Semi-Annual Financial Statements

BMO Harris Private Portfolios

June 30, 2014

BMO Harris Canadian Conservative Equity Portfolio

NOTICE OF NO AUDITOR REVIEW OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

BMO Harris Investment Management Inc., the Manager of the Portfolios, appoints independent auditors to audit the Portfolio's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Portfolio's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

BMO Harris Private Banking®

BMO Harris Canadian Conservative Equity Portfolio

(unaudited)

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Canadian dollars, except per unit data)

As at	June 30 2014	December 31 2013	January 1 2013
Assets			
Current Assets			
Cash	34,777	20,143	9,190
Investments			
Non-derivative financial assets	732,701	689,209	727,081
Receivable for investments sold	11	—	—
Subscriptions receivable	392	317	230
Dividends receivable	1,831	1,442	2,000
Distribution receivable from investment trusts	7	135	133
Total assets	769,719	711,246	738,634
Liabilities			
Current Liabilities			
Redemptions payable	455	345	295
Accrued expenses	42	65	70
Total liabilities	497	410	365
Net assets attributable to holders of redeemable units	769,222	710,836	738,269
Net assets attributable to holders of redeemable units per unit	**$ 16.87**	**$ 15.05**	**$ 13.71**

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Conservative Equity Portfolio

(unaudited)

STATEMENT OF COMPREHENSIVE INCOME
(All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	June 30 2014	June 30 2013
Income		
Interest income	37	64
Dividend income	10,030	10,305
Distribution from investment trusts	228	300
Other changes in fair value of investments and derivatives		
Net realized gain	22,752	3,578
Change in unrealized appreciation (depreciation)	49,403	(18,166)
Net gain (loss) in fair value of investments and derivatives	82,450	(3,919)
Foreign exchange (loss) gain on cash	(18)	152
Total other (loss) income	(18)	152
Total income (loss)	82,432	(3,767)
Expenses		
Sub-advisory fees	409	449
Audit fees	4	6
Independent review committee fees	2	1
Custodian fees	6	6
Legal and filing fees	16	25
Unitholder servicing fees	127	169
Printing and stationery fees	4	10
Commissions and other portfolio transaction costs (note 6)	128	175
Operating expenses absorbed by the Manager	(409)	(449)
Total expenses	287	392
Increase (decrease) in net assets attributable to holders of redeemable units	82,145	(4,159)
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 3)	1.80	(0.08)

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Conservative Equity Portfolio

(unaudited)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS
(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2014	June 30 2013
Net assets attributable to holders of redeemable units at beginning of period	710,836	738,269
Increase (decrease) in net assets attributable to holders of redeemable units	82,145	(4,159)
Redeemable unit transactions		
Proceeds from redeemable units issued	67,862	65,224
Redemption of redeemable units	(91,621)	(123,939)
Net decrease from redeemable unit transactions	(23,759)	(58,715)
Net increase (decrease) in net assets attributable to holders of redeemable units	58,386	(62,874)
Net assets attributable to holders of redeemable units at end of period	769,222	675,395

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Conservative Equity Portfolio

(unaudited)

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2014	June 30 2013
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	82,145	(4,159)
Adjustments for:		
Foreign exchange loss (gain) on cash	18	(152)
Net realized gain on sale of investments and derivatives	(22,752)	(3,578)
Change in unrealized (appreciation) depreciation of investments and derivatives	(49,403)	18,166
Increase in receivable for investments sold	(11)	—
Increase in dividends receivable	(389)	(61)
Decrease (increase) in distribution receivable from investment trusts	128	(26)
Decrease in accrued interest on money market investments	—	7
Decrease in accrued expenses	(23)	(17)
Return of capital distributions received	80	140
Purchases of investments	(64,892)	(75,860)
Proceeds from sale and maturity of investments	93,475	122,936
Net cash from operating activities	38,376	57,396
Cash flows used in financing activities		
Proceeds from issuances of redeemable units	67,787	65,074
Amounts paid on redemption of redeemable units	(91,511)	(123,605)
Net cash used in financing activities	(23,724)	(58,531)
Foreign exchange (loss) gain on cash	(18)	152
Net increase (decrease) in cash	14,652	(1,135)
Cash at beginning of period	20,143	9,190
Cash at end of period	34,777	8,207
Supplementary Information		
Interest received, net of withholding taxes*	41	71
Dividends received, net of withholding taxes*	9,641	10,244

