# Semi-Annual Management Report of Fund Performance

## BMO Private Canadian Growth Equity Portfolio
## (formerly, BMO Harris Canadian Growth Equity 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 **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 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 the sub-advisor of BMO Private Canadian Growth Equity Portfolio (the "Portfolio").*

### Results of Operations

Over the six-month period ended June 30, 2015, the Portfolio returned 2.41%, after expenses. The Portfolio's benchmark is the S&P/TSX Composite Index ("S&P/TSX"), which generated a 0.91% total return over the same six-month period.

Canadian equities, as measured by the S&P/TSX, gained slightly during the period. The Canadian economy continued to feel the impact of the faltering Energy and Mining sectors as gross domestic product ("GDP") contracted 0.1% for the fourth consecutive month in April. The S&P/TSX underperformed most other major equity indices, including those of Japan and the eurozone in Canadian dollar terms, as the Canadian dollar continued to weaken versus the U.S. dollar. The Canadian dollar's slide began when the Bank of Canada (the "BoC") surprised markets with an unexpected interest rate cut in January, which was intended to off-set the dulling effect of low oil prices.

None of the "big three" sectors (Energy, Materials and Financials) were up meaningfully in the first half of the year. The Energy sector was down 5.4% as the price of oil remained severely depressed versus a year ago. Returns for the Financials and Materials sectors were -1.4% and 0.8%, respectively. The strongest returns were in the smaller Health Care and Consumer Discretionary sectors (up 33.6% and 7.8%, respectively). Of particular note was the performance of Valeant Pharmaceuticals International, Inc. to the Health Care sector returns and overall S&P/TSX. Given Valeant Pharmaceuticals International, Inc.'s 66.7% year-to-date return, the company now has a 4.8% weighting in the S&P/TSX.

U.S. equites were volatile throughout the period, ending up 1.2% (in U.S. dollar terms). Among sectors, Health Care led, rising 9.6%, followed by Consumer Discretionary, which rose 6.8%. Conversely, the interest rate sensitive Utilities sector fell 10.7%, while Energy stocks continued to struggle, falling 4.7% over the period (in U.S. dollar terms). A negative first-quarter GDP report was mostly attributed to cold weather, and shortly forgotten as positive residential housing starts, retail spending and job creation data pushed expectations for second-quarter GDP back over 3% (annualized). With this renewed momentum, consensus estimates for the U.S. Federal Reserve Board's (the "Fed") first interest rate increase moved back to September, despite lower energy prices and modest wage inflation.

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Security selection, particularly in the Consumer Discretionary and Financials sectors, contributed to the Portfolio's performance over the period. The Portfolio's underweight allocation to the Energy sector and overweight position in the Consumer Discretionary sector also contributed to performance. Top individual contributors to the Portfolio's performance included The Walt Disney Company, Dollarama Inc. and Element Financial Corporation. The Walt Disney Company performed well on strong financial results, consistently beating expectations across most of the company's operating segments. Dollarama Inc. successfully executed its growth strategy and surpassed financial expectations. Element Financial Corporation had solid financial results as well, benefiting from the announcement of a large acquisition of a significant portion of General Electric Company's fleet business.

The Portfolio's underweight exposure to the Health Care sector detracted from its performance, as did security selection in the Energy sector. Significant individual detractors from performance included holdings in Valeant Pharmaceuticals International, Inc., Secure Energy Services Inc. and RMP Energy Inc. The Portfolio's underweight position in Valeant Pharmaceuticals International, Inc. detracted from relative performance as the stock rose on the company's acquisition of Salix Pharmaceuticals, Ltd. Secure Energy Services Inc.'s stock weakened as a result of a slowdown in Energy sector activity. RMP Energy Inc. performed poorly amid oil price weakness and negative market sentiment toward small-capitalization Energy sector stocks.

Shares of PrairieSky Royalty Ltd. were added to the Portfolio during the period in response to what the sub-advisor believes is the company's unique, high-quality business model, which has resulted in the highest free cash flow in the industry. Given current exceptional circumstances in the Energy sector, the sub-advisor believes that PrairieSky Royalty Ltd. will capitalize on growth opportunities through acquisitions, given its access to capital. The Portfolio's existing position in Franco-Nevada Corporation was increased on the strength of its royalty business model that shields investors from the risk of both capital costs and operating costs. Franco-Nevada Corporation also provides growth upside through exploration and acquisitions, with a debt-free balance sheet. The sub-advisor eliminated the Portfolio's holdings in copper producer First Quantum Minerals Ltd. because of increased risks amid lower copper prices and uncertainty around the royalty regime in Zambia. The position in Dollarama Inc. was trimmed in order to realize profits after the stock's strong performance, and to manage its weighting within the Portfolio.

*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 believes that markets will continue to deliver solid equity returns in 2015. While expectations for the Fed's first interest rate increase and various geopolitical concerns may cause short-term market volatility, the sub-advisor believes that the current environment will remain supportive of equities overall. Though commodity price volatility may continue to put pressure on certain resource stocks, the sub-advisor believes that there is still attractive return potential in a number of other sectors, particularly in companies with good exposure to the strengthening U.S. economy. The Portfolio remains well positioned to benefit from a North American economic recovery. As such, the sub-advisor will continue to focus on opportunities in the Information Technology, Financials, Industrials and Consumer Discretionary sectors while minimizing exposure to the Energy and Materials sectors, and to yield-driven sectors such as Utilities and yield-driven sub-sectors like Real Estate Investment Trusts.

