

Semi-Annual Financial Statements

BMO Private Portfolios

June 30, 2015

BMO Private Canadian Short-Term Bond Portfolio

(formerly BMO Harris Canadian Short-Term Bond Portfolio)

NOTICE OF NO AUDITOR REVIEW OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

BMO Private Investment Counsel Inc., the Manager of the Portfolios, appoints independent auditors to audit the Portfolio's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Portfolio's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

BMO Private Canadian Short-Term Bond Portfolio
(formerly BMO Harris Canadian Short-Term Bond Portfolio) (unaudited)

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Canadian dollars, except per unit data)

As at	June 30 2015	December 31 2014
Assets		
Current Assets		
Cash	13,299	17,883
Investments		
Non-derivative financial assets	2,759,589	2,514,869
Receivable for investments sold	—	7,730
Subscriptions receivable	14,344	2,097
Interest receivable	13,811	13,051
Total assets	2,801,043	2,555,630
Liabilities		
Current Liabilities		
Payable for investments purchased	8,452	16,336
Redemptions payable	1,540	1,363
Distributions payable	222	—
Accrued expenses	131	123
Total liabilities	10,345	17,822
Net assets attributable to holders of redeemable units	2,790,698	2,537,808
Net assets attributable to holders of redeemable units per unit	\$ 10.64	\$ 10.56

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME

(All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	June 30 2015	June 30 2014
Income		
Interest income	25,116	12,314
Other changes in fair value of investments and derivatives		
Net realized gain	4,742	2,843
Change in unrealized appreciation	24,951	18,460
Net gain in fair value of investments and derivatives	54,809	33,617
Securities lending	327	207
Foreign exchange gain	0	0
Total other income	327	207
Total income	55,136	33,824
Expenses		
Sub-advisory fees	2,061	1,090
Audit fees	14	11
Independent review committee fees	4	4
Withholding taxes	1	0
Custodian fees	15	15
Legal and filing fees	77	74
Unitholder servicing fees	198	186
Printing and stationery fees	10	6
Operating expenses absorbed by the Manager	(2,061)	(1,090)
Total expenses	319	296
Increase in net assets attributable to holders of redeemable units	54,817	33,528
Increase in net assets attributable to holders of redeemable units per unit (note 3)	0.22	0.18

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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2015	June 30 2014
Net assets attributable to holders of redeemable units at beginning of period	2,537,808	2,023,678
Increase in net assets attributable to holders of redeemable units	54,817	33,528
Distributions to holders of redeemable units		
From net investment income	(34,831)	(25,606)
Total distributions paid to holders of redeemable units	(34,831)	(25,606)
Redeemable unit transactions		
Proceeds from redeemable units issued	387,390	292,493
Reinvestments of distributions to holders of redeemable units	33,571	24,673
Redemption of redeemable units	(188,057)	(405,296)
Net increase (decrease) from redeemable unit transactions	232,904	(88,130)
Net increase (decrease) in net assets attributable to holders of redeemable units	252,890	(80,208)
Net assets attributable to holders of redeemable units at end of period	2,790,698	1,943,470

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STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2015	June 30 2014
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	54,817	33,528
Adjustments for:		
Net realized gain on sale of investments and derivatives	(4,742)	(2,843)
Change in unrealized (appreciation) of investments and derivatives	(24,951)	(18,460)
(Increase) decrease in interest receivable	(760)	932
Increase (decrease) in accrued expenses	8	(34)
Amortization of premium and discount	10,118	13,673
Purchases of investments	(720,840)	(421,795)
Proceeds from sale and maturity of investments	495,541	512,775
Net cash from operating activities	(190,809)	117,776
Cash flows used in financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(1,038)	(771)
Proceeds from issuances of redeemable units	375,143	291,034
Amounts paid on redemption of redeemable units	(187,880)	(406,553)
Net cash used in financing activities	186,225	(116,290)
Net (decrease) increase in cash	(4,584)	1,486
Cash at beginning of year	17,883	9,204
Cash at end of year	13,299	10,690
Supplementary Information		
Interest received, net of withholding taxes*	34,473	26,919

*These items are from operating activities

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BMO Private Canadian Short-Term Bond Portfolio
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SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Bonds & Debentures			
<i>Federal Bonds — 46.1%</i>			
Canada Housing Trust, Mortgage Bonds, Series 43, Secured, 1.850% Dec 15, 2016	37,950	38,135	38,609
Canada Housing Trust, Mortgage Bonds, Series 46, Secured, 2.050% Jun 15, 2017	46,750	47,283	47,996
Canada Housing Trust, Mortgage Bonds, Series 49, Secured, 1.700% Dec 15, 2017	38,100	38,049	38,975
Canada Housing Trust, Mortgage Bonds, Series 51, Secured, 1.750% Jun 15, 2018	38,900	39,000	39,923
Canada Housing Trust, Mortgage Bonds, Series 54, Secured, 2.050% Jun 15, 2018	40,050	40,486	41,453
Canada Housing Trust, Mortgage Bonds, Series 56, Secured, 2.350% Dec 15, 2018	39,250	40,109	41,108
Canada Housing Trust, Mortgage Bonds, Series 23, Secured, 4.100% Dec 15, 2018	30,500	32,949	33,750
Canada Housing Trust, Mortgage Bonds, Series 59, Secured, 1.950% Jun 15, 2019	51,300	51,698	53,077
Canada Housing Trust, Mortgage Bonds, Series 61, Secured, 2.000% Dec 15, 2019	50,000	51,125	51,817
Canada Housing Trust, Mortgage Bonds, Series 30, Secured, 3.750% Mar 15, 2020	27,500	30,689	30,680
Canada Housing Trust, Mortgage Bonds, Series 64, Secured, 1.200% Jun 15, 2020	7,500	7,430	7,474
Canada Housing Trust, Mortgage Bond, Secured, 1.450% Jun 15, 2020	30,000	30,054	30,255
CPPIB Capital Inc., Series A, Senior, Unsecured, Notes, 1.400% Jun 4, 2020	3,000	2,979	3,000
Government of Canada, 1.000% Aug 1, 2016	56,250	56,177	56,516
Government of Canada, 2.750% Sep 1, 2016	33,250	33,914	34,097
Government of Canada, Unsecured, 1.000% Nov 1, 2016	30,650	30,688	30,849
Government of Canada, Unsecured, 0.250% May 1, 2017	37,000	36,801	36,849
Government of Canada, 1.500% Feb 1, 2017	66,750	67,000	67,818
Government of Canada, 1.500% Mar 1, 2017	56,100	56,211	57,066
Government of Canada, 4.000% Jun 1, 2017	21,000	22,210	22,414
Government of Canada, 1.250% Aug 1, 2017	38,750	39,047	39,361
Government of Canada, 1.500% Sep 1, 2017	40,250	40,438	41,144
Government of Canada, Unsecured, 1.250% Feb 1, 2018	35,500	36,131	36,197
Government of Canada, 1.250% Mar 1, 2018	38,250	38,469	39,051
Government of Canada, 4.250% Jun 1, 2018	24,250	26,198	26,889
Government of Canada, 1.250% Sep 1, 2018	80,400	78,998	82,346
Government of Canada, 1.750% Mar 1, 2019	47,500	47,876	49,574
Government of Canada, 3.750% Jun 1, 2019	48,750	52,856	54,621
Government of Canada, Unsecured, 1.750% Sep 1, 2019	58,500	59,081	61,104
Government of Canada, Unsecured, 1.500% Mar 1, 2020	40,350	41,493	41,606
Government of Canada, 3.500% Jun 1, 2020	44,238	49,606	49,751
		1,263,180	1,285,370

