

Annual Management Report of Fund Performance

BMO Harris Canadian Special Growth Portfolio

For the period ended December 31, 2013

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 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.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 Special Growth Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objective is to provide above average capital growth over the long term by investing in small and mid-sized Canadian companies whose shares are listed on a Canadian stock exchange.

To seek to achieve the Portfolio's objectives, the sub-advisor analyses each company's financial health (including projected earnings and cash flow), operations, research and development to assess the company's future growth potential, and its management quality.

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.

Results of Operations

Over the 12-month period ended December 31, 2013, the Portfolio returned 40.08%, after expenses. The Portfolio's benchmark is the BMO Capital Markets Small Cap Index, which generated a 7.76% total return over the same 12-month period.

Global equity markets posted strong returns over the period, as a result of accommodative monetary policies and a stronger-than-expected economic environment in most developed countries. However, the Canadian small-capitalization market's performance was split between the sectors that benefited from exposure to the more robust Canadian and U.S. markets (i.e., Information Technology Industrials and Consumer Discretionary), and the very poor performance in the Materials sector. Materials, the largest sector in the index, declined on weakness in the price of gold and other commodities.

The Portfolio outperformed the benchmark over the period. The Portfolio's overweight position in the Information Technology sector and underweight position in the Materials sector contributed to performance. The Portfolio had strong security selection in many sectors, notably Financials, Consumer Discretionary and Information Technology. Significant individual contributors to performance included AutoCanada Inc., Redknee Solutions Inc. and Element Financial Corporation. AutoCanada Inc. benefited from acquisition growth, as well as strong fundamentals in the auto sector. Redknee Solutions Inc. benefited from a

BMO Harris Canadian Special Growth Portfolio

strategic acquisition that turned the company into a global leader in its industry. Element Financial Corporation's share price rose as it grew its business organically and through acquisitions.

The Portfolio's underweight position in the Consumer Staples sector detracted from performance, as did its holdings in the Health Care sector. Significant individual detractors from performance included Continental Gold Limited, Argonaut Gold Inc. and Aurora Oil & Gas Limited. Continental Gold Limited and Argonaut Gold Inc. struggled with declining gold prices. Aurora Oil & Gas Limited's share price fell despite strong growth.

During the period, the sub-advisor added several companies to the Portfolio, including Solium Capital Inc. and DHX Media Ltd. The sub-advisor expects Solium Capital Inc. to benefit from the expansion of its business line into U.S. and European financial markets. The sub-advisor believes that DHX Media Ltd. will benefit from the shift in media consumption from broadcast to online. The sub-advisor eliminated several Portfolio positions in the gold sub-sector, including Allied Nevada Gold Corp., Sandstorm Gold Ltd. and B2Gold Corp. These positions were eliminated as the sub-advisor became more cautious about the price of gold and gold equities.

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 global monetary policy will remain supportive of equity markets, even as some stimulus measures are modestly reduced. The sub-advisor expects North American economies to continue to recover and grow, although at a slow pace, which is typical following a financial crisis. In the sub-advisor's view, the macroeconomic environment should benefit small-capitalization equities with exposure to these recovering economies. Furthermore, the current environment, barring any macroeconomic shocks, should continue to support security selection based on strong fundamentals.

Given the current environment, the Portfolio will remain focused on companies that, in the sub-advisor's view, offer the best opportunities for small-capitalization growth. The sub-advisor will also focus on small-capitalization growth companies that are exposed to developed markets, specifically Canada and the United States, and plans to avoid securities that are heavily exposed to gold or other metals.

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. As a result, 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").

The differences between the Portfolio's accounting policies under Canadian Generally Accepted Accounting Principles ("GAAP") and IFRS requirements will result in measurement and recognition differences on transition to IFRS. The net impact of these differences will be recorded in the increase/decrease in net assets attributable to redeemable unitholders.

Significant Accounting Changes Resulting from Our Adoption of IFRS

The main accounting changes listed below should not be considered a comprehensive list of impacts of adopting IFRS, but rather the most significant of certain key changes.

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

BMO Harris Canadian Special Growth Portfolio

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.

While IFRS does not require interest income to be disclosed for debt instruments measured at Fair Value through Profit or Loss, when interest income is disclosed, IFRS requires that the effective interest rate method of calculating accrued interest be used rather than the straight-line amortization method. The Manager is assessing the impact of this change to the Portfolio’s financial statements. The Manager has not identified any changes that will impact NAVPU as a result of the transition to IFRS.

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 hold the investments at Fair Value through Profit or Loss regardless of whether those investments are controlled. If the Portfolio fair values the investments it controls, it may be required to make additional financial statement disclosures on its controlled investments in accordance with IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”). IFRS 12 also requires additional disclosures if the Portfolio is determined to qualify as an investment entity without having all of the typical characteristics of an investment entity.

The criteria contained within IAS 32 Financial Instruments: Presentation (“IAS 32”) will result in the classification of the unitholders’ equity as a liability within the Portfolio’s Statement of Net Assets, unless all conditions required for equity classification are met. The Manager is currently assessing the Portfolio’s unitholder structure to determine classification under IAS 32.

Under IFRS, cash flows statement is one of the primary financial statements required to be presented. The Portfolio will therefore be presenting cash flows statement in its set of financial statements in accordance with the presentation requirements in IAS 7 Statement of Cash Flows.

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 that is paid monthly. BMO AM Inc. is paid by BHIMI.

Buying and Selling Securities

Related Party Underwritings

During the period, the Manager relied on an approval and standing instruction provided by the Portfolio’s Independent Review Committee (“IRC”) to enable the Portfolio to invest in a class of equity and/or non-government debt 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 (each investment, 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,

BMO Harris Canadian Special Growth Portfolio

(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.