On July 15, 2015, the BoC lowered its target interest rate a further 0.25% to 0.50%. The interest rate cut caused the Canadian dollar to weaken relative to the U.S. dollar. Commodity prices (for oil, copper, gold and a number of other commodities) fell in response to the weaker Canadian dollar. Not surprisingly, Energy and Materials were the weakest-performing sectors in the Canadian equity market in July, declining 6.5% and 14.5%, respectively. Eight of the S&P/TSX's 10 sectors posted positive returns, but this was not enough to offset the negative impact of the Energy and Materials sectors on the S&P/TSX's performance over the month of July.

## 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.

*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 periods were as follows:

| | Period ended June 30, 2015 ($000s) | Period ended June 30, 2014 ($000s) |
|---|---|---|
| Total Brokerage Commissions | 30 | 46 |
| Brokerage Commissions paid to BMO Nesbitt Burns Inc. | 1 | 0 |

*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 | 37 | 37 |

## 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.

## 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 | $ | 11.60 | 10.74 | 9.24 | 8.87 | 10.88 | 8.81 |
| **Increase (decrease) from operations:** | | | | | | | |
| Total revenue | $ | 0.12 | 0.22 | 0.20 | 0.17 | 0.15 | 0.18 |
| Total expenses (2) | $ | (0.02) | (0.03) | (0.03) | (0.02) | (0.03) | (0.03) |
| Realized gains (losses) for the period | $ | 0.12 | 1.13 | (0.48) | (0.25) | 0.52 | 0.83 |
| Unrealized gains (losses) for the period | $ | 0.06 | (0.22) | 1.95 | 0.59 | (2.47) | 1.38 |
| **Total increase (decrease) from operations** (3) | $ | 0.28 | 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** | $ | 11.88 | 11.60 | 10.74 | 9.22 | 8.87 | 10.88 |

(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) | $ | 79,047 | 72,958 | 69,008 | 73,271 | 84,542 | 130,354 |
| Number of units outstanding (000s) (1) | | 6,656 | 6,292 | 6,425 | 7,932 | 9,500 | 11,949 |
| Management expense ratio (2) | % | 0.14 | 0.15 | 0.16 | 0.12 | 0.11 | 0.10 |
| Management expense ratio before waivers or management absorptions | % | 0.30 | 0.27 | 0.29 | 0.14 | 0.11 | 0.10 |
| Trading expense ratio (3) | % | 0.08 | 0.10 | 0.12 | 0.10 | 0.18 | 0.19 |
| Portfolio turnover rate (4) | % | 15.13 | 35.38 | 26.98 | 17.41 | 29.17 | 53.29 |
| Net asset value per unit | $ | 11.88 | 11.60 | 10.74 | 9.24 | 8.90 | 10.91 |

(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.

(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.

## Past Performance

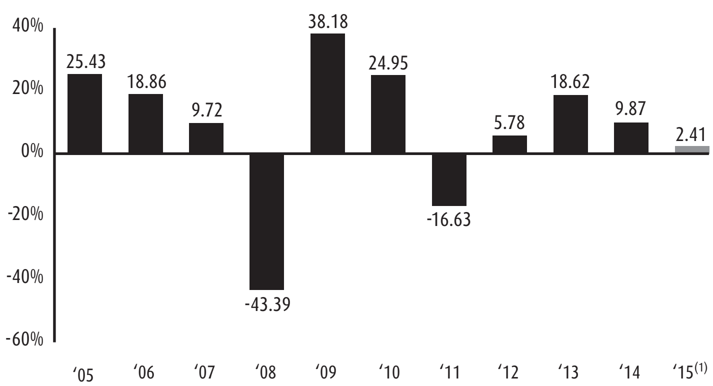
### General

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

## Summary of Investment Portfolio

as at June 30, 2015

| Portfolio Allocation | % of Net Asset Value |
|---|---|
| Financials | 36.9 |
| Consumer Discretionary | 14.9 |
| Energy | 13.2 |
| Industrials | 10.5 |
| Information Technology | 8.1 |
| Materials | 6.2 |
| Telecommunication Services | 3.8 |
| Cash/Receivables/Payables | 2.9 |
| Health Care | 1.9 |
| Consumer Staples | 1.6 |
| **Total portfolio allocation** | **100.0** |

| Top 25 Holdings | % of Net Asset Value |
|---|---|
| **Issuer** | |
| Toronto-Dominion Bank, The, | 5.7 |
| Canadian National Railway Company | 5.7 |
| Manulife Financial Corporation | 5.1 |
| Bank of Nova Scotia | 4.8 |
| Intact Financial Corporation | 3.2 |
| Royal Bank of Canada | 3.0 |
| Cash/Receivables/Payables | 2.9 |
| Dollarama Inc. | 2.9 |
| Canadian Natural Resources Limited | 2.6 |
| Walt Disney Company, The, | 2.5 |
| TELUS Corporation | 2.3 |
| Descartes Systems Group Inc., The, | 2.3 |
| Cineplex Inc. | 2.3 |
| Element Financial Corporation | 2.3 |
| Visa Inc., Class A | 2.1 |
| Sun Life Financial Inc. | 2.0 |
| Valeant Pharmaceuticals International, Inc. | 1.9 |
| MacDonald, Dettwiler and Associates Ltd. | 1.9 |
| Moody's Corporation | 1.9 |
| Onex Corporation | 1.8 |
| Peyto Exploration & Development Corp. | 1.8 |
| Suncor Energy Inc. | 1.8 |
| Brookfield Asset Management Inc., Class A | 1.8 |
| Tourmaline Oil Corp. | 1.8 |
| Starbucks Corporation | 1.7 |
| **Top holdings as a percentage of total net asset value** | **68.1** |
| **Total Net Asset Value** | **$79,046,724** |

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

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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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