

ANNUAL INFORMATION FORM

BMO HARRIS PRIVATE PORTFOLIOS

BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio

October 24, 2011

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise. The funds and the securities of the funds offered under this document are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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INTRODUCTION

This annual information form contains important information about the BMO Harris Private Portfolios and is designed to supplement the information presented in the Portfolios' simplified prospectus. In this annual information form, *you* and *your* refer to you, the investor, *BHIMI*, *we*, *us*, *our* and the *manager* refer to BMO Harris Investment Management Inc., the manager of the Portfolios, and *Portfolios* refers to the BMO Harris Private Portfolios.

THE BMO HARRIS PRIVATE PORTFOLIOS

The Portfolios consist of the following:

Name of Portfolio	Date Established
BMO Harris Canadian Money Market Portfolio ¹ ("Canadian Money Market Portfolio")	May 15, 1997
BMO Harris Canadian Bond Income Portfolio ¹ ("Canadian Bond Income Portfolio")	May 15, 1997
BMO Harris Canadian Total Return Bond Portfolio ("Canadian Total Return Bond Portfolio")	June 28, 2000
BMO Harris Canadian Corporate Bond Portfolio ("Canadian Corporate Bond Portfolio")	March 1, 2002
BMO Harris Diversified Yield Portfolio ("Diversified Yield Portfolio")	November 1, 2002
BMO Harris Canadian Income Equity Portfolio ² ("Canadian Income Equity Portfolio")	May 15, 1997
BMO Harris Canadian Conservative Equity Portfolio ³ ("Canadian Conservative Equity Portfolio")	January 4, 1999
BMO Harris Canadian Growth Equity Portfolio ⁴ ("Canadian Growth Equity Portfolio")	January 4, 1999
BMO Harris Canadian Special Growth Portfolio ¹ ("Canadian Special Growth Portfolio")	May 15, 1997

¹ Prior to February 25, 1998, units in these Portfolios were offered by way of private placement.

² BMO Harris Canadian Income Equity Portfolio and Monogram Canadian Income Equity Fund II, both of which were offered by way of private placement, merged to form Canadian Income Equity Portfolio on February 28, 2002.

³ BMO Harris Canadian Conservative Equity Portfolio, Monogram Canadian Conservative Equity Fund II and Monogram Canadian Conservative Equity Fund III, all of which were offered by way of private placement, merged to form Canadian Conservative Equity Portfolio on February 28, 2002.

⁴ BMO Harris Canadian Growth Equity Portfolio, Monogram Canadian Growth Equity Fund II, Monogram Canadian Growth Equity Fund III and Monogram Canadian Growth Equity Fund IV, all of which were offered by way of private placement, merged to form Canadian Growth Equity Portfolio on February 28, 2002.

Name of Portfolio	Date Established
BMO Harris U.S. Equity Portfolio ¹ (“U.S. Equity Portfolio”)	May 15, 1997
BMO Harris U.S. Growth Portfolio (“U.S. Growth Portfolio”)	June 28, 2000
BMO Harris International Equity Portfolio ¹ (“International Equity Portfolio”)	January 28, 1998
BMO Harris International Special Equity Portfolio (“International Special Equity Portfolio”)	September 29, 2006
BMO Harris Emerging Markets Equity Portfolio (“Emerging Markets Equity Portfolio”)	September 29, 2006

Each Portfolio is a unit trust established under the laws of the Province of Ontario and governed by a declaration of trust (the **“Declaration of Trust”**) dated as of May 15, 1997, as amended and restated February 20, 1998. The Declaration of Trust was amended on January 4, 1999 (to add new funds), June 28, 2000 (to add new funds), December 5, 2001 (to allow for the distribution of portfolio securities to the Unitholders in the Portfolios, to allow the Portfolios to return capital, to amend the names of certain Portfolios⁵ and to change the investment objectives of Canadian Growth Equity Portfolio and Canadian Conservative Equity Portfolio to their current investment objectives), January 7, 2002 (to change the name of certain Portfolios⁶), March 1, 2002 (to add a new fund and to change the name of the Portfolios to their current names), November 1, 2002 (to add a new fund), July 10, 2003 (to correct an ambiguity), October 26, 2004 (to correct an ambiguity), April 5, 2005 (to allow for the appointment of officers), November 1, 2005 (to add a new fund), February 1, 2006 (to add new funds), September 29, 2006 (to add new funds), February 6, 2007 (to allow for an independent review committee), September 18, 2007 (to change the name and investment objectives of the Diversified Yield Portfolio (formerly the BMO Harris Diversified Trust Portfolio) to its current investment objectives), September 25, 2009 (to merge certain funds) and September 24, 2010 (to merge certain funds).

On September 25, 2009, the BMO Harris Canadian Dividend Income Portfolio merged into the Canadian Income Equity Portfolio, the BMO Harris Opportunity Bond Portfolio merged into the Canadian Total Return Bond Portfolio and the BMO Harris Income Opportunity Bond Portfolio merged into the Canadian Bond Income Portfolio. On September 24, 2010, the BMO Harris Growth Opportunities Portfolio merged into the Canadian Growth Equity Portfolio.

⁵The names of certain Portfolios were changed as follows: Monogram Canadian Growth Equity Fund (formerly Monogram Canadian Balanced Growth Fund); Monogram Canadian Growth Equity Fund II (formerly Monogram Growth Equity Fund); Monogram Canadian Growth Equity Fund III (formerly Monogram Canadian Equity Fund); Monogram Canadian Growth Equity Fund IV (formerly Monogram Balanced Growth Fund); Monogram Canadian Conservative Equity Fund (formerly Monogram Canadian Conservative Equity Portfolio); Monogram Canadian Conservative Equity Fund II (formerly Monogram Canadian Balanced Fund); Monogram Canadian Conservative Equity Fund III (formerly Monogram Conservative Equity Fund); Monogram Canadian Income Equity Fund (formerly Monogram Balanced Conservative Fund) and Monogram Canadian Income Equity Fund II (formerly Monogram Canadian Income Fund).

⁶The names of certain Portfolios were changed as follows: Monogram Canadian Growth Equity Portfolio (formerly Monogram Canadian Growth Equity Fund); Monogram Canadian Conservative Equity Portfolio (formerly Monogram Canadian Conservative Equity Fund) and Monogram Canadian Income Equity Portfolio (formerly Monogram Canadian Income Equity Fund).

BMO Trust Company is currently the trustee of the Portfolios and has overall authority over the assets and affairs of each of the Portfolios. BMO Trust Company also acted as manager of the Portfolios until June 29, 2001 when BMO Trust Company appointed BHIMI, an affiliate of BMO Trust Company, as the manager of the Portfolios. BHIMI manages the Portfolios' investments and directs and administers the day-to-day affairs of each Portfolio. See *Management and Administration of the Portfolios* for additional details.

The principal office of the Portfolios is located at 1 First Canadian Place, 9th Floor, Toronto, Ontario, M5X 1H3.

On February 1, 2008, BHIMI and BMO Trust Company, as trustee, appointed McKinley Capital Management, Inc. (now, McKinley Capital Management, LLC), Pyrford International Limited and Thornburg Investment Management, Inc. as the sub-advisors for International Equity Portfolio, replacing The Boston Company Asset Management, LLC ("**TBCAM**").

On November 1, 2006, BHIMI and BMO Trust Company, as trustee, appointed TBCAM as sub-advisor for International Equity Portfolio, replacing JP Morgan Investment Management Inc. ("**J.P. Morgan**"), which had been appointed on January 28, 1998 as a sub-advisor for International Equity Portfolio and which had been appointed on June 28, 2000 as portfolio manager in connection with the Portfolio's investments in derivatives.