Provincial Bonds — 16.5%

Financement-Quebec, Medium Term Notes, Unsecured, 3.500% Dec 1, 2016	3,000	3,091	3,117
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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Financement-Quebec, Medium Term Notes, Unsecured, 3.500% Dec 1, 2017	7,500	7,826	7,969
Financement-Quebec, Unsecured, Notes, 2.400% Dec 1, 2018	11,000	11,034	11,492
Financement-Quebec, Unsecured, Notes, 2.450% Dec 1, 2019	20,000	20,649	20,978
Province of Alberta, 1.750% Jun 15, 2017	8,950	9,018	9,126
Province of Alberta, 1.700% Dec 15, 2017	7,750	7,758	7,915
Province of Alberta, 1.600% Jun 15, 2018	6,750	6,677	6,884
Province of Alberta, Notes, 4.000% Dec 1, 2019	3,550	3,886	3,968
Province of Alberta, Unsecured, 1.250% Jun 1, 2020	4,250	4,189	4,224
Province of British Columbia, Unsecured, Notes, 4.700% Dec 1, 2017	6,650	7,084	7,265
Province of British Columbia, Medium Term Notes, Senior, Unsecured, 4.650% Dec 18, 2018	9,250	10,258	10,389
Province of British Columbia, Unsecured, Notes, 2.250% Mar 1, 2019	11,000	11,220	11,473
Province of Manitoba, Notes, 2.050% Dec 1, 2016	11,000	11,096	11,206
Province of Manitoba, Unsecured, 1.850% Jun 1, 2017	2,000	2,025	2,041
Province of Manitoba, Unsecured, Notes, 1.850% Sep 5, 2018	3,000	3,025	3,080
Province of Manitoba, 4.150% Jun 3, 2020	2,500	2,825	2,820
Province of New Brunswick, Unsecured, 4.700% Jul 21, 2016	8,000	8,250	8,332
Province of New Brunswick, 4.450% Mar 26, 2018	3,250	3,452	3,555
Province of New Brunswick, Notes, 4.400% Jun 3, 2019	5,000	5,449	5,605
Province of New Brunswick, Notes, 4.500% Jun 2, 2020	5,750	6,573	6,570
Province of Nova Scotia, Unsecured, Debentures, 4.600% Aug 18, 2016	2,500	2,593	2,608
Province of Nova Scotia, 4.150% Nov 25, 2019	5,500	6,043	6,164
Province of Ontario, Notes, 3.200% Sep 8, 2016	17,500	17,923	18,015
Province of Ontario, 4.300% Mar 8, 2017	23,200	23,255	24,578
Province of Ontario, Unsecured, 1.900% Sep 8, 2017	25,350	25,438	25,952
Province of Ontario, 4.200% Mar 8, 2018	17,750	18,972	19,298
Province of Ontario, Unsecured, 2.100% Sep 8, 2018	40,000	40,420	41,363
Province of Ontario, 4.400% Jun 2, 2019	33,000	36,284	37,067
Province of Ontario, Unsecured, 2.100% Sep 8, 2019	32,000	32,555	33,131
Province of Ontario, 4.200% Jun 2, 2020	21,000	23,756	23,755
Province of Quebec, Unsecured, Debentures, 4.500% Dec 1, 2016	14,500	15,075	15,272
Province of Quebec, Medium Term Notes, 4.500% Dec 1, 2017	14,000	15,056	15,219
Province of Quebec, Medium Term Notes, 4.500% Dec 1, 2018	15,700	17,172	17,515
Province of Quebec, Unsecured, Notes, 4.500% Dec 1, 2019	25,100	27,864	28,555
Province of Saskatchewan, Unsecured, Notes, 4.500% Aug 23, 2016	5,000	5,167	5,215
		452,958	461,716

Municipal Bonds — 0.7%

Municipal Finance Authority of British Columbia, Series DQ, Unsecured, Debentures, 5.100% Nov 20, 2018	12,500	13,601	14,131
Municipal Finance Authority of British Columbia, Series DT, Unsecured, Debentures, 4.450% Jun 1, 2020	4,500	5,123	5,117
		18,724	19,248

Corporate Bonds & Debentures — 34.1%

Alberta Capital Finance Authority, Senior, Unsecured, Notes, 4.650% Jun 15, 2017	4,400	4,680	4,729
Alimentation Couche-Tard Inc., Series 2, Senior, Unsecured, Notes, 3.319% Nov 1, 2019	4,650	4,717	4,887

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
AltaLink Investments L.P., Series 13-1, Senior, Unsecured, Notes, Callable, 3.265% Jun 5, 2020	2,700	2,834	2,844
American Express Canada Credit Corp., Medium Term Notes, Senior, Unsecured, 2.310% Mar 29, 2018	2,000	1,997	2,048
Bank of Montreal, Deposit Notes, Unsecured, 2.960% Aug 2, 2016	8,500	8,578	8,665
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.390% Jul 12, 2017	9,000	9,054	9,206
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.240% Dec 11, 2017	10,250	10,248	10,478
Bank of Montreal, Deposit Notes, Senior, Unsecured, 3.210% Sep 13, 2018	8,500	8,654	8,978
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.430% Mar 4, 2019	4,000	4,026	4,137
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.840% Jun 4, 2020	3,000	3,145	3,139
Bank of Montreal, Medium Term Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 3.979% Jul 8, 2021	8,500	8,794	8,713
Bank of Montreal, Series F, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 6.170% Mar 28, 2023	6,000	6,838	6,728
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.100% Nov 8, 2016	5,500	5,545	5,566
Bank of Nova Scotia, Deposit Notes, Senior, 2.740% Dec 1, 2016	8,750	8,850	8,933
Bank of Nova Scotia, Deposit Notes, Senior, 2.598% Feb 27, 2017	8,000	8,092	8,174
Bank of Nova Scotia, Deposit Notes, Senior, 4.100% Jun 8, 2017	8,000	8,276	8,430
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.370% Jan 11, 2018	9,000	8,995	9,226
Bank of Nova Scotia, Senior, Unsecured, Notes, 2.242% Mar 22, 2018	9,500	9,455	9,714
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.750% Aug 13, 2018	3,000	3,106	3,120
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.462% Mar 14, 2019	5,950	5,994	6,155
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.400% Oct 28, 2019	10,750	10,858	11,068
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.270% Jan 13, 2020	3,000	3,046	3,067
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.130% Jun 15, 2020	3,000	3,016	3,031
Bank of Nova Scotia, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 2.898% Aug 3, 2022	10,000	10,122	10,272
Bank of Nova Scotia, Fixed to Floating, Notes, Subordinated, Callable, 3.036% Oct 18, 2024	6,700	6,877	6,994
bcIMC Realty Corp., Series 9, Unsecured, Notes, 2.650% Jun 29, 2017	1,500	1,508	1,539
bcIMC Realty Corp., Unsecured, Notes, 2.790% Aug 2, 2018	2,500	2,545	2,603
bcIMC Realty Corp., Series 8, Unsecured, Notes, 2.960% Mar 7, 2019	7,000	7,115	7,368
Bell Canada, Series M-22, Medium Term Notes, 4.400% Mar 16, 2018	8,500	8,946	9,110
Bell Canada, Medium Term Notes, Senior, Unsecured, 4.880% Apr 26, 2018	3,500	3,724	3,804
Bell Canada, Series M-25, Senior, Unsecured, Debentures, 3.350% Jun 18, 2019	5,500	5,665	5,800

