

Annual Management Report of Fund Performance

BMO Harris U.S. Equity Portfolio

For the period ended December 31, 2014

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the Portfolio. If the annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by e-mailing us at contact.centre@bmo.com, by writing to us at BMO Private Investment Counsel Inc. (formerly BMO Harris Investment Management Inc.), 1 First Canadian Place, 100 King St. W., 41st Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at www.bmoprivatebanking.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Portfolio's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

Management Discussion of Fund Performance

BMO Harris Investment Management Inc. ("BHIMI" or the "Manager"), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of the BMO Harris Private Portfolios and has engaged BMO Asset Management Corp. ("BMO AM Corp." or the "sub-advisor") as the sub-advisor of BMO Harris U.S. Equity Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objective is to provide long term capital appreciation by investing primarily in larger capitalization U.S. equity securities.

To seek to achieve the Portfolio's objectives, the sub-advisor uses a disciplined investment process designed to maintain a diversified portfolio of equity securities of higher quality companies considered to be undervalued and that represent stronger than average growth characteristics.

Risk

No significant changes affecting the overall level of risk associated with investing in the Portfolio were made during the period. The risks of this Portfolio remain as discussed in the Portfolio's most recently filed simplified prospectus or its amendments.

Results of Operations

Over the 12-month period ended December 31, 2014, the Portfolio returned 27.21% in C\$ (16.34% in US\$), after expenses. The Portfolio's benchmark is the S&P 500 Index, which generated a 24.00% total return in C\$ (13.69% in US\$) over the same 12-month period.

Most investors had anticipated rising U.S. interest rates in 2014, but rates fell throughout the year. Continued strength in the U.S. economy coupled with relative weakness elsewhere led to strong equity returns and a very strong U.S. dollar. Both of these factors helped make U.S. stocks among the most attractive asset classes in 2014. Falling commodity prices over the second half of the year, particularly crude oil prices, led to increased equity market volatility.

The Portfolio outperformed the benchmark over the period. The Portfolio's underweight exposure to the Energy sector contributed to its performance over the period as oil prices fell. Stock selection within the Consumer Discretionary and Consumer Staples sectors also contributed to the Portfolio's performance. Significant individual contributors to the Portfolio's performance included Southwest Airlines Co. and Skyworks Solutions, Inc. Southwest Airlines Co. excelled operationally and benefited from strong demand and lower fuel prices that enabled the company to deliver consistently strong earnings and cash flow growth. Skyworks Solutions, Inc. delivered stellar results as it continued to increase its share of the smartphone market and the company is a key supplier for Apple Inc.'s iPhone 6.

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The Portfolio's underweight exposure to the Health Care sector detracted from performance, as did stock selection within the sector. While the Portfolio had an underweight position in the Energy sector as a whole, it had an overweight exposure to the energy equipment and services sub-sector, which detracted from its performance. Significant individual detractors from the Portfolio's performance included Halliburton Company and GNC Holdings, Inc. As well as suffering from declining commodity prices in the industry as a whole, Halliburton Company was also penalized by the market for its proposed acquisition of competitor Baker Hughes Incorporated during the fourth quarter. The under-performance of GNC Holdings, Inc. was driven by lower-than-expected earnings in the first quarter, which was mainly attributed to weather-related store closings.

During the period, the sub-advisor initiated a position in Gilead Sciences, Inc. which has experienced significant increases in sales, earnings and cash flows attributable to its recently released drug Sovaldi used for treating hepatitis C. The sub-advisor increased the Portfolio's position in pharmaceutical firm Johnson & Johnson given the stable, high-quality nature of the business as well as its attractive share price. The sub-advisor eliminated the Portfolio's position in QUALCOMM Incorporated, following disappointing earnings in the second quarter. The sub-advisor also decreased the Portfolio's position in Chevron Corporation because its fundamentals, including profitability and growth metrics, fell substantially as significantly lower oil prices led to lower levels of cash flows and income.

For information on the Portfolio's longer-term performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.