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, 2013 (\$000s)	Period ended Dec. 31, 2012 (\$000s)
Total Brokerage Commissions	714	658
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	8	17

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 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. 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, 2013 (\$000s)	Period ended Dec. 31, 2012 (\$000s)
Unitholder Services	148	161

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.

BMO Harris Canadian Special Growth 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⁾	Years ended December 31				
	2013	2012	2011	2010	2009
Net assets, beginning of period	\$ 45.60	40.96	49.58	35.96	22.97
Increase (decrease) from operations:					
Total revenue	\$ 0.64	0.60	0.66	0.32	0.25
Total expenses	\$ (0.27)	(0.25)	(0.30)	(0.31)	(0.26)
Realized gains (losses) for the period	\$ 4.32	1.07	2.56	6.83	(1.38)
Unrealized gains (losses) for the period	\$ 13.66	3.64	(11.22)	7.48	15.00
Total increase (decrease) from operations ⁽²⁾	\$ 18.35	5.06	(8.30)	14.32	13.61
Distributions:					
From income (excluding dividends)	\$ —	0.00	—	0.01	0.06
From dividends	\$ 0.50	0.56	0.79	0.11	0.13
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.00	0.01	0.00	—	—
Total Annual Distributions ⁽³⁾	\$ 0.50	0.57	0.79	0.12	0.19
Net assets, end of period	\$ 63.51	45.60	40.96	49.58	35.96

⁽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				
	2013	2012	2011	2010	2009
Total net asset value (000s) ⁽¹⁾	\$ 246,791	158,987	171,224	238,987	126,543
Number of units outstanding (000s) ⁽¹⁾	3,874	3,468	4,161	4,803	3,499
Management expense ratio ⁽²⁾	%	0.13	0.16	0.16	0.10
Management expense ratio before waivers or management absorptions	%	0.26	0.20	0.16	0.10
Trading expense ratio ⁽³⁾	%	0.37	0.41	0.50	0.81
Portfolio turnover rate ⁽⁴⁾	%	68.19	59.35	77.27	83.84
Net asset value per unit	\$ 63.71	45.85	41.15	49.75	36.17

⁽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.

BMO Harris Canadian Special Growth Portfolio

Past Performance

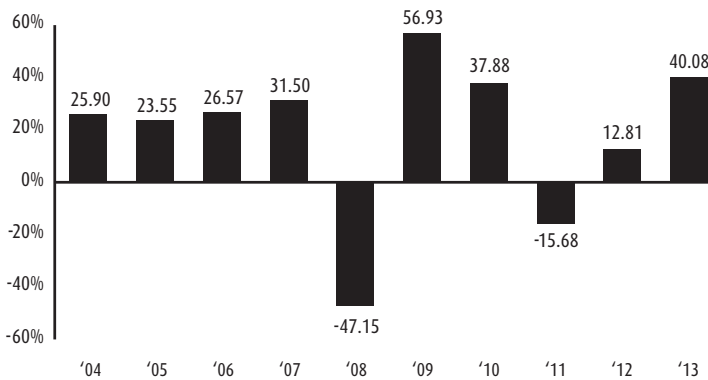
General

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 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 returns of the BMO Capital Markets Small Cap Index and the S&P/TSX Composite Index. The BMO Capital Markets Small Cap Index reflects the stock performance of small to mid-sized Canadian companies, real estate investment trusts and business trusts. 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 %	5yrs %	10yrs %
BMO Harris Canadian Special Growth Portfolio [‡]	40.08	10.04	23.59	14.71
BMO Capital Markets Small Cap Index [*]	7.76	-1.78	18.11	7.15
S&P/TSX Composite Index	12.99	3.40	11.92	7.97

[‡]The Portfolio's return is after the deduction of expenses, while the benchmarks do not include any costs of investing.

^{*}The Portfolio's benchmark is BMO Capital Markets Small Cap Index, and prior to January 1, 2012 it was BMO Capital Markets Small Cap Equity Only Index.

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.

BMO Harris Canadian Special Growth Portfolio

Summary of Investment Portfolio

as at December 31, 2013

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Information Technology	23.5	Issuer	
Financials	17.0	Descartes Systems Group Inc., The,	4.5
Energy	16.5	Tricon Capital Group Inc.	4.1
Consumer Discretionary	16.1	Element Financial Corporation	3.7
Industrials	14.7	AutoCanada Inc.	3.7
Materials	6.6	Redknee Solutions Inc.	3.6
Money Market Investments	2.6	Boyd Group Income Fund	3.5
Cash/Receivables/Payables	1.6	MacDonald, Dettwiler and Associates Ltd.	3.4
Health Care	1.4	Bauer Performance Sports Ltd.	3.2
Total portfolio allocation	100.0	Amaya Gaming Group Inc.	2.7
		Badger Daylighting Ltd.	2.5
		Alaris Royalty Corp.	2.4
		Solium Capital Inc.	2.4
		Linamar Corporation	2.3
		Canfor Corporation	2.3
		DHX Media Ltd.	2.3
		ATS Automation Tooling Systems Inc.	2.2
		Computer Modelling Group Ltd.	2.1
		Storm Resources Ltd.	2.0
		Canadian Western Bank	2.0
		Stantec Inc.	1.9
		Avigilon Corporation	1.9
		Pure Technologies Ltd.	1.6
		Paramount Resources Ltd., Class A	1.6
		Government of Canada, Treasury Bills, 0.917% Jan 30, 2014	1.6
		Cash/Receivables/Payables	1.6
		Top holdings as a percentage of net asset value	65.1
		Total Net Asset Value	\$246,791,325

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 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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