*These items are from operating activities

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Conservative Equity Portfolio

(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2014 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Equities			
Consumer Discretionary — 9.0%			
Dollarama Inc.	229,500	16,924	20,162
Gildan Activewear Inc.	331,000	17,602	20,810
Magna International Inc.	164,100	6,076	18,848
Thomson Reuters Corporation	249,200	8,852	9,681
		49,454	69,501
Consumer Staples — 1.7%			
Loblaw Companies Limited	268,394	8,006	12,781
Energy — 24.4%			
ARC Resources Ltd.	338,600	7,285	11,001
Baytex Energy Corp.	290,760	13,593	14,320
Canadian Natural Resources Limited	458,340	14,594	22,473
Cenovus Energy Inc.	484,500	11,619	16,759
Crescent Point Energy Corp.	340,800	13,613	16,117
Enbridge Inc.	496,130	18,203	25,119
Peyto Exploration & Development Corp.	273,490	8,529	11,024
Suncor Energy Inc.	753,654	22,329	34,291
Tourmaline Oil Corp.	308,930	8,799	17,380
TransCanada Corporation	381,580	15,541	19,434
		134,105	187,918
Financials — 34.3%			
Allied Properties REIT	152,000	4,809	5,373
Bank of Nova Scotia	782,200	31,839	55,646
Brookfield Asset Management Inc., Class A	468,170	14,869	22,009
Canadian Western Bank	384,993	13,619	15,357
CI Financial Corporation	149,600	4,727	5,243
IGM Financial Inc.	122,370	4,504	6,251
Intact Financial Corporation	248,900	14,195	18,314
Manulife Financial Corporation	1,392,740	26,415	29,540
Royal Bank of Canada	599,250	23,916	45,711
Toronto-Dominion Bank, The,	1,101,540	34,760	60,508
		173,653	263,952
Industrials — 7.9%			
Canadian National Railway Company	494,120	19,557	34,292
Finning International Inc.	288,330	5,518	8,604
Progressive Waste Solutions Ltd.	367,900	7,305	10,077
SNC-Lavalin Group Inc.	145,590	5,545	8,170
		37,925	61,143
Information Technology — 3.8%			
CGI Group Inc., Class A	474,000	16,493	17,927
MacDonald, Dettwiler and Associates Ltd.	128,000	10,281	11,152
		26,774	29,079

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Conservative Equity Portfolio

(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2014 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Materials — 9.0%			
Agnico Eagle Mines Limited	141,930	7,804	5,799
Agrium Inc.	62,000	6,693	6,061
Goldcorp Inc.	739,215	23,469	22,014
Potash Corporation of Saskatchewan Inc.	238,950	7,065	9,697
Silver Wheaton Corp.	204,870	6,902	5,753
Teck Resources Limited, Class B	501,120	17,252	12,207
Yamana Gold Inc.	838,200	12,700	7,359
		81,885	68,890
Telecommunication Services — 4.0%			
BCE Inc.	109,134	3,763	5,282
Rogers Communications Inc., Class B	324,960	10,472	13,954
TELUS Corporation	285,000	7,320	11,334
		21,555	30,570
Utilities — 1.2%			
Brookfield Renewable Energy Partners L.P.	281,140	7,168	8,867
Total Investment Portfolio — 95.3%		**540,525**	**732,701**
Other Assets Less Liabilities — 4.7%			**36,521**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%			**769,222**

+ Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio

NOTES TO FINANCIAL STATEMENTS
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2014

1.The Portfolio

BMO Harris Canadian Conservative Equity Portfolio ("the Portfolio") is an open-ended mutual fund trust established by a Declaration of Trust under the laws of the Province of Ontario, most recently amended on September 18, 2007. BMO Harris Investment Management Inc. ("the Manger") is the Manager of the Portfolio. The address of the Portfolio's registered office is 1 First Canadian Place, 41st Floor, Toronto, Ontario.

