

Semi-Annual Management Report of Fund Performance

BMO Harris Canadian Conservative Equity Portfolio

For the period ended June 30, 2014

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 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 Conservative Equity Portfolio (the "Portfolio").

Results of Operations

For the six-month period ended June 30, 2014, the Portfolio returned 12.09%, after expenses. The Portfolio's benchmark is the S&P/TSX Composite Index, which generated a 12.86% total return over the same six-month period.

The severe winter weather that occurred earlier in the period negatively affected consumer spending, automotive sales and home-building, which resulted in weaker economic data and contributed to the outperformance of Government of Canada bonds, defensive stocks and gold stocks earlier in the period. Energy prices rose over the period as increased geopolitical tension in the Middle East resulted in heightened concern about Iraq's oil supply.

The Portfolio underperformed the benchmark for the period. The Portfolio's overweight positions in the Consumer Discretionary and Financials sectors detracted from its performance over the period. From an individual securities perspective, Teck Resources Limited, Dollarama Inc. and Encana Corporation

detracted from the Portfolio's performance over the period. Weakness in coal markets negatively affected Teck Resources Limited's results and investor sentiment towards the company's stock.

The Portfolio's overweight position in the Industrials sector and underweight position in the Health Care sector contributed to its performance over the period. The Industrials sector was supported by strong performance from railway and engineering company stocks. Meanwhile, the Health Care sector's major holding, Valeant Pharmaceuticals International, Inc., faced challenges with its takeover attempt of Allergan Inc. Stock selection also contributed to performance, with holdings such as Tourmaline Oil Corp., Goldcorp Inc. and Magna International Inc. posting relatively strong gains over the period. Tourmaline Oil Corp.'s stock price was driven higher by stronger natural gas pricing and solid operating and financial results from the company. Geopolitical tension combined with softer economic data earlier in the period benefited gold companies such as Goldcorp Inc. Magna International Inc. continued to perform well as a result of strong automotive sales in North America and Europe, as well as the company's European operating improvements.

The sub-advisor sold the Portfolio's positions in Tim Hortons Inc., Home Capital Group Inc. and Brookfield Office Properties Inc. during the period. Tim Hortons Inc. was sold on valuation and growth concerns, and to invest in what the sub-advisor believes are better opportunities for the Portfolio.

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The sub-advisor purchased a position in MacDonald, Dettwiler and Associates Ltd. during the period. The sub-advisor believes that MacDonald, Dettwiler and Associates Ltd. has a strong management team that has rewarded the company's shareholders in the past, and that the company's stock price represented good value at the time of purchase.

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 positive economic data and strong corporate earnings should support equities. Stimulative monetary conditions from the U.S. Federal Reserve Board and other global central banks, as well as continued low inflation, should also positively impact equity markets. However, the sub-advisor expects that ongoing geopolitical tensions could cause a "flight to quality," in which investors move their money to less risky assets. The sub-advisor has increased the Portfolio's position in economically sensitive sectors, such as the Industrials and Consumer Discretionary sectors, as a result of this outlook.

Risk Classification Change

Effective May 7, 2014, as outlined in the Portfolio's most recent prospectus, the risk rating of the Portfolio was reduced from "Medium to High" to "Medium" to better align with the Portfolio's risk level. The investment objectives, investment strategies and management of the Portfolio did not change as a result of the change in risk rating.

Significant Accounting Changes

Resulting from our Adoption of IFRS

Effective January 1, 2014, the Portfolio adopted International Financial Reporting Standards ("IFRS") as its basis of accounting. The semi-annual financial statements for the period ended June 30, 2014 are the first set of financial statements prepared on an IFRS basis. The adjustments made to reflect the impact of the change from Canadian GAAP to IFRS are presented in note 8 to the financial statements.

Key changes to the financial statements as a result of the implementation of IFRS are:

- Statement of Financial Position has replaced the former Statement of Net Assets:
 - The Portfolio's unitholders investments in the units of the Portfolios did not qualify for equity classification under IFRS and have been classified as a financial liability for financial reporting purposes.
 - Classification of financial instruments: derivatives and short positions have been classified as held for trading while all other financial instruments have been designated as fair valued through profit and loss ("FVTPL"). Following adoption of IFRS by the Portfolio, for financial reporting purposes the Portfolio now fair values its investment securities traded on an exchange at close price, which is determined as the price within the bid ask range that represents the best estimate of fair value.
- Statement of Comprehensive Income replaced Statement of Operations
 - The Portfolio accounts for interest income using the effective interest rate method, rather than the coupon method previously used under Canadian GAAP.
- Statement of Changes in Net Assets Attributable to Holders of Redeemable Units replaced the Statement of Changes in Net Assets and the Portfolio now presents a Statement of Cash Flows.
- Other notable changes to the financial statement notes include additional or enhanced information in the notes to the financial statements, including a more detailed note and reconciliation on the Portfolio's transition from Canadian GAAP to IFRS.

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").

