

Semi-Annual Management Report of Fund Performance

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

For the period ended June 30, 2015

This semi-annual management report of fund performance contains financial highlights, but does not contain semi-annual or annual financial statements of the Portfolio. If the semi-annual or annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by e-mailing us at contactcentre@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 Private Investment Counsel Inc. (“BPIC” or the “Manager”), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of the BMO Private Portfolios (formerly, the BMO Harris Private Portfolios) and has engaged BMO Asset Management Inc. (“BMO AM Inc.” or the “sub-advisor”) as sub-advisor of BMO Private Canadian Short-Term Bond Portfolio (the “Portfolio”).

Results of Operations

Over the six-month period ended June 30, 2015, the Portfolio returned 2.07%, after expenses. The Portfolio's benchmark is the FTSE TMX Canada Short Term Bond Index, which generated a 2.11% total return over the same six-month period.

During the period, Canadian fixed income markets were volatile, mostly as a result of central bank policy. In January, the Bank of Canada (the “BoC”) surprised markets with an interest rate cut of 25 basis points and, initially, the BoC Governor left markets with the impression that there may be another interest rate cut in the third quarter of 2015. By March, however, the BoC had backed away from this stance, indicating that it wanted to give the economy some breathing space as financial conditions were improving enough to mitigate the impact of the oil price shock that occurred late in 2014.

The yields of 10-year Government of Canada bonds fell sharply at the end of January before recovering slightly for the rest of the first quarter, and then moving higher

by the end of the period. The short-term end of the yield curve (maturities of two to five years) benefited from the BoC's interest rate cut in January, while the mid-term (five to 10 years) part of the yield curve was affected by the general global increase in yields. During the second quarter of 2015, the short-term and mid-term parts of the Canadian fixed income market had different experiences, with short-term yields essentially unchanged and mid-term yields moving higher.

The Portfolio's short-term bond focus detracted from its performance relative to longer-term bonds. Corporate and provincial credit spreads widened slightly over the period, detracting from the Portfolio's performance, as did its exposure to the Securitization sector. Other detractors from performance included holdings in poorly performing non-agency Canadian government bonds, and AAA- and AA-rated corporate bonds.

The Portfolio's exposure to short-term corporate bonds contributed to its performance over the period, as they outperformed their provincial and federal bond counterparts. The drop in yields significantly contributed to the Portfolio's performance, as did exposure to the Industrials and Energy sectors. In addition, lower quality BBB-rated corporate bonds performed well, contributing to the Portfolio's performance.

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.

BMO Private Canadian Short-Term Bond Portfolio

Recent Developments

The sub-advisor anticipates positive momentum for global economic growth, though various concerns in Europe, such as Greece's debt crisis, may drive further market volatility in the coming period. U.S. economic data continues to be stable, and the sub-advisor believes that the U.S. Federal Reserve Board will raise interest rates later in 2015. With the poor performance of commodities weighing on the Canadian economy, the BoC may decide to further cut interest rates in 2015.

The sub-advisor believes that the market has anticipated such a move, and that bond prices reflect it, and so does not expect a significant market reaction. With the Portfolio's focus on shorter duration bonds, and exposure to provincial and corporate bonds, the sub-advisor believes that the Portfolio is well positioned for any increase in interest rates.

On July 15, 2015, the BoC lowered its target interest rate a further 0.25% to 0.50%. The interest rate cut contributed to the Portfolio's performance as interest rates fell across the yield curve. In July, mid-term bonds outperformed short-term bonds, while credit underperformed federal bonds.

Related Party Transactions

BMO Trust Company, an indirect, wholly-owned subsidiary of Bank of Montreal, is the trustee (the "trustee") and BPIC is the manager of the Portfolio. From time to time, BPIC 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

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

Buying and Selling Securities

Trades in Bank of Montreal Debt Securities in the Secondary Market, Related-Party Underwritings, Trades in Debt Securities with a Related Entity, Trading as Principal and Conducting Inter-Fund Trades

During the period, the Manager relied on an approval and standing instruction provided by the Portfolio's Independent Review Committee ("IRC") with respect to the following related party transactions:

- (a) investments in debt securities of Bank of Montreal ("BMO"), an affiliate of the Manager, in the secondary market;
- (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, acted as an underwriter in the distribution;
- (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc. who is trading with the Portfolio as principal; and
- (d) inter-fund trades (each, a "Related Party Transaction").

