

Annual Management Report of Fund Performance

BMO Harris Canadian Growth 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 Inc. (“BMO AM Inc.” or the “sub-advisor”) as the sub-advisor of BMO Harris Canadian Growth Equity Portfolio (the “Portfolio”).

Investment Objective and Strategies

The Portfolio's investment objective is to provide above average long term returns through investing primarily in growth-oriented equity securities of Canadian issuers.

To seek to achieve the Portfolio's objectives, the sub-advisor employs bottom-up security selection to identify reasonable stock price valuations for its holdings that is based on quantitative and fundamental analyses, including assessment of the company's projected earnings, quality of management, and identification of reasonable stock price valuations relative to other companies in the same industry.

The Portfolio may use derivative instruments to try to reduce risk by protecting the Portfolio against potential losses from changes in interest rates and reducing the impact of currency fluctuations on the Portfolio's holdings (i.e., hedging purposes).

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 9.87%, after expenses. The Portfolio's benchmark is the S&P/TSX Composite Index (“S&P/TSX”), which generated a 10.55% total return over the same 12-month period.

Canadian equities, as represented by the S&P/TSX, had the second-best performance in the Morgan Stanley Capital International All Country World Index in 2014. The Canadian economy modestly exceeded expectations, with full-year gross domestic product growth likely at 2.3%, largely in line with U.S. economic performance. A lower Canadian dollar contributed to strength in consumer spending and improving export performance, which in turn helped Canada's economic growth.

The commodities-based sectors were the weakest performing sectors in the S&P/TSX during the year. The Energy and Materials sectors were the only sectors with negative returns, down 4.8% and 2.6%, respectively. The Energy sector rose in the first half of the year and then fell sharply in the second half, following the price of oil (as represented by the West Texas Intermediate

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(WTI) benchmark). Oil prices dropped both before and after the Organization of the Petroleum Exporting Countries' (OPEC) announcement in late November 2014 that it would not cut production. The performance of stocks with exposure to the U.S. was an area of strength in the S&P/TSX. Canadian companies that incur costs in Canadian dollars but earn revenues in U.S. dollars benefited significantly as the U.S. dollar appreciated meaningfully versus the Canadian dollar during the year. Finally, there was surprising strength in the performance of defensive sectors stocks, particularly those in the Consumer Staples sector, which was the top performing sector of the year. Defensive stocks benefitted from their "safe haven" status as investors avoided the volatile commodities-based sectors and favoured the greater earnings stability available in sectors such as Consumer Staples.

In 2014, the U.S. economy led global growth, aided by improved business capital expenditures. Improved economic data, including a rise in employment rates, housing price appreciation and higher consumer net worth led to higher levels of consumer spending. During the second half of the year, crude oil prices fell sharply amid concerns about global supply, which resulted in a significant pullback in shares of Canadian Energy sector companies.

An underweight position in Consumer Staples sector stocks detracted from the Portfolio's performance, as it was the top-performing sector in 2014. Security selection in the Health Care sector also detracted from the Portfolio's performance. Significant individual detractors from performance included Black Diamond Group Limited, Canadian Western Bank and Badger Daylighting Ltd. The sharp fall in oil prices led to a decline in Black Diamond Group Limited and Canadian Western Bank stock prices as a result of concerns over both companies' exposure to the oil and gas industries. Badger Daylighting Ltd.'s stock price declined as a result of a temporary slowdown in production and the company's exposure to the Energy sector, where many companies are facing significant budget cuts.

The Portfolio's underweight position in both the Materials and Energy sectors and stock selection in Financials contributed to its performance during the period. Significant individual contributors to the Portfolio's performance included Wells Fargo & Company, Discover Financial Services and Intact Financial Corporation.

Wells Fargo & Company benefited from an improving U.S. economy and a rise in U.S. bank stocks. Discover Financial Services' stock price rose in response to a recovering U.S. economy and growth in consumer spending. Intact Financial Corporation, Canada's largest property and casualty insurer, achieved improved profitability during the period as a result of product pricing increases and a reduction in insurance claims.

During the period, the sub-advisor eliminated the Portfolio's position in QUALCOMM Incorporated because of increasing concerns about the company's growth prospects and licensing disputes in China. The Portfolio's position in Magna International Inc. was trimmed as the size of the holding increased as a result of the stock's strong performance. A new position in The Walt Disney Company was initiated given its strong brand value, unique assets and organic growth opportunities. The Portfolio's existing Dollarama Inc. holdings were increased due to the company's attractive growth forecast.

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

The sub-advisor maintains a positive outlook on the Canadian stock market in 2015. While declining energy prices and a strengthening U.S. dollar may lead to further volatility in resource stocks, there is strong potential in other areas of the market as consumer and business spending continue to recover. The sub-advisor has positioned the Portfolio to benefit from the North American economic recovery, notably in the Information Technology, Industrials and Consumer Discretionary sectors, and will maintain a lower exposure to the poorly performing Energy and Materials sectors over the coming period.