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Bell Canada, Medium Term Notes, Senior, Unsecured, 3.540% Jun 12, 2020	6,000	6,327	6,343
BMO Capital Trust II, Series A, Fixed to Floating, Junior, Unsecured, Notes, Callable, 10.221% Dec 31, 2107	1,000	1,306	1,272
BMW Canada Inc., Series G, Senior, Unsecured, Notes, 2.390% Nov 27, 2017	4,000	4,057	4,099
BMW Canada Inc., Series K, Senior, Unsecured, Notes, 2.330% Sep 26, 2018	7,250	7,297	7,458
BMW Canada Inc., Series M, Senior, Unsecured, Notes, 2.270% Nov 26, 2018	2,100	2,114	2,156
Caisse centrale Desjardins, Medium Term Deposit Notes, Senior, Unsecured, 2.281% Oct 17, 2016	9,000	9,015	9,120
Caisse centrale Desjardins, Medium Term Notes, Senior, Unsecured, 2.795% Nov 19, 2018	4,800	4,920	5,005
Caisse centrale Desjardins, Medium Term Notes, Senior, Unsecured, 2.443% Jul 17, 2019	3,000	3,006	3,102
Cameco Corporation, Series D, Senior, Unsecured, Notes, 5.670% Sep 2, 2019	4,000	4,434	4,519
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, Unsecured, 2.650% Nov 8, 2016	11,000	11,070	11,212
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, Unsecured, 3.950% Jul 14, 2017	5,250	5,483	5,533
Canadian Imperial Bank of Commerce, Unsecured, Notes, 2.350% Oct 18, 2017	8,500	8,582	8,704
Canadian Imperial Bank of Commerce, Unsecured, Notes, 2.220% Mar 7, 2018	9,000	9,010	9,208
Canadian Imperial Bank of Commerce, Deposit Notes, Unsecured, 2.350% Jun 24, 2019	5,000	5,013	5,169
Canadian Imperial Bank of Commerce, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 6.000% Jun 6, 2023	2,500	2,834	2,810
Canadian Natural Resources Limited, Medium Term Notes, Senior, Unsecured, 3.050% Jun 19, 2019	1,500	1,529	1,560
Canadian Pacific Railway Company, Medium Term Notes, Unsecured, 6.250% Jun 1, 2018	2,000	2,207	2,274
Canadian Western Bank, Deposit Notes, Senior, Unsecured, 2.531% Mar 22, 2018	2,000	2,010	2,033
Canadian Western Bank, Fixed to Floating, Notes, Subordinated, Callable, 3.463% Dec 17, 2024	5,000	5,137	5,160
Capital Desjardins Inc., Series G, Senior, Secured, Notes, 5.187% May 5, 2020	2,110	2,384	2,404
Caterpillar Financial Services Limited, Unsecured, 2.63% Jun 1, 2017	5,000	5,030	5,127
Choice Properties Real Estate Investment Trust, Series A, Senior, Unsecured, Notes, 3.554% Jul 5, 2018	6,100	6,202	6,417
CIBC Capital Trust, Series A, Tier 1 Notes, Fixed to Floating, Unsecured, Subordinated, 9.976% Jun 30, 2108	6,000	7,865	7,721
Cominar Real Estate Investment Trust, Series 1, Senior, Unsecured, Notes, 4.274% Jun 15, 2017	2,000	2,028	2,076
Cominar Real Estate Investment Trust, Series 2, Senior, Unsecured, Notes, 4.230% Dec 4, 2019	5,000	5,146	5,237

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
CU Inc., Medium Term Notes, Senior, Unsecured, Callable, 6.800% Aug 13, 2019	6,000	7,107	7,260
Daimler Canada Finance Inc., Senior, Unsecured, Notes, 3.280% Sep 15, 2016	2,000	2,025	2,045
Daimler Canada Finance Inc., Senior, Unsecured, Notes, 2.280% Feb 17, 2017	3,750	3,752	3,805
Daimler Canada Finance Inc., Senior, Unsecured, Notes, 1.420% Oct 2, 2018	1,750	1,740	1,745
Dollarama Inc., Senior, Unsecured, Notes, 3.095% Nov 5, 2018	3,500	3,534	3,637
Enbridge Gas Distribution Inc., Medium Term Notes, Senior, Unsecured, 1.850% Apr 24, 2017	4,000	4,021	4,040
Enbridge Inc., Medium Term Notes, Unsecured, Callable, 4.770% Sep 2, 2019	3,250	3,545	3,563
Enbridge Inc., Medium Term Notes, Unsecured, 4.530% Mar 9, 2020	10,000	10,980	10,866
Enbridge Income Fund Holdings Inc., Medium Term Notes, Senior, Unsecured, 2.920% Dec 14, 2017	2,500	2,526	2,571
Enbridge Pipelines Inc., Medium Term Notes, Senior, Unsecured, Unsubordinated, 4.450% Apr 6, 2020	1,500	1,691	1,665
EPCOR Utilities Inc., Medium Term Notes, Senior, Unsecured, 5.800% Jan 31, 2018	4,000	4,328	4,448
First Capital Realty, Inc., Series M, Senior, Unsecured, Notes, 5.600% Apr 30, 2020	3,500	4,005	4,000
Ford Credit Canada Ltd., Senior, Unsecured, Notes, 4.875% Feb 8, 2017	2,000	2,098	2,100
Ford Credit Canada Ltd., Senior, Unsecured, Notes, 3.320% Dec 19, 2017	3,500	3,504	3,632
Ford Credit Canada Ltd., Senior, Unsecured, Notes, 3.700% Aug 2, 2018	2,500	2,580	2,640
Ford Credit Canada Ltd., Senior, Unsecured, Notes, 2.939% Feb 19, 2019	6,250	6,281	6,461
Ford Credit Canada Ltd., Senior, Unsecured, Notes, 2.450% May 7, 2020	3,000	2,999	3,011
GE Capital Canada Funding Company, Series A, Medium Term Notes, 5.530% Aug 17, 2017	6,500	6,911	7,078
GE Capital Canada Funding Company, Senior, Unsecured, Notes, 2.420% May 31, 2018	9,500	9,545	9,787
GE Capital Canada Funding Company, Medium Term Notes, Senior, Unsecured, 5.680% Sep 10, 2019	3,000	3,492	3,494
General Motors Financial of Canada, Ltd., Senior, Unsecured, Notes, 3.250% May 30, 2017	2,000	2,024	2,045
Granite REIT Holdings Limited Partnership, Senior, Unsecured, Notes, 4.613% Oct 2, 2018	3,000	3,000	3,216
Greater Toronto Airports Authority, Series 2007-1, Medium Term Notes, Secured, Callable, 4.850% Jun 1, 2017	4,161	4,371	4,454
Greater Toronto Airports Authority, Series 2008-1, Medium Term Notes, Secured, 5.260% Apr 17, 2018	5,000	5,419	5,562
Greater Toronto Airports Authority, Series 2009-1, Medium Term Notes, Secured, 5.960% Nov 20, 2019	5,625	6,496	6,704
Great-West LifeCo Finance (Delaware) LP, Fixed to Floating, Debentures, Subordinated, Callable, 5.691% Jun 21, 2067	8,000	8,826	8,636

