

Annual Management Report of Fund Performance

BMO Harris Emerging Markets Equity 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 Comgest S.A. ("Comgest" or the "sub-advisor") as the sub-advisor of BMO Harris Emerging Markets Equity Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objective is to achieve long term growth through capital appreciation by primarily investing in securities of companies in emerging markets or companies with a connection to emerging markets.

To seek to achieve the Portfolio's objectives, the sub-advisor employs bottom up security selection to select attractively priced companies that show exceptional characteristics with strong competitive positions that are likely to appreciate steadily over the long-term. This process is based on quantitative and fundamental analyses that consider the company's balance sheet and earnings as well as the quality of the company's management.

The Portfolio may use derivative instruments in an effort to reduce the impact of currency fluctuations on, and to add value to, the Portfolio's investment portfolio. Stock index futures may also be used as a substitute for acquiring or selling the underlying securities which allows the Portfolio to efficiently manage its cash flow and its exposure to different countries.

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 14.19% in C\$ (16.95% in US\$), after expenses. The Portfolio's benchmark is the MSCI Emerging Markets Index, which generated a 15.65% total return in C\$ (18.22% in US\$) over the same 12-month period.

Global equity markets were volatile over 2012 as a result of investor concern regarding the Chinese and U.S. economies, as well as the eurozone's ongoing sovereign debt issues. Nevertheless, many of the world's equity markets posted gains as a result of the measures taken by the world's major central banks to stimulate their local economies, and the release of more positive economic data concerning the United States and China. Financial markets in emerging economies posted significant gains as investors sought what are generally perceived as "higher-risk" assets.

The Portfolio's positions in Brazil and Russia contributed to its performance over the period. From a sector perspective, the Portfolio's overweight exposure to the Consumer Staples sector and its underweight exposure to the Energy sector contributed to its performance. From an individual securities perspective, significant

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contributors to Portfolio performance over the period included Taiwan Semiconductor Manufacturing Company Limited, a Taiwan-based Telecommunication Services company; OJSC Magnit, a retail chain based in Russia; Tencent Holdings Limited, a Chinese internet service provider; Heineken N.V., a brewer based in the Netherlands; and Coca-Cola Hellenic Bottling Company S.A., a beverages firm based in Greece. Shares of Taiwan Semiconductor Manufacturing Company Limited, OJSC Magnit, and Tencent Holdings Limited posted significant gains as a result of positive financial results.

The Portfolio's positions in Taiwan, India, South Africa and Australia detracted from its performance over the period. The Portfolio's significantly underweight position in the Financials sector also detracted from its performance. Significant individual detractors from the Portfolio's performance included Baidu, Inc., a Chinese internet search company; JBS S.A., a Brazilian food processor; and HTC Corporation, a Taiwanese Telecommunication Services firm. Baidu, Inc.'s share price posted losses partly as a result of investor concern that the company might have to switch its listing location from the Nasdaq to a Chinese exchange. JBS S.A.'s share price was negatively affected by fluctuations in the price of grain.

The sub-advisor sold a number of positions during the period for strategic and technical reasons, including Grupo Televisa S.A. de C.V.; Delta Electronics, Inc.; and Acer Inc.

During the period, the sub-advisor added positions in a number of companies, including BRF – Brasil Foods S.A., Sanlam Limited, Yandex N.V. and Baidu, Inc. BRF – Brasil Foods S.A. is Brazil's leading producer of chicken and food products. Sanlam Limited, a South African financial services firm, is expanding its operations into other African countries. Yandex N.V. and Baidu, Inc. have become successful internet search engines in Russia and China, respectively.

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 global economic outlook is uncertain. According to the sub-advisor, asset prices could decline as a result of numerous economic imbalances. On the other hand, the sub-advisor believes that financial markets could rise as a result of low inflation rates and monetary policies designed to stimulate economies. The sub-advisor also believes that companies based in emerging markets face additional challenges, such as their continued dependence on demand from the United States, Europe and China.

The Portfolio will continue to invest in what the sub-advisor believes are high-quality stocks with considerable growth potential that the sub-advisor believes are significantly undervalued.

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.

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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. 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 Comgest S.A. ("Comgest") to provide investment advice and make investment decisions for the Portfolio's investment portfolio. Comgest receives an investment advisory fee based on assets under management that is paid quarterly. Comgest 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

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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.