On September 28, 2004, BHIMI and BMO Trust Company, as trustee, appointed Sands Capital Management, LLC ("**Sands Capital**") as sub-advisor for U.S. Growth Portfolio, replacing Harris Brettal Sullivan & Smith LLC.

Wealth Management Service

The units of the Portfolios are only available for purchase if you have entered into an investment management agreement with BHIMI. The investment management agreement gives us the investment authority to purchase and redeem units of the Portfolios on your behalf, in accordance with your investment objectives.

INVESTMENT OBJECTIVES AND POLICIES

The assets of each Portfolio are invested in accordance with the investment objectives and policies and in compliance with the investment practices and restrictions adopted by that Portfolio. The investment objectives and policies of each of the Portfolios are summarized in the simplified prospectus. See below for a discussion of the situations where the Portfolios are entitled to deviate from the standard investment restrictions and practices otherwise applicable to mutual funds under Canadian securities legislation.

Unitholder approval is required for a change to the fundamental investment objectives of a Portfolio. See *Unitholder Rights* for details about your entitlement to vote on certain matters.

INVESTMENT RESTRICTIONS

Each of the Portfolios is subject to certain standard investment restrictions and practices contained in Canadian securities legislation, including National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**"). The legislation is designed in part to ensure that the Portfolios' investments are diversified and relatively liquid and to ensure proper administration of the Portfolios. Except as specifically noted, each of the Portfolios adheres to these standard investment restrictions and practices.

Self-dealing restrictions and related party investments

The Portfolios have received exemptive relief from Canadian securities regulatory authorities to deviate from the standard investment restrictions and practices governing mutual funds, subject to certain conditions, including obtaining the approval of the independent review committee (“**IRC**”) of the Portfolios. Each of the transactions described below is referred to as a “Related Party Transaction”.

Securities legislation prohibits the Portfolios from investing in securities of certain related issuers, unless such investment is made in accordance with National Instrument 81-107 — *Independent Review Committee for Investment Funds* (“**NI 81-107**”). The IRC of the Portfolios has granted approval, pursuant to NI 81-107, to permit the Portfolios to make and hold investments in the securities of issuers related to the Portfolios, BHIMI as manager of the Portfolios or an entity related to BHIMI, provided that such purchase is made on an exchange on which the securities of the issuer are listed and traded.

The Portfolios are deemed to be “dealer managed mutual funds” under securities legislation. As a result, the Portfolios may not, unless otherwise permitted by exemptive relief from Canadian securities regulatory authorities, knowingly make an investment in any issuer if a partner, director, officer or employee of the Portfolios’ portfolio manager, or a partner, director, officer or employee of an affiliate or associate of the Portfolios’ portfolio manager is also a partner, director, officer or employee of the issuer of those securities (such issuer is referred to as a “**Related Issuer**”) unless that partner, director, officer or employee:

- does not participate in the formulation of investment decisions made on behalf of the dealer managed mutual fund;
- does not have access before implementation to information concerning investment decisions made on behalf of the dealer managed mutual fund; and
- does not influence, other than through research, statistical and other reports generally available to clients, the investment decisions made on behalf of the dealer managed mutual fund.

In addition, the Portfolios, as dealer managed mutual funds, are not permitted to make an investment in securities of an issuer during, or for 60 days after, the period in which the dealer manager of the Portfolio (or an associate or affiliate of the dealer manager) acts as an underwriter in the distribution of such securities, except in certain circumstances provided under securities legislation.

The Portfolios have received exemptive relief from Canadian securities regulatory authorities from the restrictions described above, subject to certain conditions including the approval of the Portfolios’ IRC, so that the Portfolios may engage in the following transactions:

- purchase non-exchange-traded debt securities that have a term to maturity of 365 days or more, other than asset-backed commercial paper, of a Related Issuer under primary offerings;
- purchase exchange-traded securities and non-exchange-traded securities issued by a Related Issuer in the secondary market;
- purchase equity securities during the period of distribution of such securities, and during the 60-day period following the distribution, where the distribution of those securities is made by “private placement” (an offering exempted from the prospectus requirements), notwithstanding that an underwriter related to the portfolio manager of the Portfolios has acted as underwriter in such offering;

- purchase non-exchange-traded securities issued by entities related to the manager or the sub-advisor of the Portfolios in the secondary market;
- purchase debt securities from a related dealer that holds such debt securities as principal, or the sale of debt securities to a related dealer that purchases such debt securities as principal;
- purchase debt securities from, or sell debt securities to, mutual funds and pooled funds managed by the manager or by BMO Asset Management Inc. (“**BMO AM**”, formerly Jones Heward Investment Counsel Inc.) or an other affiliate.

Reliance on IRC approval for Related Party Transactions

The Portfolios have relied upon IRC approval to engage in the following Related Party Transactions:

- invest in or continue to invest in securities of Bank of Montreal or another related issuer (BHIMI is an indirect wholly-owned subsidiary of Bank of Montreal);
- invest in securities during the period of distribution of those securities or during the period of 60 days following the distribution period where the portfolio adviser of a Portfolio or an entity that is related to the portfolio adviser acted as an underwriter in the distribution of those securities; and
- purchase debt securities from a related dealer that holds such debt securities as principal and/or sell debt securities to a related dealer that purchases such debt securities as principal.

A Portfolio may engage in a Related Party Transaction only if (i) such transaction is consistent with the Portfolio’s investment objectives and strategies; (ii) the IRC has approved the transaction; (iii) the manager complies with certain obligations in connection with these types of transactions; and (iv) the IRC and manager comply with certain requirements under NI 81-107, among other conditions.

For each Related Party Transaction, the IRC has provided its approval and issued standing instructions. In each case, the standing instructions require the manager to follow governing policies and procedures and to report periodically to the IRC. The policies and procedures are designed to ensure, among other things, that the Related Party Transactions: (i) are consistent with, or are necessary to meet, the investment objectives of the Portfolios; (ii) are free from any influence by an entity related to BHIMI or the portfolio manager (the “**Affiliate**”) and without taking into account any consideration relevant to BHIMI or an Affiliate; (iii) represent the business judgment of BHIMI uninfluenced by considerations other than the best interests of the Portfolios; and (iv) achieve a fair and reasonable result for the Portfolios. In the event an investment decision in respect of a Related Party Transaction is not made in accordance with the foregoing requirements, BHIMI is required to notify the IRC and the IRC, as soon as practicable, is required to notify the Canadian securities regulators. The IRC is also required to report such a transaction in its annual report to the securityholders of the Portfolios.

Additional information about the mandate, duties and responsibilities of the IRC is disclosed under “*Fund Governance*”.

Other exemptions for the Portfolios

The Portfolios have obtained exemptive relief, subject to certain conditions, to permit them to purchase securities of exchange-traded funds (“ETFs”) managed by an affiliate or associate of BHIMI and to pay the applicable brokerage commissions associated with such purchases in the secondary market.

The Portfolios have received exemptive relief from Canadian securities regulatory authorities, subject to certain conditions, to invest in certain ETFs. A Portfolio may invest in these ETFs only if: (i) immediately after the purchase, not more than 10% of the net asset value of the Portfolio, taken at market value at the time of the purchase, would consist of securities of these ETFs; and (ii) the investment in securities of these ETFs is in accordance with the Portfolio’s investment objectives. Furthermore, a Portfolio will not invest in these ETFs with an underlying index based (directly or indirectly through a specified derivative or otherwise) on a physical commodity other than gold.

