

Annual Management Report of Fund Performance

BMO Harris U.S. Growth 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 Sands Capital Management, LLC ("Sands" or the "sub-advisor") as the sub-advisor of BMO Harris U.S. Growth Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objective is to provide above average long term capital growth by investing in the equity securities of large-capitalization, U.S.-based companies.

To seek to achieve the Portfolio's objectives, the sub-advisor looks for companies with consistently superior growth in revenues and earnings, in promising businesses that have distinct competitive advantages, with proven management and very strong transparent financial statements. The Portfolio may use depository receipts as part of its investment strategy.

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 21.25% in C\$ (24.18% in US\$), after expenses. The Portfolio's benchmark is the Russell 1000 Growth Index, which generated a 12.75% total return in C\$ (15.26% in US\$) over the same 12-month period.

The Portfolio outperformed its benchmark over the period. The Portfolio's underweight positions in the Consumer Staples and Utilities sectors, and its overweight positions in the Energy, Health Care and Consumer Discretionary sectors, contributed to its performance. The Portfolio's underweight positions in producer durables, as well as materials and processing companies, and its overweight position in financial services companies, also contributed to its performance. Significant individual contributors to the Portfolio's relative performance included Visa Inc.; salesforce.com, inc.; Regeneron Pharmaceuticals, Inc.; Amazon.com Inc.; and Illumina, Inc. Visa Inc.'s share price gained in value partly as a result of the settlement of an ongoing dispute regarding debit fees in the United States.

The Portfolio's overweight position in the Information Technology sector detracted from its performance over the period. Significant individual detractors included Facebook, Inc.; FMC Technologies, Inc.; Netflix, Inc.; Coach, Inc.; and C.H. Robinson Worldwide Inc. Facebook, Inc.'s shares posted losses over the period likely as a result of an investor perception that the company was not adapting quickly enough to users' increasing tendency to access the site from mobile devices.

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During the period, the sub-advisor removed the Portfolio's positions in C.H. Robinson Worldwide Inc.; Illumina, Inc.; OpenTable, Inc.; The Charles Schwab Corporation; and Netflix, Inc. and W.W. Grainger, Inc. C.H. Robinson Worldwide Inc. was sold as the sub-advisor no longer had confidence in the company's ability to generate sustainable above-average earnings growth over time. Illumina, Inc. was eliminated because the sub-advisor believed a rapidly evolving market and increased competition had negatively affected the company's overall market share. OpenTable, Inc. was sold as senior level management changes lowered the sub-advisor's confidence in the company's ability to execute its plans. The Charles Schwab Corporation was eliminated as a result of the sub-advisor's preference for companies that are less reliant on macroeconomic issues. Netflix, Inc. was sold because the sub-advisor had concerns about management's ability to execute on its plans, the company's ultimate growth potential and the durability of its competitive advantages. W.W. Grainger Inc. was eliminated from the Portfolio due to the sub-advisor anticipating slowing volume growth, and pricing and margin challenges.

During the period, the sub-advisor added new positions in Cerner Corporation; athenahealth, Inc.; Facebook, Inc.; BioMarin Pharmaceutical Inc.; and Chipotle Mexican Grill, Inc. Cerner Corporation was purchased because the sub-advisor believed the company would benefit from its strong competitive position, and secular factors driving the adoption of its technology. The Portfolio's position in athenahealth, Inc. was added because the sub-advisor believed the company's combination of web-based revenue, practice and billing management systems in a subscription model would be profitable. Facebook, Inc. was purchased as a result of the sub-advisor's belief that the company's platform, business model, large user base and strong competitive advantages gave it the potential for sustainable, above-average growth. The position in BioMarin Pharmaceutical Inc. was added because the sub-advisor believed the company's treatments in a variety of rare diseases and strong competitive advantages made it highly attractive. Chipotle Mexican Grill, Inc. was purchased because the sub-advisor believes that the company's innovative business model is difficult to replicate, and has resulted in industry-leading operating margins and returns on invested capital.

Change to Expenses

The Portfolio is responsible for the payment of all expenses relating to the operation of the Portfolio and the carrying on of its business. At the beginning of the period, these expenses were capped and the trustee absorbed any expenses above this capped amount.

Effective October 1, 2012, the existing cap on the expenses of the Portfolio was removed. Also, commencing on that date, any fees payable to the sub-advisor of the Portfolio over 0.15% (plus any applicable HST) became an expense of 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 U.S. and global economies seem to be facing a period of slower overall growth. However, the sub-advisor also believes that the current market presents opportunities for bottom-up, growth-oriented stock selection, and the sub-advisor will continue to focus on companies capable of generating sustainable, above-average earnings growth.

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'

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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.