Recent Developments

Given the high levels of macroeconomic uncertainty with regard to global economic weakness, declining commodity prices and potential economic policy responses, the sub-advisor believes market volatility may be higher in the coming period than in recent years. The sub-advisor continues to focus on risk management and investing in companies with high-quality fundamentals that should perform well in a period of heightened market volatility.

The sub-advisor believes that the combination of a stronger U.S. dollar and lower oil prices will be positive for the U.S. consumer and is therefore focusing on stocks that may benefit from the relative strength of the U.S. economy.

The sub-advisor believes that market valuation multiples are appropriate given the current level of interest rates, and thus does not expect market valuation multiples to contract or expand significantly this year. Rather, the sub-advisor expects returns to be driven more by growth in earnings and cash flows.

Name Changes

Effective February 2, 2015, BMO Harris Investment Management Inc. is named BMO Private Investment Counsel Inc., and BMO Harris Private Banking is named BMO Private Banking. Effective February 2, 2015, the Portfolio is named BMO Private U.S. Equity Portfolio. These name changes are the result of a rebranding initiative by BMO Financial Group.

Significant Accounting Changes

Resulting from our Adoption of IFRS

Effective January 1, 2014, the Portfolio adopted International Financial Reporting Standards ("IFRS") as its basis of accounting. The annual financial statements for the year ended December 31, 2014 are the first set of annual financial statements prepared on an IFRS basis. The adjustments made to reflect the impact of the change from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS are presented in note 8 to the financial statements.

Key changes to the financial statements as a result of the implementation of IFRS are:

- Statement of Financial Position replaced the former Statement of Net Assets:
 - The Portfolio's unitholders investments in the units of the Portfolio did not qualify for equity classification under IFRS and have been classified as a financial liability for financial reporting purposes.
 - Classification of financial instruments: derivatives and short positions have been classified as held for trading while all other financial instruments have been designated as fair valued through profit and loss. Following adoption of IFRS by the Portfolio for financial reporting purposes the Portfolio now fair

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values its investment securities traded on an exchange at close price, which is determined as the price within the bid ask range that represents the best estimate of fair value.

- Statement of Comprehensive Income replaced Statement of Operations:
 - The Portfolio accounts for interest income using the effective interest rate method, rather than the coupon method previously used under Canadian GAAP.
- Statement of Changes in Net Assets Attributable to Holders of Redeemable Units replaced the Statement of Changes in Net Assets and the Portfolio now presents a Statement of Cash Flows.
- Other notable changes to the financial statement notes include additional or enhanced information in the notes to the financial statements including a more detailed note and reconciliation on the Portfolio's transition from Canadian GAAP to IFRS.

Related Party Transactions

BMO Trust Company, an indirect, wholly-owned subsidiary of Bank of Montreal, is the trustee (the "trustee") and BHIMI is the manager of the Portfolio. From time to time, BHIMI may, on behalf of the Portfolio, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Portfolio (each, a "related party" and collectively, the "related parties").

Sub-advisor

BHIMI has hired BMO AM Corp., a related party, to provide investment advice and make investment decisions for the Portfolio's investment portfolio. BMO AM Corp. receives an investment advisory fee based on assets under management, which is paid quarterly. BMO AM Corp. is paid by BHIMI.

Wealth Management Fee

Units of the Portfolio are only available through the wealth management service offered by BMO Financial Group. The trustee, a related party, and the Manager receive an annual fee from each investor for the wealth management service offered by BMO Financial Group.

A tiered schedule is applied to calculate the annual fee for this service. The fee schedule starts at 1.95% and declines to 0.20% (depending on the nature and size of the investor's investment portfolio), and is calculated as a percentage of the assets under management. The actual wealth management fee payable by each investor is set out in BHIMI's *Investment Management Fee Schedule* that has been provided to the investor when the investor enters into an investment management agreement with the trustee and BHIMI. The wealth management fee is paid directly by the investor to the trustee and the Manager. The trustee may compensate financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

Unitholder Services

The Portfolio is provided with certain facilities and services by related parties. BMO Asset Management Inc. ("BMO AM Inc.") is the registrar of the Portfolio. The trustee and BMO AM Inc. are paid by the Portfolio for fees relating to the custodial and administrative services they provide, respectively. Administrative services include fund accounting, record keeping and purchases/redemption order processing.