The Portfolios have received an exemption to enable them, in certain circumstances, to engage in *in specie* transactions in respect of the purchase and redemption of units of a Portfolio by an account managed by BMO AM or an affiliate (a “managed account”) and in respect of the purchase and redemption of units of a Portfolio by another Portfolio, another mutual fund that is subject to NI 81-102 for which BMO AM or an affiliate acts as portfolio advisor (a “related fund”) or a pooled fund for which BMO AM or an affiliate acts as portfolio advisor (a “pooled fund”), subject to certain conditions.

The Portfolios have also received an exemption to enable them, in certain circumstances, to purchase or sell securities to another Portfolio, a related fund, a pooled fund or to a managed account, subject to certain conditions, including the requirement for IRC approval (for mutual funds and pooled funds) and client consent (for managed accounts). Trades involving exchange-traded securities are permitted to occur at the last sale price as defined in the Universal Market Integrity Rules, subject to pricing and transparency conditions.

Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio and Canadian Corporate Bond Portfolio

BHIMI, on behalf of Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio and Canadian Corporate Bond Portfolio, has obtained exemptive relief from the Canadian securities regulators from the self-dealing prohibition in Section 4.2 of NI 81-102 to enable these Portfolios to purchase mortgages from, or sell mortgages to, certain related parties, including Bank of Montreal, in accordance with the following conditions:

- the purchase or sale is consistent with, or is necessary to meet, the investment objectives of the Portfolios;
- the IRC of the Portfolios approves the transaction in accordance with section 5.2(2) of NI 81-107;
- the manager complies with its obligations under section 5.1 of NI 81-107;
- the manager and the IRC of the Portfolios comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions;
- the Portfolios keep the written records required by section 6.1(2)(g) of NI 81-107; and

- the mortgages are purchased from, or sold to, Bank of Montreal and/or MCAP Financial Corporation in accordance with National Policy Statement 29 *Mutual Funds Investing in Mortgages*.

The IRC has provided an approval and issued standing instructions to enable Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio and Canadian Corporate Bond Portfolio to purchase and/or sell mortgages from and/or to a related party.

Diversified Trust Portfolio

BHIMI received an exemption from the requirement in NI 81-102 requiring a meeting of unitholders to change the fundamental investment objectives of the Diversified Trust Portfolio. Effective September 18, 2007, the investment objectives of the Diversified Trust Portfolio were changed and the Portfolio's name was changed to the Diversified Yield Portfolio to better reflect the new investment objectives.

Registered Plans, Eligibility for Investment

Units of each Portfolio are a "qualified investment" under the *Income Tax Act* (Canada) (the "**Tax Act**") for registered retirement savings plans ("**RRSP**"), registered retirement income funds ("**RRIF**"), tax-free savings accounts ("**TFSA**"), registered education savings plans, deferred profit sharing plans and registered disability savings plans (collectively, "**registered plans**").

Units of a Portfolio will not be a "prohibited investment" under the Tax Act at any time for a TFSA and, if proposed amendments to the Tax Act are enacted as currently proposed, for an RRSP or RRIF if: (i) the holder/annuitant of the registered plan (together with persons and partnerships with which the holder/annuitant does not deal at arm's length) holds Units having a fair market value of less than 10% of all the Units of the Portfolio; and (ii) the Portfolio deals at arm's length with the holder/annuitant and with any entity in which the holder/annuitant holds a "significant interest" as defined in the Tax Act. **Investors should consult their own tax advisor for advice on whether or not Units of a Portfolio would be a "prohibited investment" or whether a particular transaction constitutes a prohibited "advantage" under the Tax Act for their registered plans.**

Derivatives

Each Portfolio may invest in or use options, futures, forwards, options on futures or other derivative instruments that are consistent with the investment objectives of the Portfolio.

If a Portfolio implements the use of derivatives, the Portfolio may use such derivatives:

- to offset or reduce risks associated with currency value fluctuations, market fluctuations and interest rate changes;
- to reduce transaction costs;
- to achieve greater liquidity;
- to create exposure to financial markets or increase the speed and flexibility in making portfolio changes;

- to enhance returns by accepting a more certain lower return in exchange for a less certain, but higher return;
- to position a Portfolio's portfolio so that it may profit from gains or declines in financial markets; and
- to increase income or reduce loss potential from changes in interest rates in the Portfolios.

Derivatives will not be used for speculative trading. If a Portfolio uses derivatives for non hedging purposes, it must hold enough cash and securities to cover its obligations under the derivatives contract.

A Portfolio may only use derivatives when such use is consistent with the fundamental investment objectives of the Portfolio and in accordance with NI 81-102 or as otherwise permitted by Canadian securities regulators. Please see *Policies Related to Derivatives*.

Securities Lending, Repurchase and Reverse Repurchase Transactions

The Portfolios may enter into securities lending, repurchase and reverse repurchase transactions in accordance with the provisions of NI 81-102, when such use is consistent with the fundamental investment objectives of the Portfolio.

In a *securities lending transaction*, a Portfolio lends its securities through an authorized agent to another party in exchange for a fee and a form of acceptable collateral. In a *repurchase transaction* a Portfolio agrees to sell its securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a *reverse repurchase transaction* a Portfolio buys securities for cash through an authorized agent while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The Portfolios are subject to the limits described below on securities lending, repurchase and reverse repurchase transactions. Each Portfolio must:

- hold collateral equal to a minimum 102% of the market value of the securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions) as the case may be;
- adjust the amount of the collateral provided each business day to ensure the collateral's value relative to the market value of the securities loaned, sold or purchased remains within the minimum 102% limit; and
- limit the aggregate value of all securities loaned or sold through securities lending and repurchase transactions to no more than 50% of the total assets of a Portfolio (without including the collateral for loaned securities and cash for sold securities).

Prior to entering into any securities lending, repurchase or reverse repurchase transactions, BHIMI will enter into securities lending, repurchase and reverse repurchase transaction agreements (a "**Securities Lending Agreement**") on behalf of the Portfolios with the Portfolios' custodian, CIBC Mellon Trust Company (the "**Agent**"), as the agent, to administer any securities lending, repurchase and reverse repurchase transactions for the Portfolios.

The Securities Lending Agreement complies with the applicable provisions of NI 81-102. BHIMI manages the risks associated with securities lending, repurchase and reverse repurchase transactions

(which are described under *General investment risks* in the simplified prospectus) by requiring the Agent to:

- enter into securities lending, repurchase or reverse repurchase transactions with reputable and well-established Canadian and foreign brokers, dealers and institutions (“**counterparties**”);
- maintain internal controls, procedures and records including a list of approved counterparties based on generally accepted creditworthiness standards, transaction and credit limits for each counterparty and collateral diversification standards;
- establish daily the market value of both the securities loaned by a Portfolio under a securities lending transaction or sold by a Portfolio under a repurchase transaction and the cash or collateral held by the Portfolio. If on any day the market value of the cash or collateral is less than 102% of the market value of the borrowed or sold securities, the Agent will request that the counterparty provide additional cash or collateral to the Portfolio to make up the shortfall; and
- ensure that the collateral to be delivered to the Portfolio is one or more of cash, qualified securities or securities immediately convertible into, or exchangeable for, securities of the same issuer, class or type, and same term, if applicable, as the securities being loaned by the Portfolio.

The transaction may be terminated by the Portfolio at any time and the loaned securities recalled within the normal and customary settlement period for such transactions.

BHIMI will review its written policies and procedures at least annually to ensure that the risks associated with securities lending, repurchase and reverse repurchase transactions are being properly managed. The Agent will use risk management procedures or simulations to test each Portfolio under stress, where applicable.

DETERMINATION OF NET ASSET VALUE

The issue and redemption price of units of a Portfolio is based on the Portfolio’s net asset value next determined after the receipt of a purchase or redemption order.

We determine the net asset value per unit of each of the Portfolios on each Portfolio’s Valuation Date. “**Valuation Date**” for the Portfolios means each day that the Toronto Stock Exchange is open for business.

