ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ending December 31, 2005

The Millennium BullionFund

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of The Millennium BullionFund. If you have not received a copy of the annual financial statements of the fund with this report, you can get a copy of the annual financial statements of the fund at your request, and at no cost, by calling 888.474.1001, by writing to us at 280-60 Renfrew Drive, Markham, Ontario, L3R 0E1, or by visiting our website at www.bmsinc.ca or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

INVESTMENT OBJECTIVES AND STRATEGIES

The Millennium BullionFund (the "Fund") invests only in equal proportions of unencumbered, fully allocated gold, silver and platinum bullion, with the objective of providing 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.

By investing an equal portion of the Fund's subscription proceeds in gold, silver and platinum bullion, the Fund should be able to effectively reduce its volatility while improving long-term returns. This can be accomplished 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 times, the commodity demand for silver and platinum should be higher than for gold, and the value of silver and platinum should typically outperform the value of gold. In contrast, if monetary demand increases, then the 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 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, therefore, acts as a hedge against the volatility of an investor's other investments. Units of a class of the fund are not speculative and are only intended to be one part of an investor's investment strategy.

A small portion of the Fund's assets (generally no more than 5%) may 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.

RISK

The risks of investing in the Fund remain as stated in the prospectus. The principal risk associated with investing in the Fund is fluctuations in the price of the metals as well as the fluctuations in the relationship between the Canadian and US dollar. In addition, the Fund will be subject to, availability of precious metals risk, non-hedging strategy risk, and specialization risk.

RESULTS OF OPERATIONS

During 2005 the Fund's net assets grew 55.2% from $27,453,721 to $42,609,118. Gold holdings increased from 17,416.5 ounces to 22,795.1 ounces, silver holdings increased from 1,165,155.2 ounces to 1,489,245.2 ounces and platinum holdings increased from 8,718.7 ounces to 11,403.7 ounces.

During the year ending December 31, 2005 the Fund achieved a return for the Class A units of 12.51% in Canadian Dollars and 15.40% in US dollars. The Class F units achieved a return of 13.62% in Canadian Dollars and 16.54% in US dollars. Please refer to the Past Performance Section.

RECENT DEVELOPMENTS

From mid 2005, precious metals increased in all currencies with gold increasing 20% in euros, 22% in British pounds, 25% in yen, 17% in US dollars and 12% in Canadian dollars. Canadian dollar gold showed the lowest rate of return of most major currencies as the Canadian Dollar strengthened due to demand for commodities, particularly oil and natural gas.

Price increases can be attributed to both fundamental and monetary reasons. All three metals have been in a supply deficit for over a decade with supply made up from above ground stocks. Many mines experienced considerable increases in production costs due to energy. Central Bank gold sales of 607 tonnes were offset by Central Bank purchases of 20 tonnes. Monetary demand can be attributed to geopolitical concerns, growing terrorist concerns as well as the growing triple deficits in the US and the rising price of oil.

While inflation in 2005 seemed benign at a reported rate of 3.4% in the US and 2.2% in Canada, platinum, which is considered a leading indicator of inflation, rose by 14.5% in US dollars in 2005. Other leading inflation indicators also increased. Oil rose by 40.5% and natural gas by 82.6%. The Producer Price Index increased by 7.4% and the CRB commodity index rose by 16.9 %. The true indicator of inflation, however, is an increasing money supply. In 2005, the broad-based money supply (M3) rose 8.1% in the US, and 6.9% in Canada.

Throughout 2005, oil gained against gold. The average ratio of oil to gold has been 15 barrels of oil per ounce of gold. This relationship hit an all-time low of 6.2:1 on August 30, 2005, when oil peaked at almost $70 per barrel. Since there are no fundamental reasons for the price of oil to drop below $35, the level required to return to traditional norms, it is far more likely that the gold price will rise to restore the historic mean. At the normal 15:1 ratio, gold today should be over $1,000 per ounce.

While gold and silver are still a long way from matching the highs set in 1980, they did post impressive gains. Gold set a new 26-year high of $536 per ounce, and silver set a new 22-year high of $9 per ounce. Platinum ended the year at $965 per ounce, just $105 short of its 1980 all-time high of $1,070. Today, in inflation-adjusted terms, gold’s 1980 high of $850 translates to $2,200; silver’s 1980 high of $50 translates to $129; and platinum’s 1980 high of $1,070 translates to $2,770.

RELATED PARTY TRANSACTIONS

Bullion Management Services Inc. ("the Manager") is the manager, trustee, registrar, and transfer agent for the Fund. The Manager provides or arranges for the provision of all management and administrative services for day-to-day Fund operations, including providing Fund and unitholder accounting, record keeping and other administrative services. In consideration of the management and administrative services, the Fund pays the Manager a monthly management fee based on the net asset value of the Class A units and Class F units of the Fund, calculated daily, as set out under Management Fees below. During the year ended December 31, 2005 the Fund paid a management fee of $644,068 (2004 – $555,812).