The fees charged to the Portfolio during the period were as follows:

	Period ended Dec. 31, 2014 (\$000s)	Period ended Dec. 31, 2013 (\$000s)
Unitholder Services	266	274

Management Fee

There is no management fee charged to the Portfolio. The trustee and the Manager receive an annual wealth management fee from investors for the wealth management service offered by BMO Financial Group.

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Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the periods indicated.

The Portfolio's Net Assets Per Unit ⁽¹⁾		Years ended December 31				
		2014	2013	2012	2011	2010
Net assets, beginning of period	\$	17.30	12.35	11.22	10.65	9.82
Increase (decrease) from operations:						
Total revenue	\$	0.35	0.26	0.22	0.17	0.13
Total expenses ⁽²⁾	\$	(0.07)	(0.06)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	\$	2.14	1.72	0.02	0.53	0.05
Unrealized gains (losses) for the period	\$	2.35	3.24	1.08	0.04	0.80
Total increase (decrease) from operations ⁽³⁾	\$	4.77	5.16	1.30	0.72	0.96
Distributions:						
From income (excluding dividends)	\$	—	0.00	0.00	0.00	—
From dividends	\$	0.26	0.19	0.19	0.17	0.11
From capital gains	\$	0.51	—	—	—	—
Return of capital	\$	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$	0.77	0.19	0.19	0.17	0.11
Net assets, end of period	\$	21.24	17.30	12.35	11.22	10.65

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements. The financial information presented for the years ended December 31, 2014 and December 31, 2013 is derived from the financial statements determined in accordance with IFRS. Information for years prior to January 1, 2013 is derived from prior period financial statements prepared in accordance with Canadian GAAP. An explanation of these differences can be found in the notes to the financial statements.

⁽²⁾ Includes commissions and portfolio transaction costs. Prior to 2013, withholding taxes were not included in expenses as they were included in revenue.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

⁽⁴⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data		Years ended December 31				
		2014	2013	2012	2011	2010
Total net asset value (000s) ⁽¹⁾	\$	2,110,352	1,488,013	738,655	620,756	586,020
Number of units outstanding (000s) ⁽¹⁾		99,343	86,021	59,827	55,317	55,010
Management expense ratio ⁽²⁾	%	0.03	0.05	0.06	0.08	0.09
Management expense ratio before waivers or management absorptions	%	0.26	0.22	0.14	0.08	0.09
Trading expense ratio ⁽³⁾	%	0.07	0.10	0.07	0.09	0.12
Portfolio turnover rate ⁽⁴⁾	%	61.24	67.59	38.03	64.95	64.11
Net asset value per unit	\$	21.24	17.30	12.35	11.22	10.65

⁽¹⁾ This information is provided as at December 31 of the period shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The portfolio turnover rate indicates how actively the Portfolio's sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

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Past Performance

General

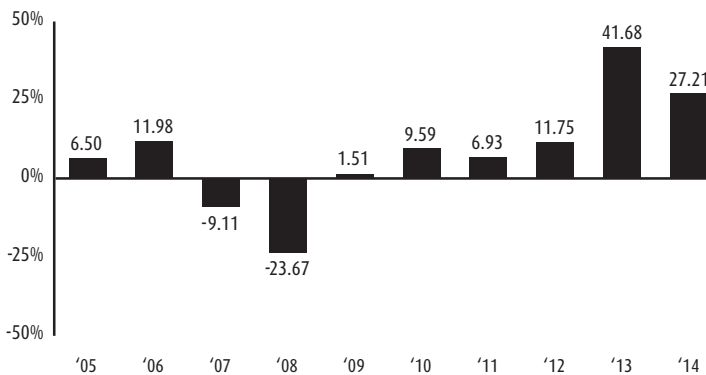
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember, how the Portfolio has performed in the past does not necessarily indicate how it will perform in the future.