We calculate the net asset value per unit of a Portfolio (other than Canadian Money Market Portfolio) by dividing the value of the net assets of the Portfolio (that is, the value of the assets of the Portfolio less its liabilities) by the total number of units of the Portfolio then outstanding. In determining the number of units of a Portfolio outstanding on a Valuation Date, we exclude units which are to be redeemed and purchased on that date.

Although no assurance can be given, Canadian Money Market Portfolio expects a net asset value per unit of \$10.00 to be maintained, as the net investment income of the Portfolio is accrued and credited to unitholders on a daily basis, with settlements being made monthly.

In calculating the net asset value of each Portfolio, we follow certain valuation principles set out in the Declaration of Trust. The main valuation principles are:

1. cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued are valued at their face amount or what is considered reasonable value by the trustee;
2. securities listed on any stock exchange or in the over-the-counter market are valued at their closing price or, if there is no closing price, the average between the closing bid and the closing asked price on the day on which the net asset value is being determined. If there are no recent sales, the trustee may use its discretion to calculate its best estimate of the fair value of such securities;
3. derivative securities are valued at their current market value;
4. where a covered clearing corporation option is written, the premium received is considered a deferred credit with a value equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation will be treated as unrealized gain or loss. Such deferred credit will be deducted to arrive at the net asset value of a Portfolio;
5. the value of a forward contract or a futures contract is the gain or loss that would be realized if, at the Valuation Date, the position in such contract were to be closed out. However, if “daily limits” are in effect, fair value will be based on the current market value of the underlying interest;
6. margin paid or deposited in respect of forward contracts and future contracts is reflected as an account receivable and margin consisting of assets other than cash is noted as margin;
7. units of any pooled fund, if permitted to be acquired by a Portfolio, are valued at the net asset value for such units quoted by the trustee or manager of such fund;
8. the value of any security or other asset for which a market quotation is not readily available is the best estimate of the fair market value as determined by the trustee;
9. the value of all assets and liabilities of a Portfolio quoted in a currency other than Canadian dollars will be translated into Canadian dollars at the prevailing rate of exchange on the Valuation Date as quoted by customary sources selected by the trustee;
10. all expenses and liabilities of a Portfolio are calculated on an accrual basis; and
11. the value of all other assets is their fair value as determined by the trustee.

If we consider any of these valuation rules inappropriate, or cannot value an investment according to these rules, we will determine a value which we consider fair and reasonable.

The above principles are used to calculate the net asset value of the Portfolios to determine the price for unitholder transactions, including purchases and redemptions. These valuation principles differ from the valuation method required for financial reporting under the Canadian Institute of Chartered Accountants Handbook (“**CICA Handbook**”). The CICA Handbook requires that portfolio securities in an active market be valued using the bid price in financial statements. The primary differences between the manager’s valuation policy and the CICA Handbook are that the manager will generally determine the fair value of the equity securities traded on a stock exchange by using the closing price on the exchange. For bonds, debentures and other debt obligations, the manager will generally use the average of the bid and ask prices to determine the fair value. While National Instrument 81-106 requires the net asset value of a Portfolio be determined using the fair value of the Portfolio’s assets and liabilities, it does not require

the Portfolio to determine the fair value in accordance with the CICA Handbook for purposes other than financial reporting.

HOW TO PURCHASE UNITS OF THE PORTFOLIOS

Units of the Portfolios may only be purchased by investors who have entered into an investment management agreement relating to the wealth management service offered through BMO Financial Group. The investment management agreement allows BHIMI to purchase, switch and redeem units of the Portfolios on your behalf.

Units of the Portfolios are purchased by BHIMI on your behalf. Orders placed with your BMO Harris Private Banking professional before 4:00 p.m. (Toronto time) on a Valuation Date (or such earlier time imposed by the dealer), will be processed at the net asset value per unit determined on that day. All other orders will be processed at the net asset value per unit determined on the next Valuation Date.

Units of U.S. Equity Portfolio, U.S. Growth Portfolio, International Equity Portfolio, International Special Equity Portfolio and Emerging Markets Equity Portfolio may be purchased in both Canadian dollars and U.S. dollars. Any purchase of units in these Portfolios will be made in the same denomination as the payment received for such units, unless instructions to the contrary are received with the purchase order.

There are no acquisition charges applicable on purchases of units of the Portfolios or on the automatic reinvestment of distributions of net income and net capital gains. You will, however, pay an investment management fee directly to BMO Trust Company and BHIMI. See *Other Information - Fees and Expenses*.

No purchases will be permitted during any period when redemptions of units have been suspended. See *How to Redeem or Switch Units of Portfolios*.

HOW TO REDEEM OR SWITCH UNITS OF THE PORTFOLIOS

No fees are charged in respect of a redemption or switch of units of the Portfolios.

How to Redeem Units

BHIMI will on your behalf, redeem some or all of your units in the Portfolios by following the procedures outlined below. The units will be redeemed at their net asset value (or, in the case of Canadian Money Market Portfolio, at a value of \$10.00 per unit (although no assurance can be given that this will be the case) plus a portion of that Portfolio's net income and net capital gains, if any, accrued since the last distribution date).

Requests for redemption should be submitted to the manager for processing. Redemption requests received before 4:00 p.m. (Toronto time) on a Valuation Date (or such earlier time imposed by the dealer), will be processed at the net asset value per unit determined on that day. All other requests will be processed on the first Valuation Date following the date on which the request was received.

Payments for units redeemed by the Portfolios will normally be made on or before the third business day following the applicable Valuation Date. We will not pay any interest in respect of a redemption payment. Interest earned on redemption payments between the Valuation Date and the date payment is received by a unitholder accrues to the benefit of the Portfolios.

Redemption payments will be made in Canadian dollars except for redemptions of units of U.S. Equity Portfolio, U.S. Growth Portfolio, International Equity Portfolio, International Special Equity Portfolio and Emerging Markets Equity Portfolio which were purchased in U.S. dollars. In such cases, redemption payments will be made in U.S. dollars.

A redemption of units will be considered a disposition for tax purposes and may result in a capital gain or loss. See *Income Tax Considerations* for more details.

We may suspend your right to request a redemption for all or part of a period when:

- normal trading is suspended on a stock, options or futures exchange in which securities or derivatives that make up more than 50% of the value or underlying exposure of the Portfolio's total assets are traded, and
- those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the Portfolio.

We may postpone a redemption payment during any period during which your right to request a redemption is suspended under the circumstances described above or with the approval of applicable securities regulatory authorities. Unless the suspension lasts for less than 48 hours, we will advise all unitholders making affected redemption requests of the suspension. You have the option of withdrawing your request for redemption or completing your redemption order at the net asset value per unit on the first Valuation Date after the termination of the suspension. None of the Portfolios will accept any orders for the purchase of units during any period when the redemption of units has been suspended.

How to Switch to Another Portfolio

A switch from one Portfolio to another may be made without charge. No switches will be permitted during any period when redemptions of units have been suspended.

A switch is a transfer of your investment money from one Portfolio to another. If, pursuant to our wealth management service, we adjust your asset mix or if there is a change in your investment objectives or risk tolerance, BHIMI may make a switch on your behalf and will redeem your units in the original Portfolio and the proceeds of redemption will be applied to the purchase of units of the other Portfolio. If the request is received by the manager before 4:00 p.m. (Toronto time) on a Valuation Date (or such earlier time imposed by the dealer), it will be processed at the net asset value per unit determined on that day. All other requests will be processed on the first Valuation Date following the date on which the request was received.