The information provided in these interim financial statements is for the periods ended June 30, 2014 and June 30, 2013, except for the comparative information in the Statement of Financial Position and the related notes, which are as at December 31, 2013 and January 1, 2013.

These financial statements were authorized for issue by BMO Trust Company, the trustee, on August 12, 2014.

2.Basis of preparation and presentation

These interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") IAS 34 Interim Financial Reporting. These are the Portfolio's first interim financial statements during the first year of reporting in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

As required by Canadian securities legislation and the Canadian Accounting Standards Board, the Portfolio has adopted this basis of accounting effective January 1, 2014. The Portfolio's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), as previously defined and as described in the notes to the Portfolio's annual financial statements for the year ended December 31, 2013. Canadian GAAP, as previously defined, differs in some areas from IFRS. To comply with IFRS, the Portfolio has amended certain accounting policies, classification, measurement and disclosure previously applied in the Canadian GAAP financial statements.

As required under IFRS, the Portfolio has:

- provided comparative financial information including an opening Statement of Financial Position as at the transition date
- retroactively applied all IFRS, other than in respect of elections taken under IFRS 1; and
- applied all mandatory exceptions as applicable for the first-time adopters of IFRS.

The interim financial statements should be read in conjunction with the Portfolio's Canadian GAAP annual financial statements for the year-ended December 31, 2013.

Note 8(h) contains reconciliations and descriptions of the effects of the transition to IFRS on the Portfolio's reported financial position, financial performance and cash flows.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of August 12, 2014, the date the Manager approved the statements. Any subsequent changes to IFRS that are given effect in the Portfolio's annual financial statements for the period ending December 31, 2014 could result in a restatement of these interim financial statements, including the transition adjustments.

3.Summary of significant accounting policies

Financial instruments

The Portfolio records financial instruments at fair value. Investment transactions are accounted for on the trade date. The Fund's investments are either designated as fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Portfolio's Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Portfolio manages together and that have a recent actual pattern of short-term profit taking. The Portfolio classifies all derivatives and short positions as held for trading. The Portfolio does not designate any derivatives as hedges in a hedging relationship.

The Portfolio designates all other investments as FVTPL, as they have reliably measurable fair values, are part of a group of financial assets or liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Portfolio's redeemable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Fund's obligations for net assets attributable to holders of redeemable units are presented at the redemption amounts.

NOTES TO FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
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All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid or discounted, when appropriate, at the contract's effective interest rate.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as change in unrealized appreciation (depreciation) in the Statement of Comprehensive Income.

For exchange traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account among, other things, any significant events occurring after the close of a foreign market.

For bonds, debentures, asset-backed securities and other debt, securities fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are amortized at cost which approximates fair value.

Exchange traded funds held as investments are valued at their respective Net Asset Value ("NAV") on each Valuation Date (the "Valuation Date" is each day on which the Toronto Stock Exchange is open for trading), as these values are the most readily and regularly available.

For securities where market quotes are not available, unreliable or not considered to reflect the current value, the Portfolio may determine another value which it considers to be fair and reasonable, or using a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data, including volatility, comparable companies and other applicable rates or prices. These estimation techniques include discounted cash flows, internal models that utilize observable data, or comparisons with other securities that are substantially similar. In limited circumstances, the Fund uses internal models where the inputs are not based on observable market data.

Derivative instruments

Derivative instruments are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates, or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange-traded contracts or negotiated over-the-counter contracts. The Portfolio may use these instruments for trading purposes, as well as to manage the Portfolio's risk exposures.

Derivatives are marked to fair value. Realized and unrealized gains and losses are recorded in the Statement of Comprehensive Income.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Portfolio and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Portfolio may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly. The Portfolio may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or shifting the exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Portfolio is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition

Dividend income and distributions from investment trust units are recognized on the ex-dividend and ex-distribution date, respectively.