In accordance with the IRC's approval and standing instruction, in making a decision to cause the Portfolio to make a Related Party Transaction, the Manager and the sub-advisor of the Portfolio are required to comply with the Manager's written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager and the sub-advisor relied on the approval and standing instruction and their compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure the Related Party Transaction (i) is made free from any influence by an entity related to the Manager or any associate or affiliate of the Manager and without taking into account any consideration relevant to the Manager or any associate or affiliate of the Manager, (ii) represents the business judgement of the Manager or sub-advisor, as the case may be, uninfluenced by considerations other than the best interests of the Portfolio, and (iii) achieves a fair and reasonable result for the Portfolio.

BMO Private Canadian Short-Term Bond Portfolio

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 BPIC'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 BPIC. 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 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 periods were as follows:

	Period ended June 30, 2015 (\$000s)	Period ended June 30, 2014 (\$000s)
Unitholder Services	129	123

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.

BMO Private Canadian Short-Term Bond Portfolio

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⁾	Six months ended June 30, 2015	Years ended December 31				
		2014	2013	2012	2011	2010
Net assets, beginning of period	\$ 10.56	10.52	10.98	11.08	10.66	10.51
Increase (decrease) from operations:						
Total revenue	\$ 0.10	0.18	0.19	0.36	0.35	0.41
Total expenses ⁽²⁾	\$ (0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Realized gains (losses) for the period	\$ 0.02	0.02	0.31	(0.00)	(0.02)	0.05
Unrealized gains (losses) for the period	\$ 0.10	0.11	(0.35)	(0.10)	0.46	0.10
Total increase (decrease) from operations ⁽³⁾	\$ 0.22	0.31	0.15	0.26	0.79	0.55
Distributions:						
From income (excluding dividends)	\$ 0.14	0.28	0.32	0.36	0.35	0.41
From dividends	\$ —	—	—	—	—	—
From capital gains	\$ —	—	0.25	—	—	—
Return of capital	\$ —	0.00	0.03	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$ 0.14	0.28	0.60	0.36	0.35	0.41
Net assets, end of period	\$ 10.64	10.56	10.52	10.98	11.08	10.66

⁽¹⁾ This information is derived from the Portfolio's unaudited semi-annual and audited annual financial statements. The financial information presented for the periods ended June 30, 2015, 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	Six months ended June 30, 2015	Years ended December 31				
		2014	2013	2012	2011	2010
Total net asset value (000s) ⁽¹⁾	\$ 2,790,698	2,537,808	2,023,678	1,801,250	1,775,435	1,295,450
Number of units outstanding (000s) ⁽¹⁾	262,206	240,355	192,280	164,073	160,302	121,495
Management expense ratio ⁽²⁾	% 0.02	0.03	0.03	0.03	0.03	0.03
Management expense ratio before waivers or management absorptions	% 0.18	0.15	0.15	0.06	0.03	0.03
Trading expense ratio ⁽³⁾	% —	—	—	—	—	—
Portfolio turnover rate ⁽⁴⁾	% 18.46	44.60	156.33	5.29	1.82	34.85
Net asset value per unit	\$ 10.64	10.56	10.52	10.98	11.08	10.66

⁽¹⁾ This information is provided as at June 30 or December 31 of the period shown, as applicable.

⁽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. For all the financial periods listed, no commissions or portfolio transaction costs were incurred by the Portfolio. As a result, the trading expense ratio for each of the periods was zero.

⁽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.