Transfers of units of U.S. Equity Portfolio, U.S. Growth Portfolio, International Equity Portfolio, International Special Equity Portfolio and Emerging Markets Equity Portfolio purchased in U.S. dollars will be converted into Canadian dollars before being invested in any Portfolio that only sells units in Canadian dollars.

A switch involves a redemption of units which will be considered a disposition for tax purposes and which may result in a capital gain or loss. See *Income Tax Considerations* for more details.

INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, legal counsel to the Portfolios, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the Portfolios and to a

unitholder who, for purposes of the Tax Act, is a Canadian resident individual (other than a trust) who holds units as capital property and deals at arm's length with the Portfolios.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), counsel's understanding of the current published administrative practice and assessing policies of the Canada Revenue Agency (“**CRA**”), the facts and assumptions in this annual information form and information provided to counsel by BHIMI. This summary also takes into account specific proposals to amend the Tax Act and the Regulations publicly announced prior to the date hereof by the Minister of Finance (Canada) (the “**Amendments**”). No assurances can be given that the Amendments will become law as proposed or at all.

This summary assumes that each of the Portfolios will qualify at all relevant times as a “mutual fund trust” under the Tax Act.

This summary is not exhaustive of all possible federal income tax considerations and does not take into account or anticipate any changes in law, whether legislative, governmental or judicial action, other than the Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations. This summary does not deal with the deductibility of any fees payable directly by investors. This summary does not constitute legal or tax advice to any particular investor. Prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.

Taxation of the Portfolios

Each of the Portfolios will be subject to tax under Part I of the Tax Act on its net income (including net realized taxable capital gains), calculated in Canadian dollars according to the rules in the Tax Act, for a taxation year to the extent that it is not paid or payable to its unitholders by the end of the calendar year in which the taxation year ends (after taking into account loss carryforwards and the capital gains refund, if any). BHIMI has advised counsel that each Portfolio will distribute to unitholders in each calendar year enough of its net income and net realized capital gains so that the Portfolio will not be liable for income tax under Part I of the Tax Act for any taxation year.

Each Portfolio is generally required to include in the calculation of its income, interest as it accrues, dividends when they are received, trust income when it is paid or becomes payable to the Portfolio and capital gains and losses when they are realized. However, in certain circumstances the business income and other non-portfolio earnings of an income trust or other Canadian resident publicly traded trust (other than certain Canadian real estate investment trusts) that is paid or payable to a Portfolio is treated as a taxable dividend received, at that time, from a taxable Canadian corporation. Each year a Portfolio is required to include in the calculation of its income, an amount as notional interest accrued on treasury bills, strip bonds, zero-coupon bonds and certain other prescribed debt obligations held by the Portfolio even though the Portfolio is not entitled to receive interest on the debt instrument. Foreign source income received by a Portfolio (whether directly or indirectly from an underlying trust) will generally be net of any taxes withheld in the foreign jurisdiction. The foreign source income so withheld will be included in the calculation of the Portfolio's income. A Portfolio may be deemed to earn income on investments in some types of foreign entities. Generally, gains and losses from cash settled options, futures, forward contracts and other derivatives are treated as income rather than capital gains unless the derivative was used to hedge a gain or loss on a specific capital asset or group of capital assets.

A Portfolio may receive capital gains distributions or capital gains dividends from an underlying mutual fund, which generally will be treated as capital gains realized by the fund. A Portfolio that invests in foreign denominated securities must calculate its adjusted cost base and proceeds of disposition in

Canadian dollars based on the conversion rate on the date the securities were purchased and sold, as applicable. As a result, a Portfolio may realize capital gains and losses due to changes in the value of foreign currency relative to the Canadian dollar. Capital gains realized during a taxation year are reduced by capital losses realized during the year. In certain circumstances, a capital loss realized by a Portfolio may be denied or suspended and, therefore, may not be available to offset capital gains. For example, a capital loss realized by a Portfolio will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the Portfolio (or a person affiliated with the Portfolio for the purposes of the Tax Act) acquires a property that is, or is identical to, the particular property on which the loss was realized.

In calculating a Portfolio's income, the Portfolio will deduct all of its deductible expenses.

Taxation of Unitholders

A unitholder who is not exempt from tax is generally required to include in computing his or her income for tax purposes the amount (computed in Canadian dollars) of net income and the taxable portion of net realized capital gains that is paid or payable to the unitholder by a Portfolio in the year, whether or not that amount was reinvested in additional units of the Portfolio. A unitholder may be paid and thus taxed on undistributed income, realized capital gains, and accrued but unrealized capital gains that are in a Portfolio at the time the units are purchased.

To the extent that distributions to a unitholder by a Portfolio in any year exceed that unitholder's share of the net income and net realized capital gains of that Portfolio for that year, the excess will be a return of capital and will not be taxable to the unitholder but will reduce the adjusted cost base of the unitholder's units. To the extent that the adjusted cost base of a unitholder's units is reduced to less than zero, the unitholder will be deemed to realize a capital gain and subsequently the adjusted cost base will be increased to nil.

Provided the appropriate designations are made by a Portfolio, the amount, if any, of net realized taxable capital gains and taxable dividends from taxable Canadian corporations of the Portfolio that is paid or payable to unitholders (including such amounts reinvested in additional units) will, effectively, retain its character for tax purposes and be treated as taxable capital gains and taxable dividends of the unitholders. Amounts that retain their character as taxable dividends on shares of taxable Canadian corporations will be eligible for the gross-up and dividend tax credit rules under the Tax Act. An enhanced gross-up and dividend tax credit is available for eligible dividends from Canadian corporations. Similarly, a Portfolio may make a designation of its foreign source income so that unitholders are able to claim a foreign tax credit for foreign taxes allocated to them by a Portfolio.

Upon the redemption or other disposition of a unit by a unitholder, including a redemption to effect a switch to another Portfolio, the unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition for the unit, net of any expenses of disposition, exceed (or are exceeded by) the unitholder's adjusted cost base of the unit as determined for the purposes of the Tax Act. The cost of units issued to a purchaser and the cost of units acquired by reinvestment of distributions will be the cost amount of such purchase or reinvestment. The adjusted cost base to a unitholder of his or her units of a Portfolio will generally be determined by averaging the cost of all units of such Portfolio held by the unitholder at the time of the disposition.

One-half of any capital gain realized by a unitholder will generally be included in the unitholder's income as a taxable capital gain and one-half of any capital loss realized by a unitholder may generally be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

Eligibility for Investment for Registered Plans

A registered plan that holds Units of a Portfolio and the holder/annuitant of that registered plan will not be subject to tax on the value of the Units or the income or capital gains distributed by the Portfolio or a gain realized on the disposition of the Units provided the Units are: (i) a “qualified investment” under the Tax Act for the registered plan; (ii) in the case of an RRSP, RRIF and TFSA, not a “prohibited investment” under the Tax Act for the registered plan and not used in a transaction that constitutes an “advantage” under the Tax Act in relation to the registered plan; and (iii) not used as security for a loan.

Units of each Portfolio will be a “qualified investment” under the Tax Act for registered plans at any time when the Portfolio is a “mutual fund trust” under the Tax Act. Units of a Portfolio will not be a “prohibited investment” under the Tax Act at any time for a TFSA and, if proposed amendments to the Tax Act are enacted as currently proposed, for an RRSP or RRIF if: (i) the holder/annuitant of the registered plan (together with persons and partnerships with which the holder/annuitant does not deal at arm’s length) holds Units having a fair market value of less than 10% of all the Units of the Portfolio; and (ii) the Portfolio deals at arm’s length with the holder/annuitant and with any entity in which the holder/annuitant holds a “significant interest” as defined in the Tax Act. **Investors should consult their own tax advisor for advice regarding the implications of acquiring, holding or disposing of any particular Unit of a Portfolio in their registered plan, including whether or not a Unit of a Portfolio would be a “prohibited investment” or whether a particular transaction constitutes a prohibited “advantage” under the Tax Act for their registered plans.**

MANAGEMENT AND ADMINISTRATION OF THE PORTFOLIOS

Manager

On June 29, 2001 BMO Trust Company, as trustee, appointed BHIMI as manager of the Portfolios pursuant to the terms of a management agreement (the “**Management Agreement**”). Prior to that date, BMO Trust Company was the manager of the Portfolios. BHIMI is also the Portfolios’ portfolio manager, see *Portfolio Management* below. BHIMI is an indirect subsidiary of Bank of Montreal.