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 Canadian Growth Equity Portfolio. These name changes are the result of a rebranding initiative by BMO Financial Group.

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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 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 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 BHIMI.

Brokerage Commissions

The Portfolio pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the Portfolio during the period were as follows:

	Period ended Dec. 31, 2014 (\$000s)	Period ended Dec. 31, 2013 (\$000s)
Total Brokerage Commissions	73	82
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	1	2

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

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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 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	74	75

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	\$ 10.74	9.22	8.87	10.88	8.81
Increase (decrease) from operations:					
Total revenue	\$ 0.22	0.20	0.17	0.15	0.18
Total expenses ⁽²⁾	\$ (0.03)	(0.03)	(0.02)	(0.03)	(0.03)
Realized gains (losses) for the period	\$ 1.13	(0.48)	(0.25)	0.52	0.83
Unrealized gains (losses) for the period	\$ (0.22)	1.95	0.59	(2.47)	1.38
Total increase (decrease) from operations ⁽³⁾	\$ 1.10	1.64	0.49	(1.83)	2.36
Distributions:					
From income (excluding dividends)	\$ —	0.00	—	—	—
From dividends	\$ 0.20	0.21	0.18	0.19	0.12
From capital gains	\$ —	—	—	—	—
Return of capital	\$ —	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$ 0.20	0.21	0.18	0.19	0.12
Net assets, end of period	\$ 11.60	10.74	9.22	8.87	10.88

⁽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⁾	\$ 72,958	69,008	73,271	84,542	130,354
Number of units outstanding (000s) ⁽¹⁾	6,292	6,425	7,932	9,500	11,949
Management expense ratio ⁽²⁾	%	0.15	0.16	0.12	0.11
Management expense ratio before waivers or management absorptions	%	0.27	0.29	0.14	0.11
Trading expense ratio ⁽³⁾	%	0.10	0.12	0.10	0.18
Portfolio turnover rate ⁽⁴⁾	%	35.38	26.98	17.41	29.17
Net asset value per unit	\$ 11.60	10.74	9.24	8.90	10.91

⁽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 investment manager 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

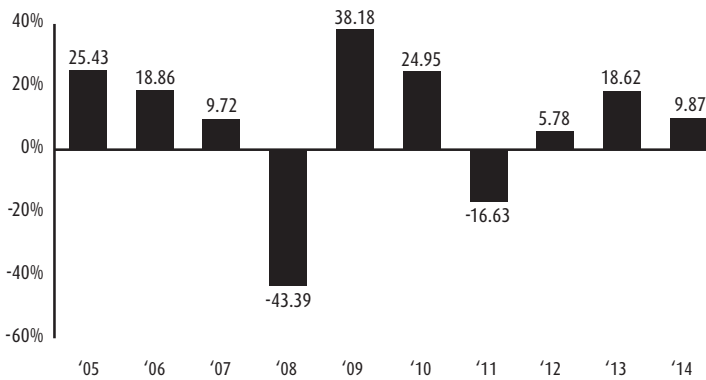
General

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 chart shows the performance for each of the financial years 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.



Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the S&P/TSX Composite Index. The S&P/TSX Composite Index reflects the price movements of a floating list of companies on the Toronto Stock Exchange that meet Standard & Poor's criteria for inclusion in the index.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Harris Canadian Growth Equity Portfolio [‡]	9.87	11.30	7.51	6.27
S&P/TSX Composite Index	10.55	10.22	7.53	7.60

[‡]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
Financials	37.3
Energy	14.2
Consumer Discretionary	13.0
Industrials	10.6
Cash/Receivables/Payables	7.6
Information Technology	7.5
Materials	4.6
Telecommunication Services	3.9
Consumer Staples	1.3
Total portfolio allocation	100.0

Top 25 Holdings	% of Net Asset Value
Issuer	
Cash/Receivables/Payables	7.6
Toronto-Dominion Bank, The,	6.4
Canadian National Railway Company	6.1
Bank of Nova Scotia	5.1
Manulife Financial Corporation	4.4
Royal Bank of Canada	3.4
Dollarama Inc.	3.3
Sun Life Financial Inc.	3.0
Intact Financial Corporation	3.0
Canadian Natural Resources Limited	2.9
Walt Disney Company, The,	2.3
Magna International Inc.	2.2
Gildan Activewear Inc.	2.1
Cenovous Energy Inc.	2.1
Cineplex Inc.	2.1
Visa Inc., Class A	2.0
MacDonald, Dettwiler and Associates Ltd.	2.0
TELUS Corporation	2.0
Descartes Systems Group Inc., The,	2.0
JPMorgan Chase & Co.	1.9
Verizon Communications Inc.	1.9
Suncor Energy Inc.	1.8
Tourmaline Oil Corp.	1.8
Element Financial Corporation	1.7
Discover Financial Services	1.7
Top holdings as a percentage of total net asset value	74.8
Total Net Asset Value	\$72,958,235

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

Manager

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

Trustee

BMO Trust Company
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1A1

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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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