BMO Private Canadian Short-Term Bond Portfolio

Past Performance

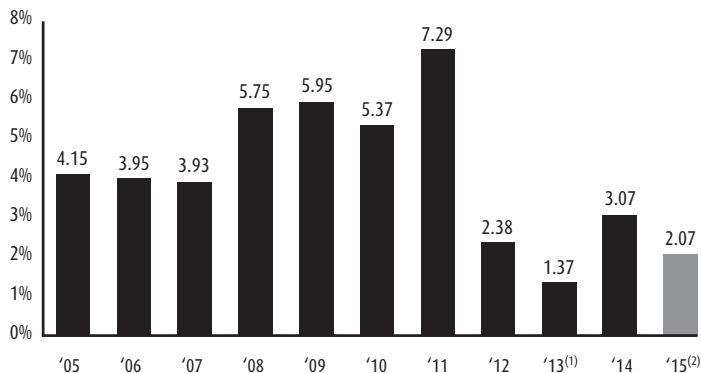
General

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 chart shows the performance for each of the financial years and for the six-month period ended June 30, 2015 shown and illustrates how the performance has changed from year to year. The bar chart shows 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.



⁽¹⁾ On January 25, 2013, the Portfolio's investment strategies and benchmark were changed.

⁽²⁾ For the six-month period ended June 30, 2015.

BMO Private Canadian Short-Term Bond Portfolio

Summary of Investment Portfolio

as at June 30, 2015

Portfolio Allocation	% of Net Asset Value
Government Bonds	46.1
Corporate Bonds	34.1
Provincial Bonds	16.5
Asset-Backed Securities	1.5
Cash/Receivables/Payables	1.1
Municipal Bonds	0.7
Total portfolio allocation	100.0

Top 25 Holdings	% of Net Asset Value
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Issuer	%
Government of Canada, 1.250% Sep 1, 2018	3.0
Government of Canada, 1.500% Feb 1, 2017	2.4
Government of Canada, Unsecured, 1.750% Sep 1, 2019	2.2
Government of Canada, 1.500% Mar 1, 2017	2.0
Government of Canada, 1.000% Aug 1, 2016	2.0
Government of Canada, 3.750% Jun 1, 2019	2.0
Canada Housing Trust, Mortgage Bonds, Series 59, Secured, 1.950% Jun 15, 2019	1.9
Canada Housing Trust, Mortgage Bonds, Series 61, Secured, 2.000% Dec 15, 2019	1.9
Government of Canada, 3.500% Jun 1, 2020	1.8
Government of Canada, 1.750% Mar 1, 2019	1.8
Canada Housing Trust, Mortgage Bonds, Series 46, Secured, 2.050% Jun 15, 2017	1.7
Government of Canada, Unsecured, 1.500% Mar 1, 2020	1.5
Canada Housing Trust, Mortgage Bonds, Series 54, Secured, 2.050% Jun 15, 2018	1.5
Province of Ontario, Unsecured, 2.100% Sep 8, 2018	1.5
Government of Canada, 1.500% Sep 1, 2017	1.5
Canada Housing Trust, Mortgage Bonds, Series 56, Secured, 2.350% Dec 15, 2018	1.5
Canada Housing Trust, Mortgage Bonds, Series 51, Secured, 1.750% Jun 15, 2018	1.4
Government of Canada, 1.250% Aug 1, 2017	1.4
Government of Canada, 1.250% Mar 1, 2018	1.4
Canada Housing Trust, Mortgage Bonds, Series 49, Secured, 1.700% Dec 15, 2017	1.4

Top 25 Holdings	% of Net Asset Value
Issuer	
Canada Housing Trust, Mortgage Bonds, Series 43, Secured, 1.850% Dec 15, 2016	1.4
Province of Ontario, 4.400% Jun 2, 2019	1.3
Government of Canada, Unsecured, 0.250% May 1, 2017	1.3
Government of Canada, Unsecured, 1.250% Feb 1, 2018	1.3
Government of Canada, 2.750% Sep 1, 2016	1.2
Top holdings as a percentage of total net asset value	42.3
Total Net Asset Value	\$2,790,698,492

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

Manager

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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. 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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