In addition to management services, the Manager acts as transfer agent and registrar of the Fund. These services are in the normal course of operations and are recorded at the amount of the consideration agreed to between the parties.

MANAGEMENT FEES

A portion of the management fees paid by the Fund is for trailer fees and sales commissions paid to dealers. The trailer fees are a percentage of the daily average net asset value of the Class A units and Class F units of the Fund, which are held by the dealer's clients. The table below outlines the Fund's annual management fees and the maximum trailer fees for the Class A units and Class F units of the Fund:

	Class A	Class F
Management Fees	2.25%	1.25%
Trailer Fee (maximum rate as a percentage of management fees)	44.4%	0%

PAST PERFORMANCE

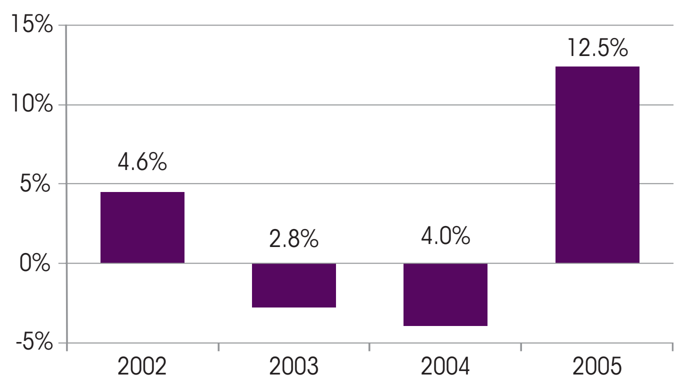
The following information does not take into account sales or redemption charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Annual Compound Returns

Class A units, Canadian dollars

	Since Inception (January 2002)	**Three Years**	**One Year**
The Millennium BullionFund Class A Canadian Dollar units	2.4%	1.6%	12.5%
Inflation (CPI, Statistics Canada)	2.5%	2.1%	2.2%
Bank of Canada 3-month treasury	2.7%	2.7%	2.8%
S&P/TSX	10.5%	19.4%	21.9%
S&P 500 adjusted by Canadian-US exchange rate	-5.2%	1.5%	-0.2%

The above table shows the annual compound total returns for the Class A units in Canadian dollars. The annual returns are compared to inflation as measured by the Canadian CPI as calculated by Statistics Canada, as well as to the Bank of Canada's 3-month treasury bills. The S&P/TSX Composite Index measures the total returns (dividends are reinvested) of the 200+ largest Canadian companies, in terms of three-year average quoted market. It has been included for comparative purposes as it was used in the previous year's prospectus. As the S&P/TSX index represents a different asset class with a different risk/reward relationship it will not be included in future years. S&P 500 Index measures the total return of the broader US economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends. It has been shown adjusted by the US-Canadian exchange rate for proper comparative purposes. The S&P 500 index also represents a different asset class with a different risk/reward relationship and will not be included in future years.

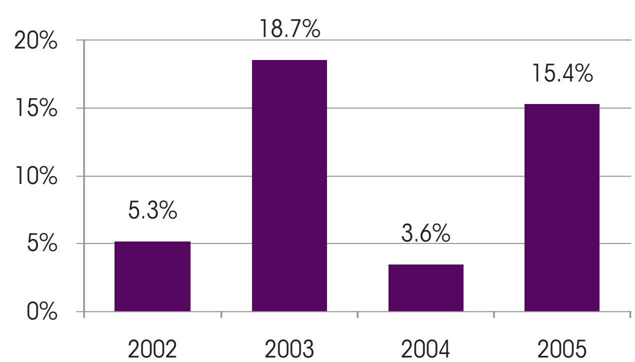


The above bar chart shows the Fund's annual performance in Canadian Dollars in each of the past four years to December 31st, 2005. The chart shows how an investment made on January 1st of the previous year would have increased or decreased by December 31st of the following year. In 2002 return calculations are made from January 17, even though the Fund did not start to take subscriptions from investors until March 5, 2002 and made its first bullion purchase on March 6, 2002.