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Great-West LifeCo Finance (Delaware) LP II, Fixed to Floating, Debentures, Subordinated, Callable, 7.127% Jun 26, 2068	3,500	4,122	4,062
Honda Canada Finance, Inc., Senior, Unsecured, Notes, 2.275% Dec 11, 2017	6,200	6,265	6,337
HSBC Bank of Canada, Deposit Notes, Senior, 2.901% Jan 13, 2017	9,000	9,106	9,212
HSBC Bank of Canada, Deposit Notes, 3.558% Oct 4, 2017	2,000	2,070	2,096
HSBC Bank of Canada, Deposit Notes, Senior, Unsecured, 2.491% May 13, 2019	2,000	2,012	2,064
HSBC Bank of Canada, Deposit Notes, Senior, Unsecured, 2.938% Jan 14, 2020	7,200	7,443	7,551
Husky Energy Inc., Medium Term Notes, Senior, Unsecured, 5.000% Mar 12, 2020	6,120	6,839	6,866
Hydro One Inc., Series 13, Medium Term Notes, Unsecured, 5.180% Oct 18, 2017	4,000	4,283	4,365
Hydro One Inc., Series 28, Medium Term Notes, Senior, Unsecured, 2.780% Oct 9, 2018	3,550	3,614	3,725
Hydro One Inc., Series 20, Medium Term Notes, Senior, Unsecured, 4.400% Jun 1, 2020	1,800	2,034	2,026
IGM Financial, Inc., Senior, Unsecured, Notes, 6.580% Mar 7, 2018	4,328	4,776	4,894
IGM Financial, Inc., Senior, Unsecured, Notes, 7.350% Apr 8, 2019	1,500	1,740	1,800
Intact Financial Corporation, Series 1, Medium Term Notes, Senior, Unsecured, 5.410% Sep 3, 2019	2,000	2,222	2,283
John Deere Canada Funding Inc., Series 12-01, Senior, Unsecured, 2.300% Jul 5, 2016	5,000	5,011	5,054
John Deere Canada Funding Inc., Medium Term Notes, Senior, Unsecured, 1.950% Apr 12, 2017	2,500	2,527	2,530
John Deere Canada Funding Inc., Series 13-03, Senior, Unsecured, 2.650% Jul 16, 2018	5,000	5,144	5,189
John Deere Canada Funding Inc., Series 14-02, Senior, Unsecured, 2.350% Jun 24, 2019	3,000	3,005	3,098
Loblaw Companies Limited, Series 2019, Senior, Unsecured, Notes, 3.748% Mar 12, 2019	6,500	6,735	6,962
Loblaw Companies Limited, Series 2-B, Medium Term Notes, Senior, Unsecured, 5.220% Jun 18, 2020	1,600	1,821	1,823
Manufacturers Life Insurance Company, The, Fixed to Floating, Notes, Subordinated, Callable, 2.926% Nov 29, 2023	2,000	2,040	2,082
Manufacturers Life Insurance Company, The, Fixed to Floating, Notes, Subordinated, Callable, 2.811% Feb 21, 2024	8,500	8,604	8,821
Manufacturers Life Insurance Company, The, Fixed to Floating, Notes, Subordinated, Callable, 2.100% Jun 1, 2025	4,000	3,982	3,990
Manulife Financial Capital Trust II, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 7.405% Dec 31, 2108	7,000	8,641	8,578
Manulife Financial Corporation, Medium Term Notes, Senior, Unsecured, 7.768% Apr 8, 2019	1,500	1,761	1,823
National Bank of Canada, Deposit Notes, Unsecured, 2.702% Dec 15, 2016	2,000	2,026	2,041
National Bank of Canada, Deposit Notes, Senior, Unsecured, 2.019% Apr 13, 2017	4,000	4,015	4,052
National Bank of Canada, Deposit Notes, Senior, Unsecured, 2.689% Aug 21, 2017	4,500	4,577	4,628

The accompanying notes are an integral part of these financial statements.

BMO Private Canadian Short-Term Bond Portfolio
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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
National Bank of Canada, Deposit Notes, Senior, Unsecured, 1.951% Dec 11, 2017	2,500	2,525	2,536
National Bank of Canada, Deposit Notes, Unsecured, 2.794% Aug 9, 2018	3,000	2,991	3,122
National Bank of Canada, Deposit Notes, Senior, Unsecured, 2.404% Oct 28, 2019	4,000	4,037	4,117
National Bank of Canada, Deposit Notes, Senior, Unsecured, 1.742% Mar 3, 2020	2,000	1,980	1,991
National Bank of Canada, Medium Term Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 3.261% Apr 11, 2022	12,000	12,279	12,357
NAV Canada, Series 2009-1, Medium Term Notes, Senior, Unsecured, 5.304% Apr 17, 2019	3,800	4,202	4,364
NBC Asset Trust, Trust Capital Securities, Series 2, Fixed to Floating Rate, Callable, Perpetual, Asset-Backed, 7.447% Jun 30, 2049	1,000	1,225	1,225
NBC Asset Trust, Fixed to Floating, Secured, Subordinated, Perpetual, Callable, Asset-Backed, 7.235% Jun 30, 2049	1,000	1,183	1,156
OMERS Realty Corporation, Notes, 4.740% Jun 4, 2018	8,995	9,635	9,904
RBC Capital Trust, RBC TruCS, Series 2008-1, Fixed to Floating, Junior, Notes, Subordinated, Perpetual, Callable, 6.821% Dec 31, 2049	2,000	2,348	2,289
Reliance LP, Medium Term Notes, Secured, 4.574% Mar 15, 2017	1,000	1,007	1,032
RioCan Real Estate Investment Trust, Series S, Senior, Unsecured, Notes, 2.870% Mar 5, 2018	6,500	6,501	6,681
RioCan Real Estate Investment Trust, Series Q, Senior, Unsecured, Notes, 3.850% Jun 28, 2019	3,050	3,165	3,250
RioCan Real Estate Investment Trust, Series U, Senior, Unsecured, Notes, 3.620% Jun 1, 2020	650	686	683
Rogers Communications, Inc., Senior, Unsecured, Notes, 3.000% Jun 6, 2017	1,500	1,528	1,541
Rogers Communications, Inc., Senior, Unsecured, Notes, 5.380% Nov 4, 2019	5,500	6,166	6,254
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 3.030% Jul 26, 2016	8,000	8,096	8,159
Royal Bank of Canada, Senior, Unsecured, Notes, 2.680% Dec 8, 2016	9,000	9,096	9,182
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 3.660% Jan 25, 2017	9,189	9,381	9,525
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.580% Apr 13, 2017	9,500	9,586	9,717
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.364% Sep 21, 2017	6,000	6,013	6,136
Royal Bank of Canada, Senior, Unsecured, Notes, 2.260% Mar 12, 2018	9,000	8,994	9,206
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.820% Jul 12, 2018	11,050	11,143	11,505
Royal Bank of Canada, Deposit Notes, Unsecured, 2.890% Oct 11, 2018	6,600	6,702	6,898
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.770% Dec 11, 2018	9,700	9,778	10,110
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.980% May 7, 2019	8,500	8,704	8,954