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 | 194 | 223 |

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 | \$ 10.53 | 13.26 | 11.71 | 8.22 | 12.57 |
| Increase (decrease) from operations: | | | | | |
| Total revenue | \$ 0.20 | 0.26 | 0.22 | 0.19 | 0.32 |
| Total expenses | \$ (0.08) | (0.05) | (0.05) | (0.07) | (0.07) |
| Realized gains (losses) for the period | \$ (0.79) | 0.03 | 0.16 | 0.18 | (0.38) |
| Unrealized gains (losses) for the period | \$ 2.15 | (2.73) | 1.45 | 3.21 | (3.92) |
| Total increase (decrease) from operations ⁽²⁾ | \$ 1.48 | (2.49) | 1.78 | 3.51 | (4.05) |
| Distributions: | | | | | |
| From income (excluding dividends) | \$ 0.00 | 0.00 | — | — | 0.50 |
| From dividends | \$ 0.16 | 0.27 | 0.18 | — | — |
| From capital gains | \$ — | — | — | — | — |
| Return of capital | \$ 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Annual Distributions ⁽³⁾ | \$ 0.16 | 0.27 | 0.18 | 0.00 | 0.50 |
| Net assets, end of period | \$ 11.87 | 10.53 | 13.26 | 11.71 | 8.22 |

⁽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⁾ | \$ 121,334 | 120,942 | 172,398 | 126,564 | 64,908 |
| Number of units outstanding (000s) ⁽¹⁾ | 10,213 | 11,468 | 12,992 | 10,791 | 7,885 |
| Management expense ratio ⁽²⁾ | % | 0.54 | 0.28 | 0.30 | 0.43 |
| Management expense ratio before waivers or management absorptions | % | 0.56 | 0.28 | 0.30 | 0.43 |
| Trading expense ratio ⁽³⁾ | % | 0.18 | 0.11 | 0.13 | 0.31 |
| Portfolio turnover rate ⁽⁴⁾ | % | 38.29 | 39.42 | 23.41 | 34.33 |
| Net asset value per unit | \$ 11.88 | 10.55 | 13.27 | 11.73 | 8.23 |

⁽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

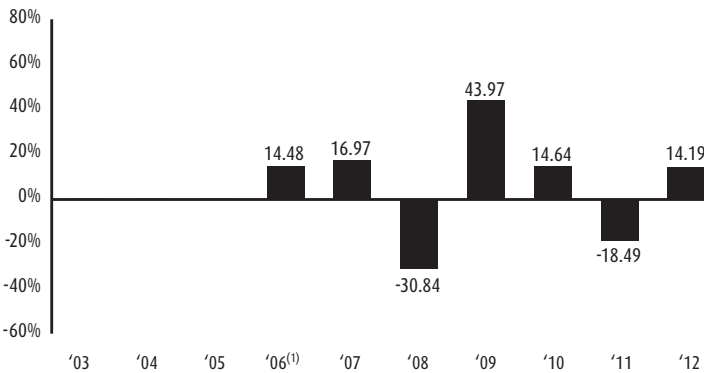
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

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

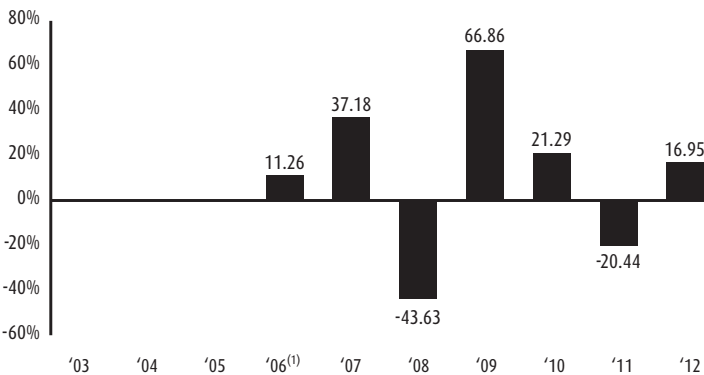
The following bar chart(s) show the performance for each of the financial years shown and illustrates how the performance has changed from year to year. The bar chart(s) show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

BMO Harris Emerging Markets Equity Portfolio (C\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