Interest income from interest bearing investments is recognized in the Statement of Comprehensive Income using the effective interest rate. Interest receivable shown in the Statement of Financial Position is accrued based on the interest bearing instruments' stated rates of interest.

Interest on inflation-indexed bonds is paid based on a principal value, which is adjusted for inflation.

NOTES TO FINANCIAL STATEMENTS (cont'd)
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The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Comprehensive Income. If held to maturity, the Portfolio will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in "Realized gains (losses)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains and losses relating to cash are included as "Foreign exchange gain (loss) on cash".

Securities lending

A Portfolio may engage in securities lending pursuant to the terms of an agreement, which includes restrictions as set out in Canadian securities legislation. Collateral held is government Treasury Bills and qualified Notes.

Income from securities lending, where applicable, is included in the Statement of Comprehensive Income and is recognized when earned. The market value of the securities loaned and collateral held is determined daily. Aggregate values of securities held in trust as at June 30, 2014, and December 31, 2013 and January 1, 2013, where applicable, are disclosed in Note 8(e).

Short-term trading penalty

To discourage excessive trading, the Portfolio may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Portfolio and is included in "Short-term penalty fees" in the Statement of Comprehensive Income.

Cash

Cash is comprised of cash and deposits with banks, which include banker acceptances and overnight demand deposits. Cash is recorded at amortized cost.

Other assets and other liabilities

Dividend receivable, interest receivable, distributions from investment trust units receivable, due from broker and subscriptions receivable, are initially measured at fair value and subsequently measured at amortized cost. Similarly, due to broker, redemptions payable and accrued expenses, are initially measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost, which approximates fair value.

Increase or decrease in net assets attributable to holders of redeemable units

"Increase (decrease) in net assets attributable to holders of redeemable units" in the Statement of Comprehensive Income represents, the increase (decrease) in net assets attributable to holders of redeemable units divided by the weighted average number of units outstanding during the period.

Taxation

The Portfolio qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders so that the Portfolio will not be subject to income tax. As a result, the Portfolio has determined that it is in substance not taxable and therefore does not record income taxes in the Statement of Comprehensive Income and or recognize any deferred tax assets in the Statement of Financial Position.

The Portfolio may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis with the related withholding taxes shown as a separate expense in the Statement of Comprehensive Income.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Portfolio has control through its exposure or rights to variable returns from its investment, and has the ability to affect those returns through its power over the entity. The Portfolio has determined that it is an investment entity and as such, it accounts for subsidiaries at fair value. Joint ventures are those where the Portfolio exercises joint control through an agreement with other shareholders. Associates are investments in which the Portfolio exerts significant influence over operating, investing, and financing decisions (such as companies in which the

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Portfolio owns 20% - 50% of voting shares), all of which have been designated at FVTPL.

Accounting standards issued but not yet adopted

Below are accounting standards issued or amended but not yet effective and not yet adopted. The Manager does not expect the adoption of these standards or amendments to have a significant impact to the Portfolio's financial statements.

In July 2014, the IASB issued the most recent version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortised cost, fair value through profit and loss or fair value through

comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at fair value through profit and loss. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard also addresses impairment of financial assets. It also introduced a new hedge accounting model that expands the scope of eligible hedged items and risks eligible for hedge accounting, and aligns hedge accounting more closely with risk management.

The new standard is effective for the Portfolio for its fiscal year beginning January 1, 2018. The Portfolio is evaluating the impact of this standard on its financial statements.

4.Critical accounting estimates and judgments

The most significant accounting estimates and judgments that the Portfolio has made in preparing the financial statements relate to the fair value measurement and classification of investments.

The Portfolio has established policies and control procedures that are intended to ensure these judgments are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the Portfolio's assets and liabilities are believed to be appropriate as at the reporting date.

The Portfolio may hold financial instruments that are not quoted in active markets. Note 3 discusses the estimates used in determining fair value.

In classifying and measuring financial instruments held by the Portfolio, the Manager is required to make significant judgments about whether or not the business of the Portfolio is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

5.Units and unit transactions

The redeemable units of the Portfolio are classified as liabilities.