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As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.350% Dec 9, 2019	5,000	5,166	5,137
Royal Bank of Canada, Series 15, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 2.990% Dec 6, 2024	12,000	12,288	12,501
Saputo Inc., Medium Term Notes, Senior, Unsecured, 2.654% Nov 26, 2019	2,000	2,080	2,070
Scotiabank Tier I Trust, Scotia BaTS III, Series 2009-1, Fixed to Floating, Senior, Unsecured, Notes, Callable, 7.802% Jun 30, 2108	3,000	3,696	3,632
Shaw Communications Inc., Senior, Unsecured, Notes, Callable, 5.700% Mar 2, 2017	2,000	2,100	2,133
Shaw Communications Inc., Senior, Unsecured, Notes, 5.650% Oct 1, 2019	7,000	7,786	8,001
Shoppers Drug Mart Corporation, Series 6, Medium Term Notes, Senior, Unsecured, 2.360% May 24, 2018	1,700	1,712	1,738
Sobeys Inc., Series 2013-1, Senior, Unsecured, Notes, 3.520% Aug 8, 2018	5,500	5,598	5,777
Standard Life Assurance Company of Canada, Fixed to Floating, Notes, Subordinated, Callable, 3.938% Sep 21, 2022	4,000	4,137	4,201
Sun Life Capital Trust II, Series 2009-1, SLEECs, Fixed to Floating, Senior, Notes, Subordinated, Callable, 5.863% Dec 31, 2108	2,500	2,877	2,911
Sun Life Financial Inc., Series D, Senior, Unsecured, Notes, 5.700% Jul 2, 2019	1,000	1,129	1,156
Sun Life Financial Inc., Series 2012-1, Fixed to Floating, Unsecured, Debentures, Subordinated, Callable, 4.380% Mar 2, 2022	3,000	3,151	3,139
Sun Life Financial Inc., Series 14-1, Fixed to Floating, Notes, Subordinated, Callable, 2.770% May 13, 2024	3,000	3,028	3,102
Suncor Energy, Inc., Series 4, Medium Term Notes, Unsecured, Callable, 5.800% May 22, 2018	5,105	5,582	5,725
TD Capital Trust III, Series 2008, CaTS, Fixed to Floating, Unsecured, Notes, Perpetual, Callable, 7.243% Dec 31, 2049	11,000	13,162	12,965
TELUS Corporation, Series CD, Senior, Unsecured, Notes, 4.950% Mar 15, 2017	5,000	5,219	5,289
TELUS Corporation, Series CG, Senior, Unsecured, Notes, 5.050% Dec 4, 2019	9,130	10,080	10,310
Thomson Reuters Corporation, Senior, Unsecured, Notes, 3.369% May 23, 2019	2,000	2,091	2,104
Toronto Hydro Corporation, Series 3, Senior, Unsecured, Notes, 4.490% Nov 12, 2019	3,500	3,934	3,930
Toronto-Dominion Bank, The, Deposit Notes, 2.948% Aug 2, 2016	4,500	4,553	4,588
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.433% Aug 15, 2017	9,000	9,015	9,224
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.171% Apr 2, 2018	7,450	7,474	7,614
Toronto-Dominion Bank, The, Deposit Notes, Unsecured, 2.447% Apr 2, 2019	12,000	12,176	12,423
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.563% Jun 24, 2020	6,000	6,167	6,202
Toronto-Dominion Bank, The, Medium Term Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 5.828% Jul 9, 2023	2,000	2,233	2,244

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Toronto-Dominion Bank, The, Medium Term Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 4.779% Dec 14, 2105	10,000	10,823	10,451
Toronto-Dominion Bank, The, Medium Term Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 5.763% Dec 18, 2106	10,500	12,023	11,537
Toyota Credit Canada Inc., Medium Term Notes, Senior, Unsecured, 2.200% Oct 19, 2017	5,000	4,993	5,099
Toyota Credit Canada Inc., Medium Term Notes, Senior, Unsecured, 2.750% Jul 18, 2018	2,000	2,005	2,079
Toyota Credit Canada Inc., Medium Term Notes, Senior, Unsecured, 2.800% Nov 21, 2018	2,000	2,035	2,088
Toyota Credit Canada Inc., Medium Term Notes, Senior, Unsecured, 2.250% May 23, 2019	2,000	2,001	2,052
Toyota Credit Canada Inc., Senior, Unsecured, Notes, 1.800% Feb 19, 2020	2,500	2,477	2,502
Trans Quebec & Maritimes Pipeline Inc., Unsecured, Notes, 4.250% Sep 15, 2017	2,867	2,955	3,027
TransCanada PipeLines Limited, Medium Term Notes, Senior, Unsecured, 4.650% Oct 3, 2016	3,296	3,416	3,432
TransCanada PipeLines Limited, Medium Term Notes, Unsecured, Callable, 5.100% Jan 11, 2017	3,500	3,652	3,695
Ventas Canada Finance Ltd., Series A, Senior, Unsecured, Notes, 3.000% Sep 30, 2019	3,000	3,025	3,097
Veresen Inc., Series 2, Medium Term Notes, Unsecured, 3.950% Mar 14, 2017	2,500	2,570	2,581
VW Credit Canada Inc., Senior, Unsecured, Notes, 2.200% Oct 11, 2016	2,000	1,999	2,022
VW Credit Canada Inc., Senior, Unsecured, Notes, 2.450% Nov 14, 2017	4,000	4,020	4,099
VW Credit Canada Inc., Senior, Unsecured, Notes, 2.500% Oct 1, 2019	2,300	2,312	2,375
Wells Fargo Financial Canada Corporation, Medium Term Notes, Senior, Unsecured, 2.774% Feb 9, 2017	11,093	11,207	11,353
Wells Fargo Financial Canada Corporation, Medium Term Notes, Senior, Unsecured, 2.780% Nov 15, 2018	7,250	7,467	7,563
Wells Fargo Financial Canada Corporation, Medium Term Notes, Senior, Unsecured, 2.944% Jul 25, 2019	10,650	10,892	11,181
Westcoast Energy Inc., Series 9, Medium Term Notes, Senior, Unsecured, 5.600% Jan 16, 2019	2,500	2,747	2,815
Westcoast Energy Inc., Series 10, Medium Term Notes, Senior, Unsecured, 4.570% Jul 2, 2020	1,500	1,658	1,661
WestJet Airlines Ltd., Senior, Unsecured, Notes, 3.287% Jul 23, 2019	5,000	5,002	5,152
		937,185	950,533
Asset-Backed Securities — 1.5%			
Genesis Trust II, Series 2013-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 2.295% Feb 15, 2017	8,000	8,089	8,137
Genesis Trust II, Series 2014-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 2.433% May 15, 2019	3,000	3,025	3,105
Genesis Trust II, Series 2015-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 1.699% Apr 15, 2020	6,000	5,953	5,987