As the manager, we run the overall business of the Portfolios, including managing or arranging for the management of the Portfolios’ investment portfolio as well as providing or arranging for the provision of administrative services to the Portfolios, such as valuation services, fund accounting and unitholder records. We may resign as manager on 60 days’ notice. The trustee may terminate the Management Agreement in certain circumstances, including the insolvency or bankruptcy of BHIMI or upon a material breach of the Management Agreement that has not been cured with 10 days of notice thereof.

We can be reached at 1 First Canadian Place, 100 King St. West, 9th Floor, Toronto, Ontario M5X 1H3, 1-800-361-1392. We can also be reached via e-mail at contact.centre@bmonb.com. Our website is www.bmoharrisprivatebanking.com. BHIMI does not receive any compensation from the Portfolios for the services it provides as manager.

Below are the names of the directors and officers of the manager, primarily responsible for carrying out the functions of the manager, along with their municipality of residence, position with BHIMI and principal occupation during the last five years.

<u>Name and Municipality of Residence</u>	<u>Position</u>	<u>Principal Occupation</u>
Andrew B. Auerbach Toronto, Ontario	Chairman, President, Chief Executive Officer and Director	Chairman, President and Chief Executive Officer, BHIMI and Senior Vice-President and Chief Operating Officer, BMO Harris Private Banking
Carol A. Neal Toronto, Ontario	Senior Vice-President, Chief Financial Officer and Director	Senior Vice-President and Chief Financial Officer, BMO Private Client Group
Darcy M. Lake Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer, BMO Private Client Group ¹
Yannick Archambault Westmount, Quebec	Senior Vice-President and Director	Regional Vice-President and Market Leader, BMO Harris Private Banking
Barry M. Cooper Toronto, Ontario	Director	Chairman, BMO AM
Jack P. Dehmel Waterloo, Ontario.	Director	Regional Vice-President and Market Leader, BMO Harris Private Banking ²
Paul O. Gratias Toronto, Ontario	Senior Vice-President and Director	Managing Director and Portfolio Manager, BHIMI
Gordon F. Graves Oakville, Ontario	Director	Vice-President and Managing Director, BMO Harris Private Banking ³
Jane Gulian Moiroux Oakville, Ontario	Vice-President and Director	Vice-President and National Director, Investment Platform, BMO Harris Private Banking ⁴
Richard B. Mason Moffat, Ontario	Senior Vice-President and Director	Senior Vice-President and National Director, Investment Management, BMO Harris Private Banking ⁵
Wakeham D.C. Pilot Westmount, Quebec	Senior Vice-President and Director	Senior Vice-President and Portfolio Manager, BHIMI
A. Paul Taylor Toronto, Ontario	Senior Vice-President, Chief Investment Officer and Director	Senior Vice-President and Chief Investment Officer, BHIMI
Larry Armstrong Unionville, Ontario	Senior Vice-President and Managing Director	Senior Vice-President and Managing Director, BHIMI
Ryan McNally Toronto, Ontario	Director	Vice-President and Chief Operating Officer, BMO Harris Private Banking

The following are officers of the Portfolios:

<u>Name</u>	<u>Position with Portfolios</u>
Andrew B. Auerbach	President
Robert J. Schauer	Chief Financial Officer ⁶
Darcy M. Lake	Chief Compliance Officer
A. Paul Taylor	Chief Investment Officer

The officers of the Portfolios do not receive compensation from the Portfolios.

Notes:

1. Darcy M. Lake was appointed Chief Compliance Officer of the manager in July 2007.
2. Jack P. Dehmel joined the manager in October 2009. Jack has also been Regional Vice-President, BMO Harris Private Banking since December 2007 and was a Market Leader, BMO Financial Group from November 2001 to December 2007.
3. Prior to joining the manager in October 2009, Gordon F. Graves was President and Chief Executive Officer, MD Private Trust Company, MD Private Investment Management Inc. and MD Private Investment Management Inc. US. from September 2006 to July 2008. From July 2001 to August 2006, Gordon was Regional Director, Sales and Banking, BMO Harris Private Banking. Gordon again joined BMO Harris Private Banking in August 2008.
4. Jane Gulian Moiroux joined the manager in October 2009. Jane has also been Vice-President, Investment Communications, Product Development and Management, BMO Harris Private Banking since December 2002.
5. Richard B. Mason joined the manager in March 2009. Richard has also been Vice-President and Regional Director of Investments – Greater Toronto Area and Senior Vice-President and National Director, Investment Management, BMO Harris Private Banking since November 2007. From June 2006 to November 2007, Richard was Partner and Managing Director, Cidel Financial Group.
6. Robert J. Schauer was appointed Chief Financial Officer of the Portfolios in July 2007.

Trustee

BMO Trust Company of Toronto, Ontario is the trustee for each of the Portfolios pursuant to the Declaration of Trust. BMO Trust Company also provides administrative services to the Portfolios pursuant to an administrative services agreement between BHIMI and BMO Trust Company dated June 29, 2001, as amended. BMO Trust Company is a wholly-owned subsidiary of Bank of Montreal.

The trustee has overall authority over the assets and affairs of the Portfolios and has a fiduciary responsibility to act in the best interest of the unitholders.

BMO Trust Company does not receive any compensation from the Portfolios for the services it provides to the Portfolios in its capacity as trustee. In an administrative capacity, BMO Trust Company may receive certain administration charges paid by the Portfolios. See ***Other Information - Fees and Expenses***.

BMO Trust Company may resign as trustee of any of the Portfolios by giving 180 days' notice to the unitholders of its intention to resign.

Portfolio Management

BMO Harris Investment Management Inc.

BMO Trust Company, as trustee, has also retained BHIMI as the portfolio manager of the Portfolios pursuant to an investment management agreement made as of February 20, 1998, as amended (the "**Portfolio Management Agreement**"). BHIMI provides investment analysis and recommendations, makes decisions relating to the investment of the Portfolios' assets and supervises the Portfolios' investment portfolios on a continuous basis. BHIMI may resign as portfolio manager of a Portfolio upon 90 days' notice to the trustee.

BHIMI currently manages the assets of a number of investment portfolios and corporate funds. While all advice and recommendations made to the Portfolios will be consistent with its obligation to exercise its powers and discharge its duties honestly, in good faith and in the best interests of each Portfolio, BHIMI will continue to provide investment advice to its other clients, who may have similar investment needs to those of the Portfolios. There may, therefore, be potential conflicts of interest between the Portfolios and other portfolios managed by BHIMI.

The investment policies and restrictions of a Portfolio have been adopted, in part, to protect the Portfolio and its unitholders from potential conflicts of interests. Where a Portfolio and one or more other Portfolios or clients are engaged in the purchase or sale of the same security, the trade will be allocated in a fair manner among the accounts.

BHIMI does not receive a fee from the Portfolios for its services as portfolio manager.