Class A units, US dollars

	Since Inception (January 2002)	Three Years	One Year
The Millennium BullionFund Class A US Dollar units	10.7%	12.4%	15.4%
Inflation (CPI, US Dept. of Labor)	2.7%	2.8%	3.4%
US 3-month treasury bills	1.8%	1.8%	3.2%
S&P 500	2.6%	12.4%	3.0%
S&P/TSX adjusted by US-Canadian exchange rate	19.6%	32.2%	25.8%

The above table shows the annual compound total returns for the Class A units in US dollars. The annual returns are compared to inflation as measured by the US CPI as calculated by the US Department of Labor, as well as to US 3-month treasury bills. S&P 500 Index measures the total return of the broader US economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends. It has been included for comparative purposes as it was used in the previous year's prospectus. As the S&P 500 index represents a different asset class with a different risk/reward relationship it will not be included in future years. The S&P/TSX Composite Index measures the total returns (dividends are reinvested) of the 200+ largest Canadian companies, in terms of three-year average quoted market. It has been shown adjusted by the US-Canadian exchange rate for proper comparative purposes. The S&P/TSX index also represents a different asset class with a different risk/reward relationship and will not be included in future years.



The above bar chart shows the Fund's annual performance in US Dollars in each of the past four years to December 31st, 2005. The chart shows how an investment made on January 1st of the previous year would have increased or decreased by December 31st of the following year. In 2002 return calculations are made from January 17, even though the Fund did not start to take subscriptions from investors until March 5, 2002 and made its first bullion purchase on March 6, 2002.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Class A units of the Fund and are intended to help you understand the Fund's financial performance for the years shown. The information is derived from the Fund's audited annual financial statements. In the year a portfolio or series is established, "period" represents the period from inception to December 31 of that fiscal year.

Class A Units (Canadian Dollar units)

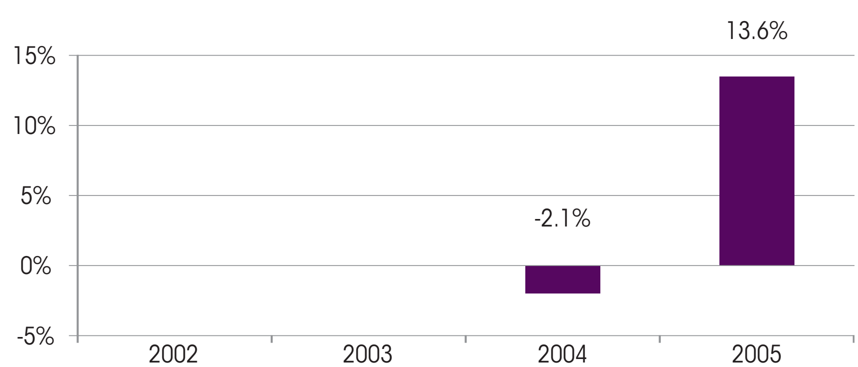
For the periods ended	2005	2004	2003	2002
Per unit outstanding for the period				
Net asset value, beginning of period (1)	**5.86**	**6.10**	**6.28**	**0.00**
Increase (decrease) from operations				
Total revenue	0.00	0.00	0.00	0.00
Total expenses	(0.17)	(0.22)	(0.24)	(0.18)
Realized gains (losses)	0.00	0.00	0.00	0.00
Unrealized gains (losses)	0.96	(0.27)	0.56	1.10
Total increase (decrease) from operations	**0.79**	**(0.49)**	**0.32**	**0.92**
Distributions				
From income	0.00	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00	0.00
Return of capital	0.00	0.00	0.00	0.00
Total annual distributions	**0.00**	**0.00**	**0.00**	**0.00**
Net asset value at end of period	**6.59**	**5.86**	**6.10**	**6.28**
Ratios/Supplementary Data				
Net assets	$33,855,256	$23,114,558	$16,571,267	$3,797,452
Number of outstanding units	5,139,160	3,947,855	2,717,998	610,486
Management expense ratio %	3.22	3.46	4.06	3.50
Management expense ratio before waivers or absorption	3.78	4.18	4.06	3.50
Portfolio turnover rate	1.37	0	1.67	2.58
Trading expense ratio	0	0	0	0

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. This schedule is not intended to be a reconciliation of opening and closing NAV per unit.

Class F units

	Since Inception (September 2004)	2005
The Millennium BullionFund Class F Canadian Dollar units	8.6%	13.6%
Inflation (CPI, Statistics Canada)	2.0%	2.2%
Bank of Canada 3-month treasury	2.8%	2.8%
S&P/TSX	24.8%	21.9%
S&P 500 adjusted by Canadian-US exchange rate	0.0%	-0.2%

