

Annual Management Report of Fund Performance

BMO Harris Canadian Money Market Portfolio

For the period ended December 31, 2012

This annual management report of fund performance contains financial highlights but does not contain 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@bmonb.com, by writing to us at BMO Harris Investment Management Inc., 1 First Canadian Place, 100 King St. W., 41st Floor, Toronto, Ontario, M5X 1H3. Electronic copies are available by visiting our website at www.bmoharrisprivatebanking.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 Money Market Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objectives are to provide a high level of interest income and liquidity, and to preserve the capital invested. The Portfolio invests primarily in high quality, low risk short-term debt instruments issued by governments and corporations in Canada, such as treasury bills, bankers' acceptances and commercial paper.

To seek to achieve the Portfolio's objectives, the sub-advisor invests in securities rated A-1 (low) or higher at the time of investment by the Standard & Poor's Rating Service or R-1(low) stable or higher at the time of investment by Dominion Bond Rating Service Limited or the equivalent rating as defined by other recognized rating agencies. The Portfolio seeks to maintain a unit price of \$10.00 by crediting income daily and distributing it monthly.

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

For the 12-month period ended December 31, 2012, the Portfolio returned 1.18%, after expenses. The Portfolio's benchmark is the DEX 91 Day T-Bill Index, which generated a 1.01% total return over the same 12-month period.

According to the sub-advisor, investor uncertainty was high over the period as a result of a number of global macroeconomic issues including the U.S. "fiscal cliff," which many feared would result in increased taxes and spending cuts; ongoing sovereign debt issues and weak economic growth in Europe; as well as the new leadership and lowered economic growth projections in China.

As a result, the Bank of Canada (the "BoC") kept its administered lending rate at 1.0%. The Canadian economy continued to slow as a result of ongoing global macroeconomic factors and relatively weak domestic demand. Economic growth slowed later in the period, particularly in the manufacturing, transportation and construction industries. Home sales in Canada also showed signs of slowing as a result of stricter mortgage regulations introduced earlier in the year.

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The three-month Government of Canada Treasury bill yield, as well as the value of the Canadian dollar relative to the U.S. dollar, both rose over the period.

As a result of the uncertain global economic outlook, the sub-advisor maintained the aggregate credit quality of the Portfolio's holdings by modestly increasing its exposure to government-issued securities and reducing its exposure to corporate securities. Within the government sector, the Portfolio's allocation to provincial debt was greater than its allocation to Government of Canada Treasury bills, as a result of the higher yields provided by provincial debt. Within the corporate sector, the sub-advisor reduced the Portfolio's weighting in bank notes and corporate bonds maturing in less than one year, while slightly increasing the Portfolio's exposure to corporate paper in order to generate a higher yield for 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 the BoC is unlikely to change its administered lending rate in the near term as a result of the relatively low prospects for inflationary pressure or much stronger global economic growth. According to the sub-advisor, the U.S. economy will likely improve in the near term, but the country's economic growth rate will remain relatively low. As a result, the sub-advisor expects interest rates in the United States to remain low over the medium term, and that global financial markets will continue to be affected by U.S. sovereign debt issues.

The Portfolio continues to be diversified in terms of maturities and issuers. The sub-advisor will continue to assess the global economic outlook, as well as any anticipated changes in Canadian interest rates, and will adjust the term of the Portfolio accordingly. The sub-advisor will remain focused on investing the Portfolio in high-quality government debt, while also investing in corporate securities opportunistically to help enhance the Portfolio's returns.

Future Accounting Standards

Canadian investment entities will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, for fiscal years beginning on or after January 1, 2014. For reporting periods commencing January 1, 2014, the Portfolio will adopt IFRS as the basis for preparing its financial statements. The Portfolio will report its financial results for the interim period ending June 30, 2014, prepared on an IFRS basis. It will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2013 (transition date). A summary of the significant standards impacting the Portfolio under IFRS are outlined below.

Based on the Portfolio's analysis to date, the more significant accounting changes that will result from its adoption of IFRS will be in the areas of fair valuation, cash flow presentation, consolidation of investments and classification of net assets representing unitholders' equity. The differences described in the sections that follow are based on Canadian generally accepted accounting principles ("Canadian GAAP") and IFRS that are in effect as of this date. This should not be considered a comprehensive list of the main accounting changes when the Portfolio adopts IFRS.

The framework for fair valuation is set out under IFRS 13 Fair Value Measurement, which includes the requirements for the measurement and disclosure of fair value. If an asset or liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. Thus this standard will impact the net assets per unit for financial statement reporting purposes compared to current standards, and may also result in the elimination of the differences between the net asset per unit and Net Asset Value per Unit ("NAVPU") at the financial statement reporting date. The Manager has not identified any changes that will impact NAVPU as a result of the transition to IFRS.