BHIMI uses a team approach in making investment decisions, which are overseen by an investment committee. The following is a description of the lead person(s) for each Portfolio:

Canadian Money Market Portfolio, Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio, Canadian Corporate Bond Portfolio Diversified Yield Portfolio, Canadian Income Equity Portfolio, Canadian Conservative Equity Portfolio, Canadian Growth Equity Portfolio, Canadian Special Growth Portfolio, U.S. Equity Portfolio, U.S. Growth Portfolio, International Equity Portfolio, International Special Equity Portfolio, Emerging Markets Equity Portfolio.

BHIMI will be responsible for determining the allocation of International Equity Portfolio's assets amongst the sub-advisors that it retains.

A. Paul Taylor joined BHIMI in January 2004 as Chief Investment Officer. Paul has had broad exposure to the Canadian institutional and retail investment management industry. From 2002 to 2003, Paul was Senior Vice-President, Mavrix Fund Management. From 1994 to 2002, Paul was President, TAL Fund Management. Paul has a BA (Economics) from the University of Western Ontario, an MBA from Queen's University and is a CFA charterholder.

Canadian Conservative Equity Portfolio and Diversified Yield Portfolio

Lutz Zeitler is Vice-President and Portfolio Manager, Canadian Equities and serves on BHIMI's Investment Policy Committee. Lutz joined BHIMI in October 2000. Lutz holds a bachelor's degree from

the University of Western Ontario, and an MBA from the Richard Ivey School of Business. He is also a CFA charterholder.

Canadian Income Equity Portfolio

Alkarim Jiwa is Vice-President and Portfolio Manager, Canadian Equities and serves on BHIMI's Investment Policy Committee and Asset Mix Committee. Alkarim joined BHIMI in October 1997. Alkarim holds a Honours BS degree in Actuarial Science from the University of Western Ontario, and is an Associate of the Society of Actuaries and is a CFA charterholder.

Canadian Growth Equity Portfolio

Michele Calpin is Vice President and Portfolio Manager, Canadian Equities and serves on BHIMI's Investment Policy Committee. Michele joined BHIMI in June 2010. From 2004 to 2009, Michele was Vice-President and Portfolio Manager for Mackenzie Financial where she worked on a team of five, managing over \$5 billion in Canadian and developed market equities. Michele holds a bachelor's degree from the University of Western Ontario, and an MBA from Harvard Business School.

Sub-Advisors

BHIMI has hired sub-advisors to assist with the management of the assets certain of the Portfolios. Each of the sub-advisors has entered into a sub-advisor agreement with BHIMI and BMO Trust Company, as trustee, which provide that the sub-advisor will furnish a continuous investment program for the Portfolio and will buy and sell investments according to the investment objectives and strategies of the Portfolio and the criteria established by the trustee. The sub-advisor agreements may be terminated at any time by any party on 90 days' notice to the other parties, other than the sub-advisor agreements with GlobeFlex L.P. ("**GlobeFlex**"), Comgest SA ("**Comgest**"), McKinley Capital Management, LLC ("**McKinley Capital**"), Pyrford International Limited ("**Pyrford**") and Thornburg Investment Management, Inc. ("**Thornburg**"), which may be terminated at any time on 60 days' notice.

Each of the Portfolios' sub-advisors uses a team approach in making investment decisions, which are overseen by an investment committee. The following is a list of the Portfolios' sub-advisors and a description of the lead person(s):

Harris Investment Management, Inc.

BHIMI has engaged Harris Investment Management, Inc. ("**Harris**") as a sub-advisor for U.S. Equity Portfolio. Harris is an investment management firm based in Chicago, Illinois. It is registered as an investment adviser with the U.S. Securities and Exchange Commission and is registered as a portfolio manager under applicable securities legislation in Ontario. Harris is a wholly-owned indirect subsidiary of Bank of Montreal. The team is led by Daniel L. Sido.

Daniel L. Sido, Chief Investment Strategist, has been with Harris since 1994. Dan is a member of the Chicago Quantitative Alliance. He has a BS in Finance from Bradley University and an MBA from Saint Louis University.

Sands Capital Management, LLC

BHIMI has engaged Sands Capital as a sub-advisor for U.S. Growth Portfolio. Sands Capital is an investment management firm based in Arlington, Virginia and is registered as an investment adviser with the U.S. Securities and Exchange Commission. Sands Capital is a privately held corporation. Sands

Capital is not currently registered as a portfolio manager under applicable securities legislation in Canada. BHIMI is responsible for the investment advice given by Sands Capital to the Portfolio.

The team consists of Frank M. Sands, Jr., CFA, Thomas M. Ricketts, CFA, and T. Perry Williams, CFA.

Frank M. Sands, Jr., Chief Executive Officer and Chief Investment Officer, has been at Sands Capital since 2000. Frank graduated with an MBA from University of Virginia's Darden Graduate School of Business Administration, with an MS in Real Estate Finance and Development from Johns Hopkins University, and with a BA in Economics from Washington and Lee University. Frank is also a CFA charterholder.

Thomas M. Ricketts, Managing Director, Sr. Research Analyst, Sr. Portfolio Manager, has been at Sands Capital since 1994. Thomas graduated with a BS from the University of Virginia's McIntire School of Commerce. Thomas is also a CFA charterholder.

T. Perry Williams, Sr. Research Analyst, Sr. Portfolio Manager, has been at Sands Capital since 2004. Perry graduated with an MBA from the Kellogg Graduate School of Management at Northwestern University and with a BS from the University of Virginia's McIntire School of Commerce. Perry is also a CFA charterholder.

BMO Asset Management Inc.

BHIMI has engaged BMO AM as a sub-advisor for Canadian Money Market Portfolio, Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio, Canadian Corporate Bond Portfolio and Canadian Special Growth Portfolio. BMO AM is a portfolio management firm based in Toronto, Ontario and is registered as a portfolio manager under applicable securities legislation in Ontario. It is an affiliate of BHIMI and an indirectly wholly-owned subsidiary of Bank of Montreal.

Canadian Money Market Portfolio, Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio and Canadian Corporate Bond Portfolio

Mark McMahon is Senior Vice President and Director of Fixed Income Investments at BMO AM. With more than 23 years experience in the Canadian fixed income markets, Mark assumed the role of lead Portfolio Manager for most of BMO AM's fixed income investments in late 2004. Previously, Mark managed discretionary bond portfolios for BMO AM clients. Mark graduated from Simon Fraser University in 1987 with majors in Economics and Finance and is also a CFA charterholder.

Canadian Bond Income Portfolio, Canadian Total Return Bond Portfolio and Canadian Corporate Bond Portfolio

Andrew Osterback, Vice President and Portfolio Manager, joined the BMO AM fixed income team as a Portfolio Manager in 2005 and has over 16 years experience in managing fixed income portfolios. Prior to joining BMO AM, Andrew managed a mix of mutual funds, pooled assets and segregated private client portfolios for a major institutional investor. Andrew holds an Honours Bachelor of Commerce degree from the University of Windsor, a Bachelor of Arts degree (Economics) from the University of Western Ontario and received his CFA designation in 1999.

Canadian Special Growth Portfolio

Lesley Marks is Vice President and Lead Portfolio Manager for small cap investing at BMO AM. Lesley joined the firm in 1998 and has over 16 years of investment industry experience. Lesley has a Bachelor of

Commerce degree from Queen's University, an MBA from the Richard Ivey School of Business and is a CFA charterholder.

Tyler Hewlett, Vice President and Portfolio Manager, joined BMO AM in early 2007 and has ten years of investment industry experience. From 2003 to 2007, Tyler worked as an Equity Research Associate at RBC Capital Markets. His additional responsibilities include the analysis of companies with an emphasis on technology and telecommunication opportunities. Tyler holds a Bachelor of Commerce degree from Queen's University and is a CFA charterholder.

GlobeFlex Capital, L.P.