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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, 2014 (\$000s)	Period ended June 30, 2013 (\$000s)
Total Brokerage Commissions	128	175
Brokerage Fees paid to BMO Nesbitt Burns Inc.	6	12

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, and the manager receive 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 and the manager. 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, 2014 (\$000s)	Period ended June 30, 2013 (\$000s)
Unitholder Services	88	112

Management Fee

There is no management fee charged to the Portfolio. The trustee and the manager receive an annual wealth management 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⁾	Six months ended June 30, 2014	Years ended December 31				
		2013	2012	2011	2010	2009
Net assets, beginning of period ⁽⁵⁾	\$ 15.05	13.69	13.05	15.36	14.03	11.14
Increase (decrease) from operations:						
Total revenue	\$ 0.23	0.41	0.37	0.35	0.33	0.34
Total expenses ⁽²⁾	\$ (0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Realized gains (losses) for the period	\$ 0.50	0.25	(0.33)	0.43	0.21	(0.03)
Unrealized gains (losses) for the period	\$ 1.08	1.05	0.94	(2.57)	1.11	2.90
Total increase (decrease) from operations ⁽³⁾	\$ 1.80	1.70	0.96	(1.81)	1.64	3.20
Distributions:						
From income (excluding dividends)	\$ —	0.01	0.00	—	0.03	—
From dividends	\$ —	0.45	0.35	0.42	0.32	0.32
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ —	0.00	0.00	0.00	—	—
Total Annual Distributions ⁽⁴⁾	\$ —	0.46	0.35	0.42	0.35	0.32
Net assets, end of period ⁽⁵⁾	\$ 16.87	15.04	13.69	13.05	15.36	14.03

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements and unaudited June 30, 2014 semi-annual financial statements. Prior to 2014, the net assets per unit presented in the financial statements differed 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⁾ Includes commissions and portfolio transaction costs. Prior to 2014, withholding taxes were not included in expenses as they were included in revenue.

⁽³⁾ 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.

⁽⁴⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

⁽⁵⁾ Net assets prior to 2014 were calculated under Canadian GAAP. Net assets in 2014 were calculated under IFRS.

Ratios and Supplemental Data	Six months ended June 30, 2014	Years ended December 31				
		2013	2012	2011	2010	2009
Total net asset value (000s) ⁽¹⁾	\$ 769,222	710,836	738,269	634,098	936,400	865,541
Number of units outstanding (000s) ⁽¹⁾	45,602	47,227	53,837	48,527	60,858	61,523
Management expense ratio ⁽²⁾	% 0.04	0.06	0.05	0.04	0.04	0.04
Management expense ratio before waivers or management absorptions	% 0.16	0.18	0.07	0.04	0.04	0.04
Trading expense ratio ⁽³⁾	% 0.04	0.05	0.09	0.12	0.05	0.07
Portfolio turnover rate ⁽⁴⁾	% 8.59	15.23	19.63	25.34	17.35	18.74
Net asset value per unit	\$ 16.87	15.05	13.71	13.07	15.39	14.07

⁽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 investor 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.

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Past Performance

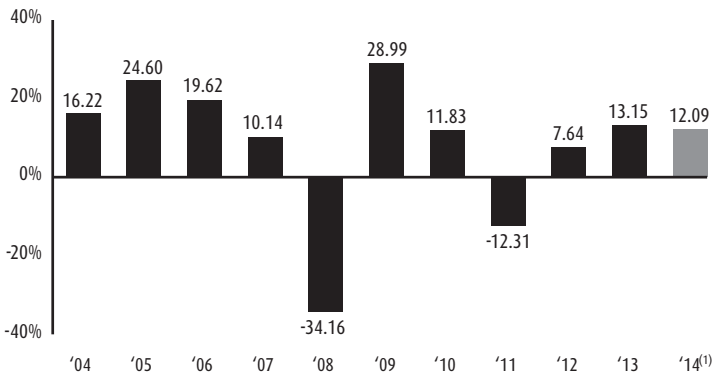
General

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 shows the performance for each of the financial years and for the six-month period ended June 30, 2014 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, 2014.

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Summary of Investment Portfolio

as at June 30, 2014

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Financials	34.3	Issuer	
Energy	24.4	Toronto-Dominion Bank, The,	7.9
Consumer Discretionary	9.0	Bank of Nova Scotia	7.2
Materials	9.0	Royal Bank of Canada	5.9
Industrials	7.9	Cash/Receivables/Payables	4.7
Cash/Receivables/Payables	4.7	Canadian National Railway Company	4.5
Telecommunication Services	4.0	Suncor Energy Inc.	4.5
Information Technology	3.8	Manulife Financial Corporation	3.8
Consumer Staples	1.7	Enbridge Inc.	3.3
Utilities	1.2	Canadian Natural Resources Limited	2.9
Total portfolio allocation	100.0	Goldcorp Inc.	2.9
		Brookfield Asset Management Inc., Class A	2.9
		Gildan Activewear Inc.	2.7
		Dollarama Inc.	2.6
		TransCanada Corporation	2.5
		Magna International Inc.	2.5
		Intact Financial Corporation	2.4
		CGI Group Inc., Class A	2.3
		Tourmaline Oil Corp.	2.3
		Cenovous Energy Inc.	2.2
		Crescent Point Energy Corp.	2.1
		Canadian Western Bank	2.0
		Baytex Energy Corp.	1.9
		Rogers Communications Inc., Class B	1.8
		Loblaw Companies Limited	1.7
		Teck Resources Limited, Class B	1.6
		Top holdings as a percentage of net asset value	81.1
		Total Net Asset Value	\$769,222,291

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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