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Where the Portfolio holds controlling interest in an investment, it is the Manager's expectation that the Portfolio will qualify as an Investment Entity in accordance with IFRS 10 Consolidated Financial Statements. As such, the Portfolio will not be required to consolidate its investments, but rather to fair value its investments regardless of whether those investments are controlled. However, where in certain circumstances the Portfolio does not have all the typical characteristics of an investment entity, even though it qualifies as an investment entity, it may be required to make additional financial statements disclosures on its investments in accordance with IFRS 12 Disclosure of Interests in Other Entities.

In addition to the financial statements currently presented for the Portfolio, Statement of Cash Flows will now be included in the financial statements in accordance with the requirement of IFRS 1 First-time Adoption of IFRS, and prepared in line with IAS 7 Statement of Cash Flows.

The criteria contained within IAS 32 Financial Instruments: Presentation may require unitholders' equity to be classified as a liability within the Portfolio's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the Portfolio's unitholder structure to confirm classification.

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").

Portfolio Manager

BHIMI has hired BMO Asset Management Inc. ("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 that is paid monthly. BMO AM Inc. is paid by BHIMI.

Buying and Selling Securities

Trades in Debt Securities with a Related Entity, Trading as Principal

During the period, BHIMI relied on an approval and standing instruction provided by the Portfolio's Independent Review Committee ("IRC") to enable the Portfolio to trade in debt securities in the secondary market with BMO Nesbitt Burns Inc., an affiliate of BHIMI, who is trading with the Portfolio as principal (each trade, 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, BHIMI and the sub-advisor of the Portfolio are required to comply with BHIMI's written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that BHIMI relied on the approval and standing instruction and their compliance or noncompliance 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 of BMO Nesbitt Burns Inc. or an associate or affiliate of BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO Nesbitt Burns Inc. or an associate or affiliate of BMO Nesbitt Burns Inc., (ii) represents the business judgment of BHIMI, uninfluenced by considerations other than the best interests of the Portfolio, and (iii) achieves a fair and reasonable result for 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, receives 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 the BHIMI *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

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trustee. 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:

| | 2012 (\$000s) | 2011 (\$000s) |
|---------------------|------------------|------------------|
| Unitholder Services | 312 | 315 |

Management Fee

There is no management fee charged to the Portfolio. The trustee receives an annual 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 | | | | |
|---|-----------|-------------------------|--------------|--------------|--------------|--------------|
| | | 2012 | 2011 | 2010 | 2009 | 2008 |
| Net assets, beginning of period | \$ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | \$ | 0.12 | 0.12 | 0.07 | 0.13 | 0.33 |
| Total expenses | \$ | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Realized gains (losses) for the period | \$ | — | — | — | — | — |
| Unrealized gains (losses) for the period | \$ | — | — | — | — | — |
| Total increase (decrease) from operations ⁽²⁾ | \$ | 0.12 | 0.12 | 0.07 | 0.13 | 0.33 |
| Distributions: | | | | | | |
| From income (excluding dividends) | \$ | 0.12 | 0.12 | 0.07 | 0.13 | 0.33 |
| From dividends | \$ | — | — | — | — | — |
| From capital gains | \$ | — | — | — | — | — |
| Return of capital | \$ | — | — | — | — | — |
| Total Annual Distributions ⁽³⁾ | \$ | 0.12 | 0.12 | 0.07 | 0.13 | 0.33 |
| Net assets, end of period | \$ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for Portfolio pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

⁽²⁾ 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.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

| Ratios and Supplemental Data | | Years ended December 31 | | | | |
|--|----|-------------------------|-----------|-----------|-----------|-----------|
| | | 2012 | 2011 | 2010 | 2009 | 2008 |
| Total net asset value (000s) ⁽¹⁾ | \$ | 1,101,645 | 1,220,714 | 1,075,079 | 1,979,052 | 2,110,552 |
| Number of units outstanding (000s) ⁽¹⁾ | | 110,165 | 122,071 | 107,508 | 197,905 | 211,055 |
| Management expense ratio ⁽²⁾ | % | 0.06 | 0.05 | 0.04 | 0.02 | 0.03 |
| Management expense ratio before waivers or management absorptions | % | 0.08 | 0.05 | 0.04 | 0.02 | 0.03 |
| Trading expense ratio ⁽³⁾ | % | — | — | — | — | — |
| Portfolio turnover rate ⁽⁴⁾ | % | — | — | — | — | — |
| Net asset value per unit | \$ | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

⁽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. 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 all 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. The portfolio turnover ratio is not applicable to money market funds.

