Semi-Annual Management Report of Fund Performance

BMO Harris Canadian Income Equity Portfolio

For the period ended June 30, 2013

This semi-annual management report of fund performance contains financial highlights, but does not contain semi-annual or annual financial statements of the Portfolio. If the semi-annual or annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by e-mailing us at **contact.centre@bmo.com**, by writing to us at BMO Harris Investment Management Inc., 1 First Canadian Place, 100 King St. W., 41st Floor, Toronto, Ontario, M5X 1H3 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 Income Equity Portfolio (the "Portfolio").

Results of Operations

For the six-month period ended June 30, 2013, the Portfolio returned 2.68%, after expenses. The Portfolio's benchmark is the S&P/TSX Composite Index, which generated a -0.88% total return over the same six-month period.

During the period, the U.S. Federal Reserve Board (the "Fed") announced that it may begin to taper off its bond-buying program, which resulted in a spike in long-term bond yields and a sharp drop in the price of gold bullion. Equity investors reacted to the higher bond yields by selling higher-yielding, more interest-rate-sensitive equity securities. With sharply lower gold prices, investors also sold gold-related equities. Slowing economic activity in China resulted in lower prices for base metals, which, in turn, resulted in weakness in the share price of many of base-metal producers.

The Portfolio's overweight positions in the Financials, Consumer Staples and Consumer Discretionary sectors, as well as its underweight position in the Materials sector (particularly in gold-related companies), contributed to its performance. From an individual securities perspective, Tim Hortons Inc., Manulife Financial Corporation, Sun Life Financial Inc., Shoppers Drug Mart Corporation and Brookfield Infrastructure Partners L.P. contributed to the Portfolio's performance. Tim Hortons Inc. and Shoppers Drug Mart Corporation benefited from an investor preference for more defensive securities in light of global economic uncertainties. Tim Hortons Inc. also benefited from news that an activist shareholder group had taken a position in the company with a plan to pressure management into improving the company's operational performance. Sun Life Financial Inc. and Manulife Financial Corporation benefited from a rise in long-term bond yields. Brookfield Infrastructure Partners L.P. benefited from strong operational performance, as well as in response to an investor preference for more defensive securities.

On a sector basis, detractors from the Portfolio's performance over the period included its underweight positions in the Health Care, Information Technology and Industrials sectors. From an individual securities perspective, detractors from the Portfolio's performance over the period included Goldcorp Inc., Rogers Communications Inc., TELUS Corporation and Finning International Inc. Goldcorp Inc. detracted from the Portfolio's performance as gold prices dropped following the comments made by the Fed about tapering off its bond-buying program. The shares of Rogers Communications Inc. and TELUS Corporation were negatively impacted as investors sold higher-yielding, interest-rate-sensitive securities in response to the spike in long-term bond yields. In addition, there was market speculation that U.S. wireless giant Verizon

Communications Inc. is planning to enter the Canadian marketplace. Finning International Inc. underperformed after the company reported earnings that were weaker than expected and sales backlogs that were lower than expected, as customers remained cautious in light of an uncertain economic environment.

During the period, the sub-advisor sold the Portfolio's position in Encana Corporation as the sub-advisor believed the company's business model would remain challenged for some time given its high-cost structure.

The Portfolio's position in Encana Corporation was replaced with a position in Peyto Exploration & Development Corp., which the sub-advisor believes has a strong management team with a proven track record of field execution, a large resource inventory, visible production growth and a low-cost operating structure. The sub-advisor added a position in Bell Aliant Inc., which the sub-advisor believes has a strong management team, an attractive dividend yield and improved prospects for revenue growth. In addition, the sub-advisor added to the Portfolio's position in Royal Bank of Canada, as a decline in the company's share price provided an opportunity to add to the Portfolio's position at what the sub-advisor believed to be an attractive valuation level with an attractive dividend yield.

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 the U.S. economy will continue to show steady improvement over the coming year, leading to gradual employment growth. Long-term bond yields, which spiked during the period, may decline modestly. In addition, the sub-advisor believes Chinese economic activity is likely to improve over the next year, although economic uncertainties may persist in Europe for some time.

The sub-advisor believes the Canadian equity market may move higher during the remainder of 2013, given what the sub-advisor believes are its attractive valuations and a supportive economic backdrop; however, volatility may remain high for some time as the sovereign debt issues in Europe are likely to persist for the foreseeable future. Despite the expected equity market volatility, the sub-advisor maintains a positive outlook for the Canadian equity market over the medium and longer terms, and expects equity prices to advance gradually in the near term as the U.S. economy continues to improve and China's economic activity picks up.

The sub-advisor's emphasis continues to be on investment in high-quality, dividend-paying companies with strong fundamentals and attractive valuations. While the Portfolio's shorter-term performance may vary from the benchmark based on macroeconomic events, the sub-advisor remains confident that a consistent application of a disciplined investment process will continue to produce positive results for the Portfolio over the long term.

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.

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. If the Portfolio fair values investments that 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 also requires additional disclosures if the Portfolio is determined to qualify as an investment entity while not possessing all of the typical characteristics of an investment entity.

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").

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.

