

Annual Management Report of Fund Performance

BMO Harris Emerging Markets 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 Comgest S.A. ("Comgest" or the "sub-advisor") as the sub-advisor of BMO Harris Emerging Markets Equity Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objective is to achieve long term growth through capital appreciation by primarily investing in securities of companies in emerging markets or companies with a connection to emerging markets.

To seek to achieve the Portfolio's objectives, the sub-advisor employs bottom-up security selection to select attractively priced companies that show exceptional characteristics with strong competitive positions that are likely to appreciate steadily over the long-term. This process is based on quantitative and fundamental analyses that consider the company's balance sheet and earnings as well as the quality of the company's management.

The Portfolio may use derivative instruments in an effort to reduce the impact of currency fluctuations on, and to add value to, the Portfolio's investment portfolio. Stock index futures may also be used as a substitute for acquiring or selling the underlying securities which allows the Portfolio to efficiently manage its cash flow and its exposure to different countries.

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 12.35% in C\$ (2.67% in US\$), after expenses. The Portfolio's benchmark is the MSCI Emerging Markets Index, which generated a 6.69% total return in C\$ (-2.19% in US\$) over the same 12-month period.

Within emerging markets regions, Asia was the best performer, while Eastern Europe and Latin America disappointed. The drop in the prices of oil and other commodities was a major factor in the poor performance of the latter two regions, as the Materials and Energy sectors declined in the fourth quarter of 2014. Conversely, the Chinese equity market, and in particular the A-share market, has experienced an impressive performance since the launch of the Shanghai-Hong Kong Stock Connect program in November 2014. Currencies of several emerging markets countries were notably weak in 2014, and this weakness grew in the fourth quarter. The Russian ruble (admittedly, a special case, given the prevailing international sanctions imposed on Russia) declined 32% against the U.S. dollar in the fourth quarter, and this was in addition to a 17% decline in the first three quarters of the year.

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The Portfolio outperformed the benchmark over the period. From a regional perspective, stock selection in China, India and Brazil contributed to the Portfolio's performance. Because of environmental, social and governance concerns, the Portfolio has consistently held an underweight position in South Korea, which also contributed to performance this period. From a sector perspective, the Portfolio's underweight position in the Energy sector and lack of exposure to the Materials sector contributed to its performance. Significant individual contributors to the Portfolio's performance included Taiwan Semiconductor Manufacturing Company Limited, China Life Insurance Company Limited and Sanlam Limited. Taiwan Semiconductor Manufacturing Company Limited, the largest holding in the Portfolio, continually beat forecasts over the course of 2014. China Life Insurance Company Limited benefited from the Chinese market's strong performance, as well as from the People's Bank of China's interest rate cut in November. Sanlam Limited announced strong results from increasing policy sales and continued expansion in Africa and Asia.

From a regional perspective, the Portfolio's holdings in Russia and Russian-exposed companies detracted from its performance over the period. The sub-advisor remains positive about the fundamentals of these companies, although in the short term they may be impacted by a very possible recession in Russia. The Portfolio's lack of exposure to Indonesia, the Philippines and Thailand also detracted from its performance over the period. The sub-advisor believes many Southeast Asian companies have questionable corporate governance, rent-seeking business models and relatively high valuations. From a sector perspective, the Portfolio's underweight position in Financials detracted from its performance, although stock selection in life insurance companies was positive. Significant individual detractors from the Portfolio's performance included Yandex N.V. and Mail.Ru Group Limited, which fell in line with the broader Russian market, and Tenaris S.A., which suffered from lower oil prices.

During the period, the sub-advisor initiated positions in Bharti Infratel Limited, Infosys Limited, Kweichow Moutai Company Limited, Power Grid Corporation, NetEase, Inc. and SAIC Motor Corporation Limited, all of which contributed to the Portfolio's performance. The sub-advisor also added a position in Mail.Ru

Group Limited, which detracted from performance. The sub-advisor believes that Bharti Infratel Limited, India's largest operator of telecommunication towers, is poised to benefit from the rapid growth of mobile data consumption in India. Kweichow Moutai Company Limited has a highly regarded brand in the Chinese liquor market, market leadership, a strong distribution footprint and an attractive valuation. The sub-advisor took advantage of market volatility to increase the Portfolio's positions in China Life Insurance Company Limited, Coca-Cola HBC AG, MTN Group Limited and Fomento Económico Mexicano, S.A.B. de C.V.

The sub-advisor eliminated the Portfolio's positions in America Movil S.A.B. de C.V., Compagnie Financière Richemont SA and Mobile TeleSystems OJSC, which all detracted from performance during the period. Two Internet holdings, NAVER Corporation and Tencent Holdings Limited, contributed to the Portfolio's performance over the period and were sold because of high valuations. Similarly, the sub-advisor slightly reduced the Portfolio's position in Tata Motors Limited because of high valuation.

