge to your dealer not exceeding 3.09% of the net amount you invest in class S2 units of the fund (3.00% of the total amount paid by you).
Short-term trading fee	We may, in our discretion, impose a short term trading fee of 3% of the value of the units of a class of a fund that you redeem if you hold units of that class of the fund for less than 90 days. The short-term trading fee is payable to a fund and not to us to offset the cost of the logistics involved in dealing with physical bullion.
Redemption fee	There is no redemption fee if you redeem class A units, class F units, class I units, class S1 units or class S2 units of a fund. Your dealer may charge you an administrative fee when you redeem units of a fund.
Switch fee	Except for class S units of a fund, your dealer may charge you up to 2.00% of the net asset value of any units of a class of a fund that you switch to the corresponding class of another fund.
Registered Tax Plan Fee	No administration fee is charged by a fund, but you may be charged an administrative fee by your dealer.

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

The following tables show the amount of fees that you will have to pay if you make an investment of Cdn. \$1,000 in class A units, class I units, class S1 units or class S2 units of a fund

and you hold that investment for one, three, five or ten years and then immediately redeem such units at the end of that period.

Class A units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$0 to \$50.00	\$0	\$0	\$0	\$0

Class I units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$0 to \$50.00	\$0	\$0	\$0	\$0

Class S1 units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$55.00	\$0	\$0	\$0	\$0

Class S2 units

	At Time of Purchase	1 Year	3 Years	5 Years	10 years
Sales Charge Option	\$30.00	\$0	\$0	\$0	\$0

You do not pay a sales charge if you buy class F units of a fund.

Dealer Compensation

Units of each class of a fund, other than class S1 units and class S2 units of a fund, are offered for sale on a continuous basis through dealers.

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

If you buy class A units or class I units of the fund, your dealer may receive a sales commission of up to 5.26% of the amount you invest. The sales commission your dealer receives depends on what sales commission you negotiate with your dealer. We may also pay your dealer an annual trailer fee of up to 1.00% of the average daily net asset value of the class A units or class I units of the fund held by your dealer's clients.

If you buy class S1 units of the fund, you will have to pay a front-end sales commission of up to 5.82% of the amount you invest, which will be allocated between BMO Nesbitt Burns Inc. and your dealer. We do not pay your dealer an annual trailer fee for class S1 units.

If you buy class S2 units of the fund, you will have to pay a front-end sales commission of up to 3.09% of the amount you invest, which will be allocated between BMO Nesbitt Burns Inc. and your dealer. We may also pay your dealer an annual trailer fee of 0.50% of the average daily net asset value of the class S2 units of the fund 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 fund. For example, we may pay a portion of the costs of a dealer advertising the availability of units of a class of a 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 fund or about the general benefits of investing in the 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 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 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 a fund also own approximately 4.36% of the outstanding shares of our parent, Bullion Management Group Inc.

Dealer Compensation from Management Fees

We paid dealers approximately 38% of our management fees in trailer fees and other promotional activities for class A units and class F units of BMG BullionFund and BMG Gold BullionFund that they sold in the year ended December 31, 2009. No class I units of either fund were sold in 2009 and, accordingly, no dealer compensation was paid.

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 fund and of the disposition of units of a class of the fund. It assumes that you are an individual (other than a trust) resident in Canada who holds units of a class of a fund as capital property for tax purposes and that you deal at arm's length with, and are not affiliated with, the funds.

A 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 the fund. However, to the extent a fund does realize

gains to redeem units of a class of the fund it will generally make sufficient distributions to unitholders of that class of the fund so that it does not have to pay regular income tax.

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 is consistent from year to year. However, this practice does not apply to gains and losses realized by a 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 *Income Tax Act* (Canada) 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 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 the fund. As the 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 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 funds may instead include (or deduct) the full amount of such gains or losses in computing its income. The declaration of trust of each fund provides that, to the extent that the 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 fund is required to sell bullion to fund or satisfy your redemption of units of a class of the fund, the gains realized by the fund on such sale will not be taxed in the fund but may be allocated and distributed to you and you will be taxed on such amount as capital gains if the fund treats such disposition as giving rise to a capital gain. However, there is no guarantee that the fund will always treat dispositions of bullion as giving rise to capital gains or that the Canada Revenue Agency will accept such treatment.