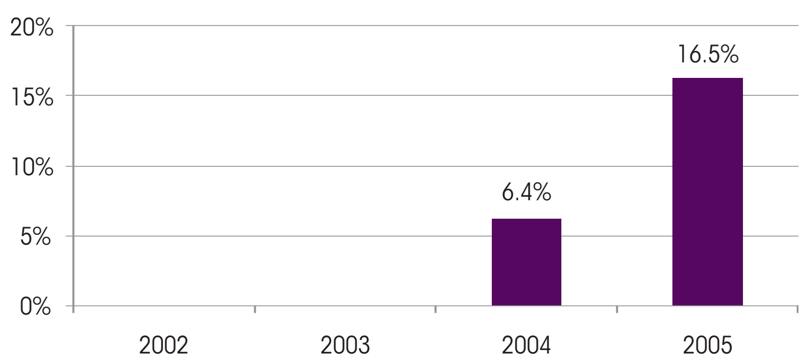
The above table shows the annual compound total returns for the Class F units in Canadian dollars. The annual returns are compared to inflation as measured by the Canadian CPI as calculated by Statistics Canada, as well as to the Bank of Canada's 3-month treasury bills. The S&P/TSX Composite Index measures the total returns (dividends are reinvested) of the 300 largest Canadian companies, in terms of three-year average quoted market. It has been included for comparative purposes as it was used in the previous year's prospectus. As the S&P/TSX index represents a different asset class with a different risk/reward relationship it will not be included in future years. S&P 500 Index measures the total return of the broader US economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends. It has been shown adjusted by the US-Canadian exchange rate for proper comparative purposes. The S&P 500 index also represents a different asset class with a different risk/reward relationship and will not be included in future years.



The above bar chart shows the in Canadian Dollar Class F units of the Fund's annual performance in each of the past two years to December 31st, 2005. The chart shows how an investment made on January 1st of the previous year would have increased or decreased by December 31st of the following year. Return shown for 2004 is for the period from Class F inception on September 15, 2004 to December 31, 2004.

	Since Inception (September 2004)	2005
The Millennium BullionFund Class F		
US Dollar units	18.1%	16.5%
Inflation (CPI, US Dept. of Labor)	2.0%	2.9%
US 3-month treasury	7.9%	9.7%
S&P 500	8.7%	3.0%
S&P/TSX adjusted by US-Canadian exchange rate	35.6%	25.8%

The above table shows the annual compound total returns for the Class F units in US dollars. The annual returns are compared to inflation as measured by the US CPI as calculated by the US Department of Labor, as well as to US 3-month treasury bills. S&P 500 Index measures the total return of the broader US economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends. It has been included for comparative purposes as it was used in the previous year's prospectus. As the S&P 500 index represents a different asset class with a different risk/reward relationship it will not be included in future years. The S&P/TSX Composite Index measures the total returns (dividends are reinvested) of the 300 largest Canadian companies, in terms of three-year average quoted market. It has been shown adjusted by the US-Canadian exchange rate for proper comparative purposes. The S&P/TSX index also represents a different asset class with a different risk/reward relationship and will not be included in future years.



The above bar chart shows the US Dollar Class F units of the Fund's annual performance in each of the past two years to December 31st, 2005. The chart shows how an investment made on January 1st of the previous year would have increased or decreased by December 31st of the following year. Return shown for 2004 is for the period from Class F inception on September 15, 2004 to December 31, 2004.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Class F units of the Fund and are intended to help you understand the Fund's financial performance for the years shown. The information is derived from the Fund's audited annual financial statements. In the year a portfolio or series is established, "period" represents the period from inception to December 31 of that fiscal year.

Class F Units (Canadian Dollar units)

For the periods ended	2005	2004
Per unit outstanding for the period		
Net asset value, beginning of period (1)	5.90	6.02
Increase (decrease) from operations		
Total revenue	0.00	0.00
Total expenses	(0.19)	(0.04)
Realized gains (losses)	0.00	0.00
Unrealized gains (losses)	1.02	(0.06)
Total increase (decrease) from operations (2)	**0.83**	**(0.10)**
Distributions		
From income	0.00	0.00
From dividends	0.00	0.00
From capital gains	0.00	0.00
Return of capital	0.00	0.00
Total annual distributions	**0.00**	**0.00**
Net asset value at end of period	6.70	5.90
Ratios/Supplementary Data		
Net assets (000s) (2)	$5,949,475	$4,339,163
Number of outstanding units (000s)	887,830	735,716
Management expense ratio %	2.17	2.14
Management expense ratio before waivers or absorption	2.73	2.67
Portfolio turnover rate	1.37	0
Trading expense ratio	0	0

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. This schedule is not intended to be a reconciliation of opening and closing NAV per unit. (2) This information is provided as at the period end of the year shown.

SUMMARY OF INVESTMENT PORTFOLIO

As the Fund has a fixed investment policy of purchasing equal amounts of gold, silver, and platinum, the Fund's portfolio holdings at December 31, 2005 were:

Commodity	% of Net Assets Invested
Gold	32.1%
Silver	36.1%
Platinum	30.0%

As the Fund does not rebalance portfolio holdings, the differential over an exact 33.3% allocation is due to the difference in performance of each metal.

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