The units have no par value and are entitled to distributions, if any. Upon redemption, a unit is entitled to a proportionate share of the Portfolio's NAV. The Portfolio is required to pay distributions in an amount not less than the amount necessary to ensure the Portfolio will not be liable for income taxes. The Portfolio has no restrictions or specific capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8(a). The relevant movements in redeemable units are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Portfolio endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Redeemable units of the Portfolio are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit for the purposes of subscription or redemption is computed by dividing the NAV of the Portfolio (that is, the total fair value of the assets less the liabilities) by the total number of units of the Portfolio outstanding at such time.

6.Related party transactions

(a) Unitholder servicing, sub-advisory commissions and other portfolio transaction costs

The Portfolio is provided with certain facilities and services by affiliates of the Manager. Expenses incurred in the administration of the Portfolio were paid to BMO Trust Company ("the Trustee") and to BMO Asset Management Inc. ("the Registrar") and charged to the Portfolio. These expenses are included in "Unitholder

NOTES TO FINANCIAL STATEMENTS (cont'd)
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servicing fees" in the Statement of Comprehensive Income.

The sub-advisors (including affiliates of the Manager, where applicable) engaged by the Manager provide investment advice and make investment decisions for the Portfolio. For these services, the sub-advisors receive sub-advisory fees that are paid monthly by the Manager. These expenses are included in "Sub-advisory fees" in the Statement of Comprehensive Income. Any sub-advisory fees less than or equal to 0.15% of the net asset value of the Portfolio are absorbed by the Manager.

The Portfolio may execute trades with and or through BMO Nesbit Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements, at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income. Refer to Note 8(d) for related party fees charged to the Portfolio for the periods ended June 30, 2014 and June 30, 2013.

(b) Other related party transactions

From time to time, the Manager may on behalf of the Portfolio enter into transactions or arrangements with or involving subsidiaries or affiliates of Bank of Montreal group, or certain other persons or companies that are related or connected to the Manager of the Portfolio. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of Bank of Montreal, BMO Trust Company, BMO Nesbitt Burns Inc., Harris Investment Management Inc., BMO Asset Management Inc., BMO Investments Inc., Pyrford International Ltd, Lloyd George Management Inc., F&C Asset Management plc, or other investment funds offered by BMO, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliate of Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliate of Bank of Montreal, entering into forward contracts with a subsidiary or affiliate of Bank of Montreal acting as counterparty, the purchase or redemption of units of other BMO Harris Private Portfolios or the provision of services to the Manager.

7.Financial instrument risk

The Portfolio's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The concentration table groups securities by asset type, geographic location and/or market segment. The Portfolio's risk management practice outlines the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Portfolio's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Portfolio's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Portfolio, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Portfolio's functional currency in determining fair value. The Portfolio may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Portfolio's exposure to currency risk, if any, is further disclosed in Note 8(e).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Portfolio's interest-bearing investments will fluctuate due to changes in market interest rates. The Portfolio's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market instruments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Portfolio's exposure to interest rate risk, if any, is further discussed in Note 8(e).

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market or market segment. Other assets and liabilities are monetary items that are short-term in nature, and as such they are not subject to other market risk. The Portfolio's exposure to other market risk, if any, is further discussed in Note 8(e).

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(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Portfolio's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Portfolio's exposure to credit risk, if any, is further discussed in Note 8(e).

The Portfolio may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Portfolio must be at least 102% of the fair value of securities loaned, as disclosed in Note 8(e).

(e) Liquidity risk

The Portfolio's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Portfolio primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio retains sufficient cash and cash equivalent positions to maintain liquidity. The Portfolio may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. The proportion of illiquid securities to the NAV of the Portfolio is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Portfolio's financial obligations.

NOTES TO FINANCIAL STATEMENTS (cont'd)
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8. Portfolio specific information

(a) Portfolio information and change in units

The Portfolio's inception date was January 4, 1999.

The number of units that have been issued and are outstanding are disclosed in the table below.