This summary assumes that at all relevant times each fund qualifies as a mutual fund trust for the purposes of the *Income Tax Act* (Canada). Each fund currently qualifies as a mutual fund trust. If a 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 each fund and its investment policy, each fund expects that it 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 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).

For Units Not Held in a Registered Plan

It is not anticipated that the funds will make any distributions of capital gains or other income to unitholders other than in the event of a redemption that requires a fund to sell bullion to fund or satisfy the redemption price. In the event that a fund makes a distribution, you must report for income tax purposes your share of distributions of the fund's net realized taxable capital gains or other net income payable to you during the year, including management fee distributions to the extent paid out of net realized taxable capital gains or other net income, whether you receive them in cash or we reinvest them for you in additional units of a class of the fund. The non-taxable portion of a fund's net realized capital gains paid or payable and designated to a unitholder in a taxation year will not be included in the unitholder's income for the year. Provided that appropriate designations are made by a fund, such portion of the net realized taxable capital gains of a fund as is paid or becomes payable to a unitholder will effectively retain its character and be treated as such in the hands of the unitholder for purposes of the *Income Tax Act* (Canada). Distributions on units of a class of a fund in excess of your share of realized capital gains and other net income should be considered as a return of capital and should reduce the adjusted cost base of your units of that class of the fund. To the extent that the adjusted cost base of a unitholder's unit of a fund would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the unitholder from the disposition of the unit and the unitholder's adjusted cost base in such unit will be increased by the amount of such deemed capital gain.

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 fund (including on a switch of units between funds). The capital gain (or capital loss) on a unit of a class of a 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 the fund. Your redemption proceeds for computing your capital gain or loss will be reduced to the extent that a fund distributes to you realized capital gains and/or other net income from selling bullion to fund or satisfy your redemption request.

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 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.

For Canadian tax purposes you must compute the cost of your units of a class of a 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 *Income Tax Act* (Canada). 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 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 the 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 fund will generally be the weighted average cost of all your units of that class of the fund. Any sales commissions that you pay when you buy a

unit of a class of a fund will be included in the cost of your unit of that class of the fund for these purposes.

For example, if you own 500 class A units of a 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 the fund for \$12 each for a total of \$2,400, you will now have spent \$7,400 for 700 class A units of the fund. Your new adjusted cost base for each class A unit of the fund will now be equal to \$7,400 divided by 700, or \$10.57 per class A unit.

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 taxable capital gains.

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 exceed (or are less than) the fund's cost of the bullion and any reasonable costs of disposition. Each fund currently intends to treat as payable to a redeeming unitholder any amount of any gain realized by the fund as a result of the distribution of bullion *in specie* to that unitholder.

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 that 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, and any cash received, less any gain realized by the fund as a result of the redemption of such units which is being made payable by the fund to that 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 allocated to and made payable by the fund to the unitholder, the unitholder will be required to include such gain 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.

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 funds. You should keep detailed records of the purchase cost, sales commissions and distributions relating to your units of each class of a 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 fund are currently qualified investments for RRSPs, RRIFs, DPSPs, RDSPs, RESPs and for TFSAs.

You pay no tax on income distributed by a fund on units of a class of the 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 the fund are qualified investments, or on any gains the plan realizes on redeeming units of that class of the 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 fund are “prohibited investments” for the purposes of a tax-free savings account, a unitholder who is a holder of such tax-free savings account will be subject to a penalty tax as set out in the *Income Tax Act* (Canada). A “prohibited investment” includes a unit of a trust which does not deal at arm’s length with the holder or with a person or partnership in which the holder has a significant interest, or in which the holder has a significant interest. A significant interest, in general terms, means the ownership of 10% or more of the value of the fund’s outstanding units by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm’s length. Unitholders are advised to consult their own tax advisors in this regard.