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 Sands Capital Management, LLC (“Sands”) to provide investment advice and make investment decisions for the Portfolio’s investment portfolio. Sands receives an investment advisory fee based on assets under management that is paid quarterly. Sands is paid by both BHIMI and by 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 trustee. The trustee may compensate financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

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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:

	2012 (\$000s)	2011 (\$000s)
Unitholder Services	84	87

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	\$ 4.55	4.33	3.64	2.46	3.91
Increase (decrease) from operations:					
Total revenue	\$ 0.04	0.02	0.02	0.01	0.01
Total expenses	\$ (0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	\$ 0.31	0.26	0.24	(0.12)	(0.47)
Unrealized gains (losses) for the period	\$ 0.52	(0.08)	0.33	1.28	(1.05)
Total increase (decrease) from operations ⁽²⁾	\$ 0.85	0.19	0.58	1.16	(1.52)
Distributions:					
From income (excluding dividends)	\$ —	—	—	—	—
From dividends	\$ 0.02	0.01	0.01	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.00	0.00	—	—	—
Total Annual Distributions ⁽³⁾	\$ 0.02	0.01	0.01	—	—
Net assets, end of period	\$ 5.50	4.55	4.33	3.64	2.46

⁽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⁾	\$ 101,381	71,149	62,935	67,264	67,621
Number of units outstanding (000s) ⁽¹⁾	18,424	15,634	14,522	18,477	27,494
Management expense ratio ⁽²⁾	%	0.23	0.22	0.27	0.30
Management expense ratio before waivers					
or management absorptions	%	0.28	0.22	0.27	0.30
Trading expense ratio ⁽³⁾	%	0.03	0.03	0.07	0.07
Portfolio turnover rate ⁽⁴⁾	%	43.08	40.32	57.81	29.84
Net asset value per unit	\$ 5.50	4.55	4.33	3.64	2.46

⁽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

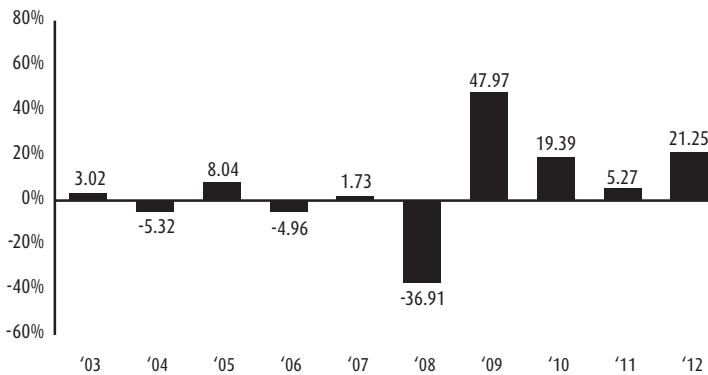
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

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.

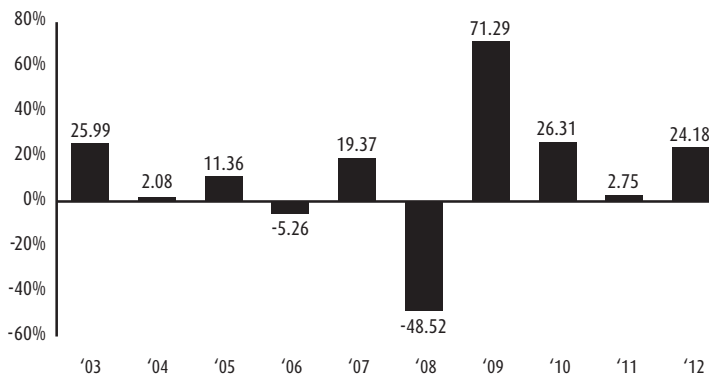
Year-by-Year Returns

The following bar 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.

BMO Harris U.S. Growth Portfolio (C\$)



BMO Harris U.S. Growth Portfolio (US\$)



Annual Compound Returns

These charts compare the historical annual compound returns of the Portfolio with the Russell 1000 Growth Index, which measures the performance of those Russell 1000 companies with higher price-to-book rates and higher forecasted growth values.

	1 yr %	3 yrs %	5yrs %	10yrs %
BMO Harris U.S. Growth Portfolio [‡] (C\$)	21.25	15.07	7.30	3.78
Russell 1000 Growth Index (C\$)	12.75	9.49	3.27	2.66

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

	1 yr %	3 yrs %	5yrs %	10yrs %
BMO Harris U.S. Growth Portfolio [‡] (US\$)	24.18	17.24	7.28	8.69
Russell 1000 Growth Index (US\$)	15.26	11.35	3.12	7.52

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

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

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Summary of Investment Portfolio

as at December 31, 2012

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Information Technology	42.4	Issuer	
Consumer Discretionary	24.7	Visa Inc., Class A	7.9
Health Care	17.7	Apple Inc.	7.9
Energy	9.4	Amazon.com, Inc.	7.8
Materials	2.9	Google Inc., Class A	7.2
Financials	2.2	Salesforce.com, Inc.	7.1
Cash/Receivables/Payables	0.7	Allergan, Inc.	4.3
Total portfolio allocation	100.0	QUALCOMM Incorporated	3.5
		ASML Holdings N.V.	3.4
		Alexion Pharmaceuticals, Inc.	3.4
		Schlumberger Limited	3.2
		priceline.com Incorporated	3.2
		Chipotle Mexican Grill, Inc.	3.1
		NIKE Inc., Class B	2.9
		Praxair, Inc.	2.9
		Cerner Corporation	2.8
		F5 Networks Inc.	2.7
		Facebook, Inc.	2.7
		Coach, Inc.	2.6
		Starbucks Corporation	2.6
		Las Vegas Sands Corp.	2.5
		Regeneron Pharmaceuticals, Inc.	2.5
		National-Oilwell Varco, Inc.	2.4
		IntercontinentalExchange, Inc.	2.2
		FMC Technologies Inc.	2.2
		Intuitive Surgical, Inc.	2.1
		Top holdings as a percentage of net asset value	95.1
		Total Net Asset Value	\$101,381,246

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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