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As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Glacier Credit Card Trust, Series 2012-2, Credit Card Asset-Backed, Senior, Notes, 2.394% Oct 20, 2017	4,500	4,542	4,606
Hollis Receivables Term Trust II, Series 2013-1, Class A, Receivables- Backed Notes, 2.235% Sep 26, 2016	3,000	3,020	3,036
Hollis Receivables Term Trust II, Series 2014-1, Class A, Receivables- Backed Notes, 2.434% Jun 26, 2019	3,000	3,017	3,102
Master Credit Card Trust, Series 2012-1, Class A, Credit Card Receivables-Backed Notes, Secured, 2.626% Jan 21, 2017	8,000	8,070	8,171
Master Credit Card Trust II, Series 2013-4, Class A, Credit Card Receivables-Backed Notes, 2.723% Nov 21, 2018	6,300	6,422	6,578
		42,138	42,722
Total Investment Portfolio — 98.9%		2,714,185	2,759,589
Other Assets Less Liabilities — 1.1%			31,109
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%			2,790,698

The accompanying notes are an integral part of these financial statements.

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1.The Portfolio

BMO Private Canadian Short-Term Bond Portfolio (“the Portfolio”) is an open-ended mutual fund trust established by a Declaration of Trust under the laws of the Province of Ontario, most recently amended on May 7, 2014. BMO Private Investment Counsel Inc. (“the Manager”) is the Manager of the Portfolio. The address of the Portfolio’s registered office is 1 First Canadian Place, 41st Floor, Toronto, Ontario.

The information provided in these unaudited interim financial statements is for the periods ended June 30, 2015 and June 30, 2014, except for the comparative information in the Statement of Financial Position and the related notes which are as at December 31, 2014.

These financial statements were authorized for issue by the Manager on August 14, 2015.

2.Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Portfolio adopted this basis of accounting effective January 1, 2014, as required by Canadian securities legislation and the Canadian Accounting Standards Board. Certain prior period balances have been reclassified to conform with the current period presentation.

3.Summary of significant accounting policies

Financial instruments

The Portfolio records financial instruments at fair value. Investment transactions are accounted for on the trade date. The Portfolio’s investments are either designated at fair value through profit or loss (“FVTPL”) at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Portfolio’s Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Portfolio manages together and that have a recent actual pattern of short-term profit taking. The Portfolio classifies all derivatives and short positions as held for trading. The Portfolio does not designate any derivatives as hedges in a hedging relationship.

The Portfolio designates all other investments at FVTPL, as they have reliably measurable fair values, are part of a group of financial assets or liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Portfolio’s investment strategy.

The Portfolio’s outstanding redeemable units, which are puttable instruments, are entitled to a contractual obligation of annual distribution of any net income and net realized capital gains by the Portfolio. This annual distribution can be in cash at the option of the unitholders, and therefore the ongoing redemption feature is not the redeemable units’ only contractual obligation. Consequently, the units of the Portfolio do not meet the conditions to be classified as equity and therefore are classified as financial liabilities and presented at the redemption amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid or discounted, when appropriate, at the contract’s effective interest rate.

The Portfolio has determined that it meets the definition of “investment entity” and as a result, it measures subsidiaries other than those which provide services to the Portfolio, at FVTPL.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as change in unrealized appreciation (depreciation) in the Statement of Comprehensive Income.

For exchange traded securities close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account among other things, any

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significant events occurring after the close of a foreign market.

For bonds, debentures, asset-backed securities and other debt securities fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are carried at amortized cost which approximates fair value. Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price and terms of the warrant. Mutual fund units held as investments are valued at their respective Net Asset Value ("NAV") on each Valuation Date (the "Valuation Date" is each day on which the Toronto Stock Exchange is open for trading), as these values are the most readily and regularly available.

For securities where market quotes are not available, unreliable or not considered to reflect the current value, the Portfolio may determine another value which it considers to be fair and reasonable, or using a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data including volatility, comparable companies and other applicable rates or prices. These estimation techniques include discounted cash flows, internal models that utilize observable data or comparisons with other securities that are substantially similar. In limited circumstances, the Portfolio uses internal models where the inputs are not based on observable market data.

The Portfolio's accounting policies for measuring the fair value of its investments and derivatives are aligned with the valuation policies used in measuring its NAV for transactions with unitholders.

Derivative instruments

Derivative instruments are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange-traded contracts or negotiated over-the-counter contracts. The Portfolio may use these instruments for trading purposes, as well as to manage the Portfolio's risk exposures.

Derivatives are marked to fair value. Discussion of the fair value measurement of derivatives is included in Note 3. Realized and unrealized gains and losses are recorded in the Statement of Comprehensive Income.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Portfolio and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Portfolio may enter into forward currency contracts for hedging purposes which can include the hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly. The Portfolio may also enter into these contracts for non-hedging purposes which can include increasing the exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Portfolio is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition

Dividend income and distributions from investment trust units are recognized on the ex-dividend and ex-distribution date, respectively.

Interest income from interest bearing investments is recognized in the Statement of Comprehensive Income using the effective interest rate. Interest receivable is shown in the Statement of Financial Position is accrued based on the interest bearing investments' stated rates of interest.

Interest on inflation-indexed bonds is paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Comprehensive Income. If held to maturity, the Portfolio will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in "Realized gains (losses)" and unrealized foreign exchange gains (losses)

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are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains and losses relating to cash, receivables and payables are included in "Foreign exchange gain (loss)".

Securities lending

A Portfolio may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. Collateral held is government Treasury Bills and qualified Notes.

Income from securities lending, where applicable, is included in the Statement of Comprehensive Income and is recognized when earned. The securities on loan continue to be displayed in the Schedule of Investment Portfolio. The market value of the securities loaned and collateral held is determined daily. Aggregate values of securities held in trust as at June 30, 2015 and December 31, 2014, where applicable, are disclosed in Note 8(e).

Short-term trading penalty

To discourage excessive trading, the Portfolio may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Portfolio and is included in "Short-term penalty trading fees" in the Statement of Comprehensive Income.

Cash

Cash is comprised of cash and deposits with banks which include bankers' acceptances and overnight demand deposits. Cash is recorded at amortized cost.

Other assets and other liabilities

Dividend receivable, interest receivable, distributions from investment trust units receivable, due from broker and subscriptions receivable are measured at fair value and subsequently measured at amortized cost. Similarly, due to broker, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost, which approximates fair value.

Increase or decrease in net assets attributable to holders of redeemable units

"Increase (decrease) in net assets attributable to holders of redeemable units" in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units divided by the weighted average number of units outstanding during the period.

Taxation

The Portfolio qualifies as a unit trust under the provisions of the Income Tax Act (Canada). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders so that the Portfolio will not be subject to income tax. As a result, the Portfolio has determined that it is in substance not taxable and therefore nor does it not record income taxes in the Statement of Comprehensive Income and or recognize any deferred tax assets in the Statement of Financial Position.