Bullion distributed by a 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 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, annual information form or financial statements of a fund misrepresent any facts about the 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 funds described in this document

BMG BullionFund

Fund Details

<i>Type of Fund</i>	Precious Metals Fund
<i>Date Fund Was Started</i>	January 15, 2002 ¹
<i>Securities Offered</i>	Class A units, class F units, class I units, class S1 units and class S2 units of a mutual fund trust
<i>Registered Tax Plan Status</i>	Units of each class of the fund are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs under the <i>Income Tax Act</i> (Canada)

What Does the Fund Invest In?

Investment Objectives

The fund invests only in equal dollar proportions of unencumbered, fully allocated physical gold, silver and platinum bullion. The fund stores the physical bullion with Scotiabank as set out in its Holding Account Agreement on an allocated, insured basis. The fund's objective is to provide a secure, convenient, low cost, low risk, alternative 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 fund is purchased from ScotiaMocatta as set out in its Trading Account Agreements. ScotiaMocatta is one of the ten market making members of the London Bullion Marketing Association. As a result, all physical bullion purchased by the fund meets "London Good Delivery" standard as set out by the London Bullion Marketing Association or the "London/Zurich Good Delivery" standard as set out by the London Platinum and Palladium Market.

By investing an equal portion of the fund's subscription proceeds in gold, silver and platinum bullion, the manager of the fund believes that the fund should be able to effectively reduce its 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 fund believes that the commodity demand for silver and platinum should be higher than for gold, and the value of silver and

¹ Class A units of the fund were created on January 15, 2002. Class F units and class I units of the fund were created on February 9, 2004. Class S1 units and class S2 units of the fund were created on September 4, 2009.

platinum should typically outperform the value of gold. In contrast, if monetary demand increases, then the manager of the fund 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 fund believes that the fund should be able to reduce volatility while improving long-term returns.

The economic factors that determine the price of gold, silver and platinum are also, 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 fund the manager believes, therefore, acts as a hedge against the volatility of an investor's other investments. Units of a class of the fund 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, productivity and the impact of hedging policies, an investment in units of a class of the fund does not rely on any of these issue specific factors. The value of the fund is purely a function of the spot price of gold, silver and platinum bullion. To keep the investment objective of the fund simple and wholly-independent of managerial discretion, it was decided that the assets of the fund would be invested in equal dollar amounts of gold, silver and platinum bullion. No rebalancing of the fund's assets will be done if one metal outperforms or underperforms the others.

If a particular precious metal is not available at a particular time, the fund's assets will be invested in those precious metals which are available on an equal basis, and the fund's investment in all three precious metals will be adjusted as soon as such precious metal becomes available to ensure that the assets of the fund are invested one-third in each of gold, silver and platinum bullion.

The fundamental investment objective of the fund cannot be changed without the approval of the investors who own units of the fund.

Investment Strategies

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

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

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

While in custody, all physical bullion will be stored in the custodian's secure storage facilities on a fully allocated and segregated basis.

The current holdings of the fund in gold, silver and platinum bullion by percentage of net assets of the fund will be updated daily and may be viewed on the fund'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 Fund?

Generally, not less than 95% of the fund's assets will be invested in gold, silver and platinum bullion. The fund will therefore be subject to precious metals risk, availability of precious metals risk, foreign currency risk, non-hedging strategy risk, specialization risk and management risk. These risks are described on page A-2 of this simplified prospectus.

Who Should Invest in this Fund?

The manager of the fund believes that the fund is appropriate for investors seeking capital preservation, long-term capital growth in precious metals and a hedge against all other forms of investments, with a low risk tolerance and a long-term investment horizon.

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 fund does not anticipate realizing net capital gains or earning income, if it does, the manager of the fund intends that sufficient net realized capital gains and/or net income will be made payable to unitholders of each class of the fund each year so that the fund will generally not have any regular tax liability.

The fund 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.

Fund Expenses Indirectly Borne by Investors

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

	<i>Over one year</i>	<i>Over three years</i>	<i>Over five years</i>	<i>Over ten years</i>
Fees and expenses for every \$1,000 you invest in class A units of the fund	\$29.80	\$91.22	\$155.14	\$326.60
Fees and expenses for every \$1,000 you invest in class F units of the fund	\$19.40	\$60.00	\$103.12	\$223.01

No class I, class S1 or class S2 units of the fund 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 fund, 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 fund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that class of units of the fund were the same throughout the ten-year period as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-13 of this simplified prospectus for other information about fees and expenses paid directly by the investor.