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 the macroeconomic conditions for emerging markets stocks remain challenging and that progress on structural reform is slow. Commodity and energy prices are falling, the U.S. dollar is appreciating, China's economic growth is slowing, and geopolitical events are worrying.

Another concern for emerging markets is the underperformance of banks. The sub-advisor believes that banks may suffer from the deteriorating creditworthiness of both individuals and corporations as interest rates across many emerging markets continue to rise and indebtedness remains high. The end-of-year weakness in emerging markets countries' currencies is an indication of capital flight. The sub-advisor is concerned that a full-blown banking crisis could unfold in some of the weakest emerging markets countries, and therefore the Portfolio holds no bank stocks.

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The sub-advisor also believes that a spreading currency war is another major risk. The eurozone recently joined Japan in seeking a lower exchange rate, and China may take a similar path. In the short term, this appears less probable, in the sub-advisor's view, as China's terms of trade are now improving sharply. As such, currency devaluation in China would be highly disruptive. The sub-advisor's quality growth approach translates into a portfolio of companies that generate free cash flow and have low financial leverage, and are thus equipped with a relatively higher level of protection against these potential problems.

Evidence shows that commodity cycles can be long, because it takes time to re-establish the supply and demand balance. The sub-advisor believes that a "supercycle" has led to significant overcapacity and expects commodity prices will take many years to recover. In the previous Materials sector bear market, for example, commodities fell for more than 15 years, and the subsequent upswing lasted around 13 years. In this context, the sub-advisor believes the Portfolio's structural underweight exposure to the Commodities sector should be positive.

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

Significant Accounting Changes Resulting from our Adoption of IFRS

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

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

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

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Sub-advisor

BHIMI has hired Comgest to provide investment advice and make investment decisions for the Portfolio's investment portfolio. Comgest receives an investment advisory fee based on assets under management, which is paid quarterly. Comgest is paid by BHIMI, and BHIMI charges a portion of the sub-advisory fee as an expense to the 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 BHIMI's *Investment Management Fee Schedule* that has been provided to the investor when the investor enters into an investment management agreement with the trustee and BHIMI. The wealth management fee is paid directly by the investor to the trustee and the Manager. The trustee may compensate financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

Unitholder Services

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

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

	Period ended Dec. 31, 2014 (\$000s)	Period ended Dec. 31, 2013 (\$000s)
Unitholder Services	173	181

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	\$	13.73	11.87	10.53	13.26	11.71
Increase (decrease) from operations:						
Total revenue	\$	0.32	0.27	0.20	0.26	0.22
Total expenses ⁽²⁾	\$	(0.19)	(0.19)	(0.08)	(0.05)	(0.05)
Realized gains (losses) for the period	\$	1.23	(0.18)	(0.79)	0.03	0.16
Unrealized gains (losses) for the period	\$	0.31	2.25	2.15	(2.73)	1.45
Total increase (decrease) from operations ⁽³⁾	\$	1.67	2.15	1.48	(2.49)	1.78
Distributions:						
From income (excluding dividends)	\$	—	0.00	0.00	0.00	—
From dividends	\$	0.15	0.17	0.16	0.27	0.18
From capital gains	\$	—	—	—	—	—
Return of capital	\$	—	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$	0.15	0.17	0.16	0.27	0.18
Net assets, end of period	\$	15.28	13.73	11.87	10.53	13.26

⁽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⁾	\$	271,656	231,530	121,334	120,942	172,398
Number of units outstanding (000s) ⁽¹⁾		17,775	16,857	10,213	11,468	12,992
Management expense ratio ⁽²⁾	%	0.96	1.05	0.54	0.28	0.30
Management expense ratio before waivers or management absorptions	%	1.13	1.22	0.56	0.28	0.30
Trading expense ratio ⁽³⁾	%	0.13	0.25	0.18	0.11	0.13
Portfolio turnover rate ⁽⁴⁾	%	27.83	32.27	38.29	39.42	23.41
Net asset value per unit	\$	15.28	13.73	11.88	10.55	13.27

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

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

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

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

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Past Performance

General

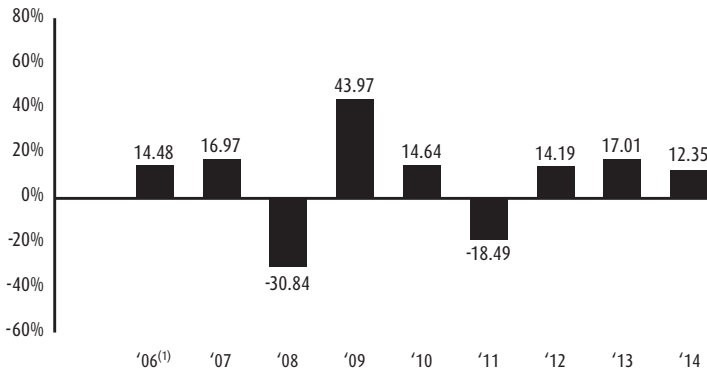
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