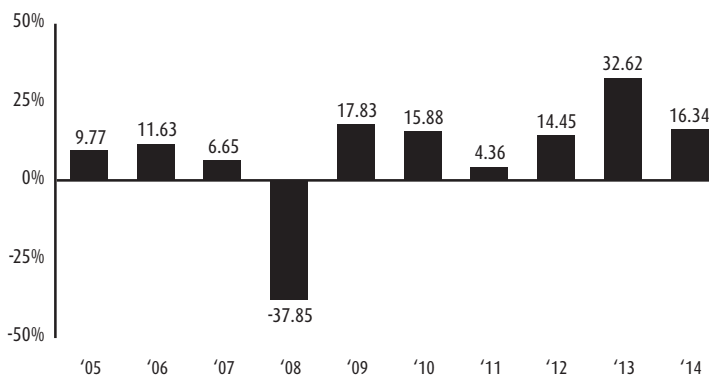
Year-by-Year Returns

The following bar charts show the performance for each of the financial years shown and illustrate how the performance has changed from year to year. The bar charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

BMO Harris U.S. Equity Portfolio (C\$)



BMO Harris U.S. Equity Portfolio (US\$)



Annual Compound Returns

These charts compare the historical annual compound returns of the Portfolio with the S&P 500 Index, which reflects changes in the performance of 500 widely-held U.S. common stocks.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Harris U.S. Equity Portfolio (C\$) [†]	27.21	26.29	18.74	7.08
S&P 500 Index (C\$)	24.00	25.82	17.86	7.28

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Harris U.S. Equity Portfolio [†] (US\$)	16.34	20.87	16.39	7.41
S&P 500 Index (US\$)	13.69	20.41	15.45	7.67

[†]The Portfolio's return is after the deduction of expenses, while the benchmark does not include any costs of investing.

A commentary on the market and/or information regarding the relative performance of the Portfolio as compared to its benchmark can be found under the Results of Operations section of this report.

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Summary of Investment Portfolio

as at December 31, 2014

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Financials	18.4	Issuer	
Information Technology	16.4	Apple Inc.	5.0
Consumer Discretionary	14.7	Microsoft Corporation	3.2
Health Care	14.1	Johnson & Johnson	3.1
Industrials	9.9	Wells Fargo & Company	2.8
Consumer Staples	9.8	Cash/Receivables/Payables	2.8
Energy	5.7	CVS Health Corporation	2.5
Utilities	5.5	Pfizer Inc.	2.5
Cash/Receivables/Payables	2.8	Union Pacific Corporation	2.4
Telecommunication Services	1.7	Gilead Sciences, Inc.	2.3
Materials	1.0	Kroger Co., The,	2.2
Total portfolio allocation	100.0	Travelers Companies Inc., The,	2.1
		Ameriprise Financial, Inc.	2.0
		Southwest Airlines Co.	2.0
		Discover Financial Services	2.0
		American Electric Power Company, Inc.	2.0
		Home Depot, Inc., The,	1.9
		Macy's, Inc.	1.9
		Archer Daniels Midland Company	1.9
		Comcast Corporation, Class A	1.8
		Dr Pepper Snapple Group, Inc.	1.8
		Medtronic, Inc.	1.7
		Capital One Financial Corporation	1.7
		Verizon Communications Inc.	1.7
		Equity Residential	1.7
		Oracle Corporation	1.7
		Top holdings as a percentage of total net asset value	56.7
		Total Net Asset Value	\$2,110,351,656

The summary of investment portfolio may change due to the Portfolio's ongoing portfolio transactions. Updates are available quarterly.

Manager

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Trustee

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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Portfolio may invest and the risks detailed from time to time in the simplified prospectus of the BMO Private Portfolios (formerly the BMO Harris Private Portfolios). We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Portfolio, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Private Investment Counsel Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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