BMG Gold BullionFund**Fund Details**

<i>Type of Fund</i>	Precious Metals Fund
<i>Date Fund Was Started</i>	September 4, 2009
<i>Securities Offered</i>	Class A units, class F units, class I units, class S1 units and class S2 units of a mutual fund trust
<i>Registered Tax Plan Status</i>	Units of each class of the fund are qualified investments for RRSPs, RRIFs, DPSPs, RESPs, RDSPs and TFSAs under the <i>Income Tax Act</i> (Canada)

What Does the Fund Invest In?*Investment Objectives*

The fund invests only in unencumbered, fully allocated physical gold bullion. The fund stores the physical bullion with Scotiabank as set out in its Holding Account Agreement on an allocated, insured basis. The fund's objective is to provide a secure, convenient, low cost, low risk, alternative 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 fund is purchased from ScotiaMocatta as set out in its Trading Account Agreement. ScotiaMocatta is one of the ten market making members of the London Bullion Marketing Association. As a result, all physical bullion purchased by the fund meets "London Good Delivery" standard as set out by the London Bullion Marketing Association.

The economic factors that determine the price of gold are in most cases, opposed to the factors that determine the prices of most other financial assets. An investment in units of a class of the fund the manager believes, therefore, acts as a hedge against the volatility of an investor's other investments. Units of a class of the fund 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, productivity and the impact of hedging policies, an investment in units of a class of the fund does not rely on any of these issue specific factors. The value of the fund is purely a function of the spot price of gold bullion. To keep the investment objective of the fund simple and wholly-independent of managerial discretion, it was decided that the assets of the fund would be solely invested in gold bullion.

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

The fundamental investment objective of the fund cannot be changed without the approval of the investors who own units of the fund.

Investment Strategies

The fund will invest almost all of its assets in gold bullion regardless of market conditions. The fund will not base its investment decisions on short-term changes in the prices of gold bullion.

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

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

While in custody, all physical bullion will be stored in the custodian's secure storage facilities on a fully allocated and segregated basis.

The current holdings of the fund in gold bullion by percentage of net assets of the fund will be updated daily and may be viewed on the fund'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 Fund?

Generally, not less than 95% of the fund's assets will be invested in gold bullion. The fund will therefore be subject to precious metals risk, availability of precious metals risk, foreign currency risk, non-hedging strategy risk, specialization risk and management risk. These risks are described on page A-2 of this simplified prospectus.

Who Should Invest in this Fund?

The manager of the fund believes that the fund is appropriate for investors seeking capital preservation, long-term capital growth in precious metals and a hedge against all other forms of investments, with a low risk tolerance and a long-term investment horizon.

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 fund does not anticipate realizing net capital gains or earning income, if it does, the manager of the fund intends that sufficient net realized capital gains and/or net income will be made payable to unitholders of each class of the fund each year so that the fund will generally not have any regular tax liability.

The fund 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.

Fund Expenses Indirectly Borne by Investors

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

	<i>Over one year</i>	<i>Over three years</i>	<i>Over five years</i>	<i>Over ten years</i>
Fees and expenses for every \$1,000 you invest in class A units of the fund	\$29.80	\$91.22	\$155.14	\$326.60
Fees and expenses for every \$1,000 you invest in class F units of the fund	\$19.40	\$60.00	\$103.12	\$223.01

No class I, class S1 or class S2 units of the fund 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 fund, 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 fund of 5% in each year; and
- (iii) the management expense ratio and operating expenses of that class of units of the fund were the same throughout the ten-year period as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-13 of this simplified prospectus for other information about fees and expenses paid directly by the investor.

BMG FUNDS

Additional information about the funds are available in a fund's annual information form, management reports of financial performance 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** or toll-free at **1 888 474-1001**, by e-mail at **info@bmgbullion.com** or from your dealer.

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

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