For the periods ended (in thousands of units)	Jun. 30, 2014	Jun. 30, 2013
Units issued and outstanding, beginning of period	47,227	53,837
Issued for cash	4,312	4,688
Redeemed during the period	(5,937)	(8,956)
Units issued and outstanding, end of period	45,602	49,569

(b) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2014 and June 30, 2013 is calculated as follows:

	Jun. 30, 2014	Jun. 30, 2013
Increase (decrease) in net assets attributable to holders of redeemable units	82,145	(4,159)
Weighted average units outstanding during the period	45,708	52,448
Increase (decrease) in net assets attributable to holders of redeemable units per unit	1.80	(0.08)

(c) Income taxes

As at the tax year-ended December 2013, the Portfolio had the following capital and non-capital losses for income tax purposes:

Total Capital Losses ($)	Total Non-Capital Losses ($)	Non-Capital Losses That Expire in 2014 ($)	2015 ($)	2026 and thereafter ($)
70,636	—	—	—	—

(d) Related party transactions

Unitholder servicing

The related party fees charged for unitholder servicing fees are as follows:

	Jun. 30, 2014	Jun. 30, 2013
Unitholder servicing ($)	88	112

Brokerage commissions and soft dollars

Brokerage commissions paid on securities transactions and amounts paid to related parties of the Manager for brokerage services provided to the Portfolio for the periods are as follows:

	Jun. 30, 2014	Jun. 30, 2013
Total brokerage amounts paid ($)	128	175
Total brokerage amounts paid to related parties ($)	6	12

The Manager may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Portfolio during the periods.

(e) Financial instrument risk

The Portfolio's objective is to provide long term capital appreciation through investing primarily in equity securities of large Canadian issuers

No changes affecting the overall level of risk of investing in the Portfolio were made during the period.

Currency risk

As at June 30, 2014, December 31, 2013 and January 1, 2013, the Portfolio did not have any significant exposure to currency risk.

Interest rate risk

As at June 30, 2014, December 31, 2013 and January 1, 2013, the Portfolio did not have any significant exposure to interest rate risk.

Other market risk

The Portfolio has a significant exposure to other market risk arising from its investment in equity securities. The Portfolio's exposure to equity securities determine the extent to which the Portfolio reacts to the movements in the relevant Benchmark. Using historical correlation between the Portfolio's return and the return of its Benchmark, if the Benchmark, S&P/TSX Composite Index, had increased or decreased by 10%, with all other variables held constant, the Net Assets of the Portfolio would have increased or decreased, respectively, by $61,921 (December 31, 2013 - $59,100; January 1, 2013 - $63,626). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

NOTES TO FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2014

Credit risk

As at June 30, 2014, December 31, 2013 and January 1, 2013, the Portfolio did not have any significant exposure to credit risk.

Securities lending

There were no assets involved in securities lending transactions as at June 30, 2014, December 31, 2013 and January 1, 2013.

Concentration risk

The following is a summary of the Portfolio's concentration risk:

	Jun. 30, 2014	Dec. 31, 2013	Jan. 1, 2013
Money Market Investments			
Corporate	—%	—%	1.1%
Equities			
Consumer Discretionary	9.0%	7.5%	4.4%
Consumer Staples	1.7%	2.6%	4.4%
Energy	24.4%	24.0%	24.5%
Financials	34.3%	37.3%	34.3%
Industrials	7.9%	8.3%	7.5%
Information Technology	3.8%	1.8%	—%
Materials	9.0%	9.3%	16.1%
Telecommunication Services	4.0%	5.0%	5.1%
Utilities	1.2%	1.2%	1.1%
Other Assets Less Liabilities	4.7%	3.0%	1.5%
	100.0%	**100.0%**	**100.0%**

(f) Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities

	Jun. 30, 2014	Dec. 31, 2013	Jan. 1, 2013
Financial assets designated at FVTPL	732,701	689,209	727,081
Loans and receivables	2,241	1,894	2,363
Financial liabilities measured at amortized cost	497	410	365