BMO Harris Emerging Markets Equity Portfolio (US\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the MSCI Emerging Markets Index, which is a free float-adjusted market capitalization weighted index that measures equity market performance (total return) in global emerging markets.

| | 1 yr % | 3 yrs % | 5yrs % | 10yrs % | Since Inception [§] % |
|---|-----------|------------|-----------|------------|--------------------------------------|
| BMO Harris Emerging Markets Equity Portfolio [‡] (C\$) | 14.19 | 2.19 | 1.22 | n/a | 5.90 |
| MSCI Emerging Markets Index (C\$) | 15.65 | 2.91 | (0.78) | n/a | 4.66 |

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

[§]The Portfolio commenced offering units by way of prospectus on November 1, 2006.

| | 1 yr % | 3 yrs % | 5yrs % | 10yrs % | Since Inception [§] % |
|--|-----------|------------|-----------|------------|--------------------------------------|
| BMO Harris Emerging Markets Equity Portfolio [‡] (US\$) | 16.95 | 4.11 | 1.20 | n/a | 8.15 |
| MSCI Emerging Markets Index (US\$) | 18.22 | 4.66 | (0.92) | n/a | 6.73 |

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

[§]The Portfolio commenced offering units by way of prospectus on November 1, 2006.

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 |
|-----------------------------------|----------------------|
| Brazil | 17.4 |
| China | 11.2 |
| South Africa | 11.0 |
| Russia | 7.2 |
| South Korea | 7.0 |
| Hong Kong | 5.4 |
| Mexico | 5.4 |
| Taiwan | 5.3 |
| India | 4.8 |
| Netherlands | 4.0 |
| Luxembourg | 3.6 |
| United States | 3.4 |
| Greece | 2.7 |
| Malaysia | 2.2 |
| Ukraine | 2.1 |
| Turkey | 2.1 |
| United Kingdom | 2.0 |
| Australia | 1.8 |
| Cash/Receivables/Payables | 1.4 |
| Total portfolio allocation | 100.0 |

Sector Allocation

| | |
|--------------------------------|--------------|
| Consumer Staples | 31.7 |
| Information Technology | 15.9 |
| Telecommunication Services | 12.4 |
| Financials | 10.8 |
| Materials | 7.8 |
| Industrials | 7.2 |
| Consumer Discretionary | 6.9 |
| Energy | 5.9 |
| Cash/Receivables/Payables | 1.4 |
| Total sector allocation | 100.0 |

| Top 25 Holdings | % of Net Asset Value |
|--|----------------------|
| Issuer | |
| Taiwan Semiconductor Manufacturing Company Limited, ADR | 5.3 |
| Heineken NV | 4.0 |
| Tenaris S.A., ADR | 3.6 |
| Wal-Mart de Mexico S.A.B. de C.V., Series V | 3.5 |
| Bunge Limited | 3.4 |
| China Life Insurance Company Limited, H Shares | 3.2 |
| Ping An Insurance Group Company of China Ltd., H Shares | 3.2 |
| JBS S.A. | 3.1 |
| China Mobile Limited | 3.0 |
| Mobile TeleSystems OJSC, ADR | 2.8 |
| Bharat Heavy Electricals Limited, Equity Linked Notes, Jul 20, 2015 | 2.7 |
| Coca-Cola Hellenic Bottling Company S.A. | 2.7 |
| Samsung Life Insurance Co., Ltd. | 2.7 |
| Baidu, Inc., ADR | 2.6 |
| MTN Group Limited | 2.6 |
| Gold Fields Limited | 2.4 |
| Samsonite International S.A. | 2.4 |
| Magnit OJSC, GDR | 2.3 |
| Petroleo Brasileiro S.A. – Petrobras | 2.3 |
| NHN Corporation | 2.3 |
| Naspers Limited, N Shares | 2.3 |
| CCR SA | 2.3 |
| BRF-Brasil Foods S.A. | 2.2 |
| Genting Berhad | 2.2 |
| Weg S.A. | 2.2 |
| Top holdings as a percentage of net asset value | 71.3 |
| Total Net Asset Value | \$121,333,753 |

The summary of investment portfolio may change due to the Portfolio's ongoing portfolio transactions. Updates are available quarterly.

Manager

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Trustee

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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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