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Past Performance

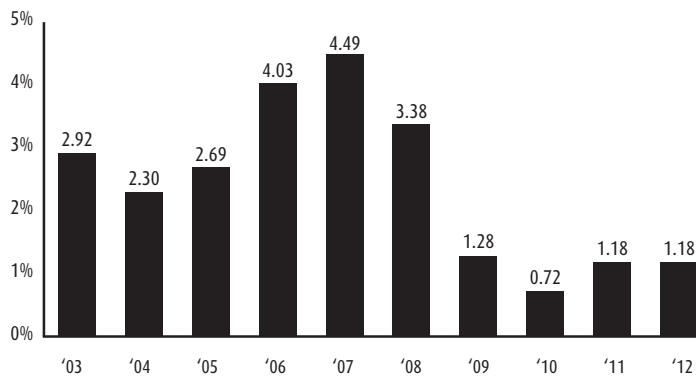
General

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(s) show the performance for each of the financial years shown and illustrates how the performance has changed from year to year. The bar chart(s) 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.



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Summary of Investment Portfolio

as at December 31, 2012

| Portfolio Allocation | % of Net Asset Value |
|-----------------------------------|----------------------|
| Corporate Bonds | 38.8 |
| Treasury Bills – Provincial | 27.1 |
| Commercial Paper | 16.4 |
| Bankers Acceptances | 5.8 |
| Treasury Bills – Federal | 3.0 |
| Money Market – Federal Agencies | 2.5 |
| Other | 2.5 |
| Government Bonds | 2.3 |
| Provincial Bonds | 1.4 |
| Cash/Receivables/Payables | 0.2 |
| Total portfolio allocation | 100.0 |

| Top 25 Holdings | % of Net Asset Value |
|---|----------------------|
| Issuer | |
| Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 5.040% Apr 8, 2013 | 5.4 |
| BMW Canada Inc., Unsecured, Notes, Unsubordinated, 3.220% Mar 28, 2013 | 4.9 |
| Enbridge Inc., Discounted Notes, 1.135% Jan 30, 2013 | 3.6 |
| American Express Canada Credit Corp., Medium Term Notes, Senior, Unsecured, Notes, Unsubordinated, 5.900% Apr 2, 2013 | 3.5 |
| Government of Canada, Treasury Bills, 1.094% Jan 4, 2013 | 2.6 |
| AltaLink, L.P., Series 2003-2, Senior, Secured, 5.430% Jun 5, 2013 | 2.5 |
| Canadian Wheat Board, Discounted Notes, 0.973% Jan 28, 2013 | 2.5 |
| Royal Bank of Canada, Bankers Acceptances, 1.107% Jan 25, 2013 | 2.4 |
| Province of Manitoba, Treasury Bills, 1.030% Feb 13, 2013 | 2.3 |
| Province of Ontario, Treasury Bills, 1.020% Mar 6, 2013 | 2.3 |
| Province of Quebec, Treasury Bills, 1.021% Mar 8, 2013 | 2.3 |
| Province of Ontario, Treasury Bills, 1.098% May 22, 2013 | 2.2 |
| Honda Canada Finance, Inc., Senior, Unsecured, Notes, 5.076% May 9, 2013 | 2.1 |
| Toronto Hydro Corporation, Senior, Unsecured, Notes, Unsubordinated, 6.110% May 6, 2013 | 2.1 |

| Top 25 Holdings | % of Net Asset Value |
|---|------------------------|
| Issuer | |
| GE Capital Canada Funding Company, Series A, Medium Term Notes, 5.150% Jun 6, 2013 | 2.0 |
| John Deere Credit Inc., Third Series Guaranteed Notes, Unsecured, 2.400% Feb 1, 2013 | 1.8 |
| Province of Ontario, Treasury Bills, 1.022% Feb 6, 2013 | 1.8 |
| TransCanada Pipelines Ltd., Discounted Notes, 1.145% Jan 4, 2013 | 1.8 |
| Province of Ontario, Treasury Bills, 1.020% Feb 20, 2013 | 1.8 |
| John Deere Credit Inc., Third Series Guaranteed Notes, Unsecured, 3.900% Jul 29, 2013 | 1.8 |
| Bank of Nova Scotia, The, Bearer Deposit Notes, 1.139% Jan 7, 2013 | 1.7 |
| John Deere Credit Inc., Unsecured, Notes, Unsubordinated, 2.300% Jan 14, 2013 | 1.5 |
| Glacier Credit Card Trust, Series 2008-1, Credit Card Asset-Backed Notes, Senior, 5.027% Feb 20, 2013 | 1.4 |
| Toyota Credit Canada Inc., Discounted Notes, 1.275% Apr 17, 2013 | 1.4 |
| Province of New Brunswick, Treasury Bills, 1.031% Jan 15, 2013 | 1.4 |
| Top holdings as a percentage of net asset value | 59.1 |
| Total Net Asset Value | \$1,101,645,384 |

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 BMO Harris Private Portfolios’ simplified prospectus. 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 Harris Investment Management 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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