The Portfolio incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis with the related withholding taxes are shown separately in the Statement of Comprehensive Income.

Investments in associates, joint ventures and subsidiaries

Subsidiaries are entities over which the Portfolio has control through its exposure or rights to variable returns from its investment and has the ability to affect those returns through its power over the entity. The Portfolio has determined that it is an investment entity and as such, it accounts for subsidiaries at fair value. Joint ventures are those where the Portfolio exercises joint control through an agreement with other shareholders. Associates are investments in which the Portfolio exerts significant influence over operating, investing, and financing decisions (such as entities in which the Portfolio owns 20% - 50% of voting shares), all of which have been designated at FVTPL.

Unconsolidated structured entities

The Portfolio invests in securitizations, asset-backed securities and mortgage-backed securities.

The Portfolio has determined that its investments in securitizations, asset-backed securities and mortgage-backed securities are unconsolidated structured entities. The determination is based on the fact that decision making about the securitizations, asset-backed securities and mortgage-backed securities is not governed by the voting right or other similar right held by the Portfolio.

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities created from many types of assets,

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including auto loans, credit card receivables, home equity loans, and student loans.

The Portfolio does not provide and has not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investments in the unconsolidated structured entities. During the periods, the Portfolio had no sponsored unconsolidated structured entities.

Additional information on the Portfolio's interest in unconsolidated structured entities, where applicable, is provided in Note 8.

Offsetting of financial assets and financial liabilities

Financial instruments are presented at net or gross amounts on the Statement of Financial Position depending on the existence of intention and legal right to offset opposite positions of such instruments held with the same counterparties. Amounts offset in the Statement of Financial Position are transactions for which the Portfolio has legally enforceable rights to offset and intends to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right of offset only in the event of default, insolvency or bankruptcy, or where the offset criteria are otherwise not met, including where the Portfolio has no intention to settling on a net basis. There were no master netting agreements during the periods.

Accounting standards issued but not yet adopted

Below are accounting standards issued or amended but not yet effective and not yet adopted. The Manager does not expect the adoption of these standards or amendments to have a significant impact to the Portfolio's financial statements.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through other comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own

credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard also addresses impairment of financial assets. It also introduced a new hedge accounting model that expands the scope of eligible hedged items and risks eligible for hedge accounting, and aligns hedge accounting more closely with risk management.

The new standard is effective for the Portfolio for its fiscal year beginning January 1, 2018. The Portfolio is evaluating the impact of this standard on its financial statements.

4. Critical accounting estimates and judgements

The preparation of financial statements requires the use of judgement in applying the Portfolio's accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Portfolio has made in preparing its financial statements:

Accounting judgements:

Functional and presentation currency

The Portfolio unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Portfolio invests in Canadian and U.S. dollars and other foreign denominated securities, as applicable. The performance of the Portfolio is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Portfolio's functional and presentation currency.

Classification of measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Portfolio, the Manager is required to make significant judgements about whether or not the business of the Portfolio is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

Fair value measurement of securities not quoted in an active market

The Portfolio has established policies and control procedures that are intended to ensure these

BMO Private Canadian Short-Term Bond Portfolio

(formerly BMO Harris Canadian Short-Term Bond Portfolio) (unaudited)

NOTES TO FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)

June 30, 2015

judgements are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the Portfolio's assets and liabilities are believed to be appropriate as at the reporting date.

The Portfolio may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by the Portfolio for the estimates used in determining fair value.

5.Units and unit transactions

The redeemable units of the Portfolio are classified as liabilities.

The units have no par value and are entitled to distributions, if any. Upon redemption, a unit is entitled to a proportionate share of the Portfolio's NAV. The Portfolio is required to pay distributions in an amount not less than the amount necessary to ensure the Portfolio will not be liable for income taxes. The Portfolio has no restrictions or specific capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8(a). The relevant movements in redeemable units are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Portfolio endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Redeemable units of the Portfolio are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit for the purposes of subscription or redemption is computed by dividing the NAV of the Portfolio (that is, the total fair value of the assets less the liabilities) by the total number of units of the Portfolio outstanding at such time.

6.Related party transactions

(a) Unitholder servicing, sub-advisory commissions and other portfolio transaction costs

The Portfolio is provided with certain facilities and services by affiliates of the Manager. Expenses incurred in the administration of the Portfolio were paid to BMO Trust Company ("the Trustee") and to BMO Asset Management Inc. ("the Registrar") and charged to the Portfolio. These expenses are included in "Unitholder

servicing fees" in the Statement of Comprehensive Income.

The sub-advisors (including affiliates of the Manager, where applicable) engaged by the Manager provide investment advice and make investment decisions for the Portfolio's investment portfolio. For these services the sub-advisors receive sub-advisory fees that are paid monthly by the Manager. These expenses are included in "Sub-advisory fees" in the Statement of Comprehensive Income. Any sub-advisory fees less than or equal to 0.15% of the net asset value of the Portfolio are absorbed by the Manager.

The Portfolio may execute trades with and or through BMO Nesbit Burns Inc., an affiliate of the Manager based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Portfolio for the periods ended June 30, 2015 and June 30, 2014.

(b) Other related party transactions

From time to time, the Manager may on behalf of the Portfolio enter into transactions or arrangements with or involving subsidiaries or affiliates of Bank of Montreal, or certain other persons or companies that are related or connected to the Manager of the Portfolio. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, BMO Trust Company, BMO Nesbitt Burns Inc., BMO Private Investment Counsel Inc., BMO Asset Management Inc., BMO Asset Management Corp., BMO Investments Inc., Pyrford International Ltd, or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliate of Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliate of Bank of Montreal, entering into forward contracts with a subsidiary or affiliate of Bank of Montreal acting as counterparty, the purchase or redemption of units of other Bank of Montreal affiliated investment funds or the provision of services to the Manager.

7.Financial instruments risks

The Portfolio's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The concentration table groups securities by asset

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type, geographic location and/or market segment. The Portfolio's risk management practice outlines the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Portfolio's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Portfolio's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Portfolio, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Portfolio's functional currency in determining fair value. The Portfolio may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Portfolio's exposure to currency risk, if any, is further disclosed in Note 8.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Portfolio's interest-bearing investments will fluctuate due to changes in market interest rates. The Portfolio's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market investments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Portfolio's exposure to interest rate risk, if any, is further discussed in Note 8.

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other market risk. The Portfolio's exposure to other market risk, if any, is further discussed in Note 8.

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Portfolio's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Portfolio's exposure to credit risk, if any, is further discussed in Note 8.

The Portfolio may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Portfolio must be at least 102% of the fair value of securities loaned, as disclosed in Note 8.

(e) Liquidity risk

The Portfolio's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Portfolio primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio retains sufficient cash and cash equivalent positions to maintain liquidity. The Portfolio may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified on the Statement of Investment Portfolio. The proportion of illiquid securities to the NAV of the Portfolio is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Portfolio's financial obligations.

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8. Portfolio specific information

(a) Portfolio information, change in units and significant events

The Portfolio's inception date was May 15, 1997.

The number of units that have been issued and are outstanding are disclosed in the table below.