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 June 30, 2013 ($000s)	**Period ended June 30, 2012 ($000s)**
Total Brokerage Commissions	128	244
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	2	5

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 June 30, 2013 ($000s)	Period ended June 30, 2012 ($000s)
Unitholder Services	84	81

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.

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the periods indicated.

The Portfolio's Net Assets Per Unit (1)		Six months ended June 30, 2013	Years ended December 31 2012	2011	2010	2009	2008
Net assets, beginning of period	$	6.59	6.23	6.44	5.87	4.84	6.76
Increase (decrease) from operations:							
Total revenue	$	0.11	0.21	0.19	0.18	0.18	0.17
Total expenses	$	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)
Realized gains (losses) for the period	$	(0.01)	(0.01)	0.09	0.02	0.14	—
Unrealized gains (losses) for the period	$	0.06	0.36	(0.27)	0.57	0.87	(1.84)
Total increase (decrease) from operations (2)	$	0.16	0.55	0.01	0.77	1.18	(1.68)
Distributions:							
From income (excluding dividends)	$	0.01	0.00	0.00	0.01	—	0.01
From dividends	$	0.10	0.19	0.18	0.17	0.17	0.16
From capital gains	$	—	—	—	—	0.06	—
Return of capital	$	—	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions (3)	$	0.11	0.19	0.18	0.18	0.23	0.17
Net assets, end of period	$	6.67	6.59	6.23	6.44	5.87	4.84

(1) This information is derived from the Portfolio's audited annual financial statements and unaudited June 30, 2013 semi-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		Six months ended June 30, 2013	Years ended December 31 2012	2011	2010	2009	2008
Total net asset value (000s) (1)	$	1,011,946	913,357	725,339	659,818	541,189	338,591
Number of units outstanding (000s) (1)		151,539	138,266	116,205	102,335	92,050	69,900
Management expense ratio (2)	%	0.04	0.04	0.04	0.04	0.07	0.07
Management expense ratio before waivers or management absorptions	%	0.16	0.06	0.04	0.04	0.07	0.07
Trading expense ratio (3)	%	0.03	0.04	0.03	0.02	0.09	0.07
Portfolio turnover rate (4)	%	1.28	2.40	6.44	1.81	25.43	10.69
Net asset value per unit	$	6.68	6.61	6.24	6.45	5.88	4.84

(1) This information is provided as at June 30 or 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 investment manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Portfolio.

Past Performance

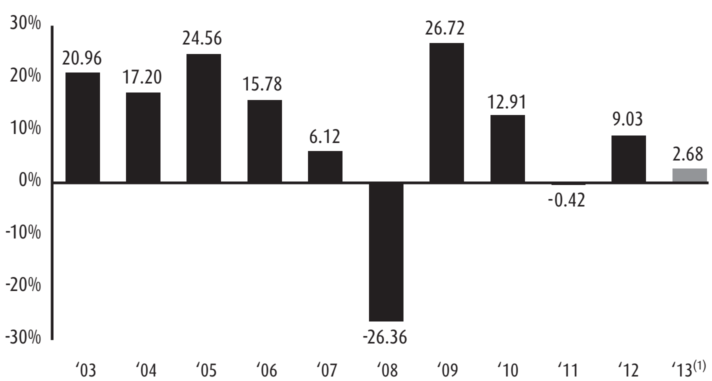
General

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

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

Year-by-Year Returns

The following bar chart shows the performance for each of the financial years and for the six-month period ended June 30, 2013 shown and illustrates how the performance has changed from year to year. The bar chart shows in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.



(1) For the six-month period ended June 30, 2013.

Summary of Investment Portfolio

as at June 30, 2013

Portfolio Allocation	% of Net Asset Value
Financials	42.8
Energy	18.1
Telecommunication Services	8.9
Consumer Discretionary	6.1
Materials	5.5
Industrials	4.9
Utilities	4.5
Consumer Staples	4.4
Money Market Investments	3.0
Cash/Receivables/Payables	1.8
Total portfolio allocation	**100.0**

Top 25 Holdings	% of Net Asset Value
Issuer	
Toronto-Dominion Bank, The,	7.1
Royal Bank of Canada	6.6
Bank of Nova Scotia	5.4
National Bank of Canada	4.6
Enbridge Inc.	4.2
Tim Hortons Inc.	4.1
Manulife Financial Corporation	4.1
BCE Inc.	3.8
Sun Life Financial Inc.	3.8
Suncor Energy Inc.	3.5
IGM Financial Inc.	3.0
Shoppers Drug Mart Corporation	3.0
TransCanada Corporation	2.7
Brookfield Office Properties Inc.	2.6
Canadian National Railway Company	2.5
Brookfield Infrastructure Partners L.P.	2.4
Rogers Communications Inc., Class B	2.4
Potash Corporation of Saskatchewan Inc.	2.3
Brookfield Asset Management Inc., Class A	2.3
TELUS Corporation	2.1
Fortis Inc.	2.0
Thomson Reuters Corporation	2.0
Crescent Point Energy Corp.	1.9
Cenovus Energy Inc.	1.8
Cash/Receivables/Payables	1.8
Top holdings as a percentage of net asset value	**82.0**
Total Net Asset Value	**$1,011,946,347**

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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