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

Year-by-Year Returns

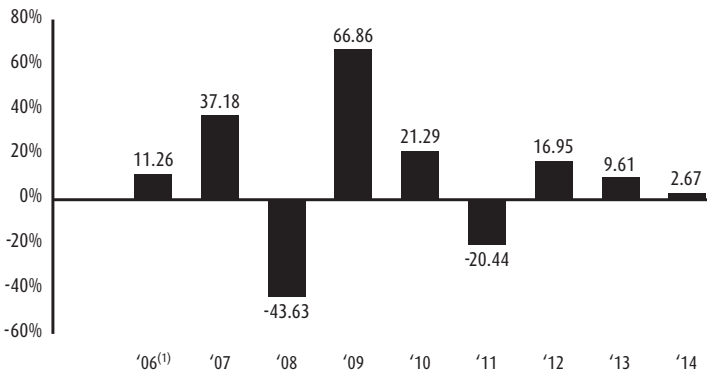
The following bar charts show the performance for each of the financial years shown and illustrate how the performance has changed from year to year. The bar charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day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

BMO Harris Emerging Markets Equity Portfolio (C\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

BMO Harris Emerging Markets Equity Portfolio (US\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

Annual Compound Returns

These charts compare the historical annual compound returns of the Portfolio with the MSCI Emerging Markets Index, which is a free float-adjusted market capitalization weighted index that measures equity market performance (total return) in global emerging markets.

	1 yr %	3 yrs %	5 yrs %	10 yrs %	Since Inception [§] %
BMO Harris Emerging Markets Equity Portfolio [†] (C\$)	12.35	14.50	7.00	n/a	7.98
MSCI Emerging Markets Index (C\$)	6.69	8.71	3.90	n/a	4.84

	1 yr %	3 yrs %	5 yrs %	10 yrs %	Since Inception [§] %
BMO Harris Emerging Markets Equity Portfolio [†] (US\$)	2.67	9.59	4.90	n/a	7.64
MSCI Emerging Markets Index (US\$)	(2.19)	4.04	1.78	n/a	4.42

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

[§]The Portfolio commenced offering units by way of prospectus on November 1, 2006.

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

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Summary of Investment Portfolio

as at December 31, 2014

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
China	17.2	Issuer	
Brazil	16.1	Taiwan Semiconductor Manufacturing Company Limited, ADR	7.0
India	13.2	China Life Insurance Company Limited, H Shares	6.8
Hong Kong	10.9	China Mobile Limited	5.5
Taiwan	10.3	MTN Group Limited	4.2
South Africa	9.3	Infosys Limited, ADR	4.1
Mexico	3.6	Sanlam Limited	3.5
Russia	3.4	Power Grid Corporation, Equity Linked Notes, Jun 30, 2015	3.5
Cash/Receivables/Payables	3.3	Hutchison Whampoa Limited	3.4
Netherlands	2.9	Cash/Receivables/Payables	3.3
South Korea	2.9	MediaTek Inc.	3.3
Luxembourg	1.9	NetEase, Inc., ADR	3.0
Malaysia	1.7	Heineken NV	2.9
Other	1.7	Samsung Life Insurance Co., Ltd.	2.9
Switzerland	1.6	Bharat Heavy Electricals Limited, Equity Linked Notes, Jul 20, 2015	2.7
Total portfolio allocation	100.0	Ping An Insurance Group Company of China Ltd., H Shares	2.7
Sector Allocation		Fomento Economico Mexicano, S.A.B. de C.V.	2.6
Information Technology	24.2	Weg S.A.	2.4
Consumer Staples	19.1	Baidu, Inc., ADR	2.4
Industrials	18.3	OdontoPrev S.A.	2.3
Financials	15.9	Cielo S.A.	2.3
Telecommunication Services	9.8	BRF S.A.	2.3
Consumer Discretionary	5.2	Kweichow Moutai Co., Ltd., Equity Linked Notes, Dec 4, 2017	2.0
Cash/Receivables/Payables	3.3	Bharti Infratel Ltd., Equity Linked Notes, Jul 30, 2015	1.9
Health Care	2.3	Tenaris S.A., ADR	1.9
Energy	1.9	Samsonite International S.A.	1.9
Total sector allocation	100.0	Total holdings as a percentage of total net asset value	80.8
		Total Net Asset Value	\$271,656,039

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

Manager

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