For the periods ended (in thousands of units)	Jun. 30, 2015	Jun. 30, 2014
Units issued and outstanding, beginning of period	240,355	192,280
Issued for cash	36,338	27,640
Issued on reinvestment of distributions	3,145	2,332
Redeemed during the period	(17,632)	(38,284)
Units issued and outstanding, end of period	262,206	183,968

Portfolio name change

Effective February 2, 2015, the Portfolio's name changed from BMO Harris Canadian Short-Term Bond Portfolio to BMO Private Canadian Short-Term Bond Portfolio.

Manager name change

Effective February 2, 2015, the Manager changed its name from BMO Harris Investment Management Inc. to BMO Private Investment Counsel Inc.

(b) Reconciliation of NAV to Net Assets

As at June 30, 2015 and December 31, 2014, there were no differences between the Fund's NAV per unit and its Net Assets per unit calculated in accordance with IFRS.

(c) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2015 and June 30, 2014 is calculated as follows:

For the periods ended	Jun. 30, 2015	Jun. 30, 2014
Increase in net assets attributable to holders of redeemable units	54,817	33,528
Weighted average units outstanding during the period	249,927	181,724
Increase in net assets attributable to holders of redeemable units per unit	0.22	0.18

(d) Income taxes

As at the tax year-ended December 2014, the Portfolio had the following capital and non-capital losses for income tax purposes:

Total Capital Losses (\$)	Total Non-Capital Losses (\$)	Non-Capital Losses That Expire in		
		2015 (\$)	2016 (\$)	2027 and thereafter (\$)
3,616	—	—	—	—

(e) Related party transactions

Unitholder servicing

The related party fees charged for unitholder servicing fees are as follows:

For the periods ended	Jun. 30, 2015	Jun. 30, 2014
Unitholder servicing (\$)	129	123

Brokerage commissions and soft dollars

There were no brokerage commissions charged to the Portfolio during the periods ended June 30, 2015 and June 30, 2014.

(f) Financial instruments risks

The Portfolio's objectives are to provide a high level of interest income and to preserve the capital invested by primarily investing in high quality fixed income securities such as bonds and debentures issued by governments & corporations in Canada that mature in more than one year.

No changes affecting the overall level of risk of investing in the Portfolio were made during the period.

Currency risk

As at June 30, 2015 and December 31, 2014, the Portfolio did not have any significant exposure to currency risk.

Interest rate risk

The following table summarizes the Portfolio's exposure to interest rate risk by remaining term to maturity.

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Number of years	Interest Rate Exposure as at	
	Jun. 30, 2015	Dec. 31, 2014
Less than one year	—	—
One to three years	1,313,748	1,305,256
Three to five years	1,274,632	1,132,671
Five to ten years	94,775	2,100
Greater than ten years	76,434	74,842
Total	2,759,589	2,514,869

All amounts in Canadian dollars

As at June 30, 2015 and December 31, 2014, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$76,931 (December 31, 2014 – \$69,890). The Portfolio's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other market risk

The Portfolio was not significantly exposed to other market risk as at June 30, 2015 and December 31, 2014 as it was invested fully in fixed income securities.

Credit risk

The Portfolio's credit risk exposure grouped by credit ratings is listed in the following table:

Credit Rating	As a % of Net Assets as at	
	Jun. 30, 2015	Dec. 31, 2014
AAA	50.8	51.8
AA	18.7	21.8
A	19.9	17.8
BBB	9.5	7.7
Total	98.9	99.1

Securities lending

The Portfolio had assets involved in securities lending transactions outstanding as at June 30, 2015 and December 31, 2014 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
June 30, 2015	938,033	987,359
December 31, 2014	807,656	850,105

Concentration risk

The following is a summary of the Portfolio's concentration risk:

As at	Jun. 30, 2015	Dec. 31, 2014
Bonds & Debentures		
Federal Bonds	46.1%	46.2%
Provincial Bonds	16.5%	15.3%
Municipal Bonds	0.7%	0.6%
Corporate Bonds & Debentures	34.1%	35.1%
Asset-Backed Securities	1.5%	1.9%
Other Assets Less Liabilities	1.1%	0.9%
	100.0%	100.0%

(g) Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities.

As at	Jun. 30, 2015	Dec. 31, 2014
Financial assets designated at FVTPL	2,759,589	2,514,869
Loans and receivables	28,155	22,878
Financial liabilities measured at amortized cost	10,345	17,822

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	Jun. 30, 2015	Jun. 30, 2014
Net realized gains (losses) on financial assets		
Designated at FVTPL	29,858	15,157
	29,858	15,157
Total net realized gains (losses) on financial assets and financial liabilities	29,858	15,157
Change in unrealized gains (losses) on financial assets		
Designated at FVTPL	24,951	18,460
	24,951	18,460
Total change in unrealized gains (losses) on financial assets and financial liabilities	24,951	18,460

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(h) Fair value hierarchy

The Portfolio classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

As at Jun. 30, 2015

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	2,759,589	—	—	2,759,589

As at Dec. 31, 2014

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	2,514,869	—	—	2,514,869

Transfers between levels

There were no significant transfers between levels during the periods.

(i) Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	Jun. 30, 2015	Dec. 31, 2014
CARDS II Trust, Series 2013-1, Class A, Credit Card Receivables-Backed, 1.984% Jan 15, 2016	—	10,295
Genesis Trust II, Series 2013-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 2.295% Feb 15, 2017	8,137	—
Genesis Trust II, Series 2014-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 2.433% May 15, 2019	3,105	3,042
Genesis Trust II, Series 2015-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 1.699% Apr 15, 2020	5,987	—

Carrying amount	Jun. 30, 2015	Dec. 31, 2014
Glacier Credit Card Trust, Series 2012-2, Asset-Backed Notes, Senior, 2.394% Oct 20, 2017	4,606	2,535
Golden Credit Card Trust, Series 2011-1, Credit Card Receivables-Backed Notes, Senior, Secured, 3.510% May 15, 2016	—	10,977
Hollis Receivables Term Trust II, Series 2013-1, Class A, Receivables-Backed Notes, 2.235% Sep 26, 2016	3,036	3,028
Hollis Receivables Term Trust II, Series 2014-1, Class A, Receivables-Backed Notes, 2.434% Jun 26, 2019	3,102	3,034
Master Credit Card Trust II, Series 2013-4, Class A, Credit Card Receivables-Backed Notes, 2.723% Nov 21, 2018	6,578	3,384
Master Credit Card Trust, Series 2011-1, Class A, Credit Card Receivables-Backed Notes, Secured, 3.502% May 21, 2016	—	2,050
Master Credit Card Trust, Series 2012-1, Class A, Credit Card Receivables-Backed Notes, Secured, 2.626% Jan 21, 2017	8,171	8,148
NBC Asset Trust, Fixed to Floating, Secured, Subordinated, Perpetual, Callable, Asset-Backed, 7.235% Jun 30, 2049	—	1,157
Total	42,722	47,650

The carrying value of mortgage related and other asset-backed securities are included in "Investments – Non-derivative financial assets" in the Statement of Financial Position. This amount also represents the maximum exposure to losses at that date.

The change in fair value of mortgage related and other asset-backed securities are included in the Statement of Comprehensive Income in "Change in unrealized appreciation (depreciation)".

Manager

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