Net gains and losses on financial assets and financial liabilities at fair value

	Jun. 30, 2014	Jun. 30, 2013
Net realized gains on financial assets at FVTPL		
Designated at FVTPL	33,047	14,247
	33,047	14,247
Total net realized gains on financial assets at FVTPL	33,047	14,247
Change in unrealized gains (losses) on financial assets at FVTPL		
Designated at FVTPL	49,403	(18,166)
	49,403	(18,166)
Total change in unrealized gains (losses) on financial assets at FVTPL	49,403	(18,166)

(g) Fair value hierarchy

The Portfolio classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

As at Jun. 30, 2014

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	732,701	—	—	732,701

As at Dec. 31, 2013

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	689,209	—	—	689,209

As at Jan. 1, 2013

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	719,097	—	—	719,097
Debt Securities	—	7,984	—	7,984
Total	**719,097**	**7,984**	**—**	**727,081**

NOTES TO FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2014

Transfers between levels

There were no transfers between levels during the periods.

(h) Transition to IFRS

The differences between the Portfolio's Canadian GAAP accounting policies and IFRS requirements resulted in measurement and classification differences on transition to IFRS. The net impact of these differences was recorded in opening Net Assets as of January 1, 2013.

The following information reflects the Portfolio's transition elections under IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), the standard for first-time adoption and the significant accounting changes resulting from our adoption of IFRS. The general principle under IFRS 1 is retroactive application, such that the Portfolio's Statement of Financial Position as at January 1, 2013 was restated as though the Portfolio has always applied IFRS with the net impact shown as an adjustment to opening Net Assets.

Transition elections

The Portfolio had applied the voluntary exemption upon transition to designate financial assets or financial liabilities at FVTPL. All financial assets designated at FVTPL upon transition were previously recorded at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment Companies.

Statement of cash flows

Under Canadian GAAP, the Portfolio was exempt from providing a Statement of Cash Flows. IAS 1, Presentation of Financial Statements ("IAS 1"), requires that a Statement of Cash Flows to be presented as part of a complete set of financial statements. As such, the Portfolio has presented a Statement of Cash Flows in the interim financial statements for the periods ended June 30, 2014 and June 30, 2013.

Classification of redeemable units issued by the Portfolio

Under Canadian GAAP, redeemable units of the Portfolio were presented as Net Assets. IAS 32, Financial Instruments: Disclosure and Presentation ("IAS 32"), however, requires an assessment to determine whether the units issued to unitholders are puttable instruments that qualify for equity treatment. The Portfolio's units do not meet the criteria in IAS 32 for equity classification and therefore, have been reclassified as financial liabilities on transition to IFRS and presented on the Statement of Financial Position as Net Assets.

Revaluation of investments at FVTPL

Canadian GAAP required the use of bid prices for long positions and ask prices for short positions in determining fair valuation of investments traded in an active market, rather than the use of close prices used for the purpose of determining NAV. IFRS 13, Fair Value Measurement ("IFRS 13"), requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. The standard also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. Upon adoption of IFRS, the Portfolio has determined that for traded securities, close price on the reporting date are considered to be fair value, if they fall within the bid-ask spread. See Note 3 for the Portfolio's fair value measurement policy.

Reconciliation of Net Assets as reported under Canadian GAAP to IFRS

	Dec. 31, 2013	Jun. 30, 2013	Jan. 1, 2013
Net assets representing unitholders' equity under Canadian GAAP	710,147	674,336	736,967
Revaluation of investments at FVTPL	689	1,059	1,302
Net assets attributable to holders of redeemable units	710,836	675,395	738,269

Reconciliation of increase (decrease) in net assets reported under Canadian GAAP to IFRS

	Dec. 31, 2013	Jun. 30, 2013
Increase (decrease) in net assets from operations under Canadian GAAP	83,560	(3,915)
Revaluation of investments at FVTPL	689	(244)
Increase (decrease) in net assets attributable to holders of redeemable units	84,249	(4,159)

Manager
BMO Harris Investment
Management Inc.
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1H3

Trustee
BMO Trust Company
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1H3

Independent Auditors
PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

www.bmoharrisprivatebanking.com

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