BHIMI has engaged GlobeFlex as a sub-advisor for the International Special Equity Portfolio. GlobeFlex is an investment management firm based in San Diego, California and is registered as an investment advisor in the United States. GlobeFlex is a privately owned limited partnership.

Robert J. Anslow, Jr., Managing Partner, Co-Founder and Chief Investment Officer, has been with the firm since its inception in 1994. Bob is a former member of the Wharton Fellows' Advisory Board and the Investment Management Institute Advisory Board. Bob received his BS degree in Economics from the University of the Pacific.

Comgest SA

BHIMI has engaged Comgest as a sub-advisor for Emerging Markets Equity Portfolio. Comgest is an investment management firm based in Paris, France and is registered with the French stock exchange authorities (Autorité des Marchés Financiers). Comgest is a privately held corporation.

Vincent Strauss, Chief Executive Officer and Senior Portfolio Manager, has been with Comgest since 1994. Vincent graduated from the HEC business school in Lausanne and holds a PhD in Economics.

Wojciech Stanislawski, Portfolio Manager, has been with Comgest since 1999. Wojciech graduated from the University Panthéon-Assas in Paris with a postgraduate degree in Banking and Financial Techniques.

McKinley Capital Management, LLC

BHIMI has engaged McKinley Capital as a sub-advisor for the International Equity Portfolio. McKinley Capital is an investment management firm based in Anchorage, Alaska and is registered as an investment adviser with the U.S. Securities and Exchange Commission.

Robert A. Gillam, Senior Vice-President and Chief Investment Officer of McKinley Capital, is responsible for all investment functions and personnel as well as oversight of the investment model. He brings to his current role over five years of experience guiding the firm's quantitative research, portfolio management, trading, risk management, and portfolio operations functions as Director of Global Equities with McKinley Capital. Prior to this, he worked for seven years as a Portfolio Manager. Robert is a member of the Wharton Global Family Alliance and an investment committee member for the Rasmuson Foundation. Robert graduated with a BS in Economics, with a concentration in International Finance & Strategic Management from the Wharton School of the University of Pennsylvania, Finance and Commerce. Robert is a CFA charterholder.

Pyrford International Limited

BHIMI has engaged Pyrford as a sub-advisor for the International Equity Portfolio. Pyrford is an indirect wholly-owned subsidiary of Bank of Montreal. Pyrford is an investment management firm based in London, England, where it is regulated by the UK Financial Services Authority.

Tony Cousins, Chief Executive Officer and Chief Investment Officer, joined Pyrford in 1989 and chairs the Global Stock Selection Committee, as well as being a member of the investment strategy committee. Tony graduated from Cambridge University with a BA and an MA. Tony is also a CFA charterholder.

Paul Simons, Head of Portfolio Management, Asia/Pacific, joined Pyrford in 1996, and is responsible for the Asia/Pacific region. Paul is also a member of the investment strategy committee. Paul graduated from Oxford University with a BA and an MA. Paul is also a CFA charterholder.

Daniel McDonagh, Head of Portfolio Management, Europe/UK, joined Pyrford in 1997 and is responsible for the Europe/UK region. Daniel is also a member of the investment strategy committee. Daniel graduated from Oxford University with a BA and an MA. Daniel is also a CFA charterholder.

Thornburg Investment Management, Inc.

BHIMI has engaged Thornburg as a sub-advisor for the International Equity Portfolio. Thornburg is an investment management firm based in Santa Fe, New Mexico and is registered as an investment adviser with the U.S. Securities and Exchange Commission.

Wendy Trevisani is a managing director and co-portfolio manager of the Thornburg International Equity Strategy and the International ADR Strategy.

Wendy joined Thornburg Investment Management as an associate portfolio manager in 1999, and was named managing director in 2003. She has been a portfolio manager on the International ADR Strategy since inception, and was promoted to co-manager of the Thornburg International Equity Strategy in 2006. Prior to joining Thornburg, Wendy began her investment career as an institutional sales and trading representative for Salomon Smith Barney in both New York City and London. Wendy received an MBA with a concentration in Finance from Columbia University and graduated Cum Laude with a BA degree in International Relations from Bucknell University.

Bill Fries is a managing director and co-portfolio manager of the Thornburg International Equity Strategy. Bill joined Thornburg in 1995 as managing director and founding portfolio manager of the Thornburg Value Fund and subsequent Domestic Equity Strategy. In 1998, he also founded the Thornburg International Value Fund and subsequent International Equity Strategy. His responsibilities include portfolio management and analysis of companies as well as evaluation of existing positions and overall equity strategy performance.

Bill began his career as a securities analyst and bank investment officer. His 30 plus years of investment management experience includes an extended tenure as vice president of equities at USAA Investment Management Company. Bill is a CFA charterholder.

Lei Wang is a managing director and co-portfolio manager of the Thornburg International Value Strategy. His responsibilities include portfolio management and analysis of companies as well as evaluation of existing positions and overall equity strategy performance.

Lei joined Thornburg Investment Management in 2004 as an associate portfolio manager and in 2006 was promoted to co-portfolio manager for the International Equity Strategy and was also named managing director. Prior to joining Thornburg, Lei served as an associate for Deutsche Bank and well as Enso Capital Management. He has also worked as a bank supervision manager at China's central bank. Lei holds a BA and an MA from East China Normal University and an MBA from New York University. He is a CFA charterholder.

Custodian

CIBC Mellon Trust Company (“CMT”) of Toronto, Ontario, is the custodian of the Portfolios. As custodian, it holds the cash and securities of all the Portfolios. CMT was appointed as custodian of the Portfolios on December 2, 2009 pursuant to a custodial services agreement (the “**Custodian Agreement**”). The Custodian Agreement may be terminated by any party upon 90 days' written notice to the other parties.

All marketable securities are held at CMT's principal offices in Toronto, with the exception of foreign assets. Foreign assets may be held by local subcustodians appointed by CMT or under their authority in various foreign jurisdictions where a Portfolio may have assets invested. CMT or the subcustodians may use the facilities of any domestic or foreign depository or clearing agency authorized to operate a book-based system. The subcustodians appointed to hold assets of the Portfolios are listed in the most recent Compliance Report prepared and filed on SEDAR on behalf of the Portfolios by CMT pursuant to the requirements of NI 81-102.

Registrar and Transfer Agent

BMO AM, an affiliate of BHIMI and an indirect subsidiary of Bank of Montreal, is the registrar and transfer agent of the Portfolios and provides fund accounting services pursuant to an administrative services agreement dated June 29, 2001, as amended. The registers of unitholders of the Portfolios are kept in Toronto, Ontario.

Auditors

The auditors of each of the Portfolios are PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants, of Toronto, Ontario.

Independent Review Committee

In accordance with NI 81-107, BHIMI appointed an IRC for the Portfolios.

The mandate of the IRC is to review conflict of interest matters referred to it by BHIMI, including any related policies and procedures, and to provide an approval or a recommendation to BHIMI, depending on the nature of the conflict of interest matter. In each instance where a conflict of interest matter is identified and referred to the IRC, a primary focus of the IRC is to determine whether the proposed action of BHIMI in respect of the conflict of interest matter achieves a fair and reasonable result for the Portfolios. (See ***Portfolio Governance*** for more details.)

At least annually, the IRC will also review and assess the adequacy and effectiveness of BHIMI's policies and procedures relating to conflict of interest matters in respect of the Portfolios, and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

The current members of the IRC are Louise Vaillancourt (Chair), Allen B. Clarke and John K. McBride. Each member is independent of the Portfolios, BHIMI and other companies related to BHIMI.

Each member of the IRC is entitled to receive compensation for the duties he or she performs as an IRC member. For the most recently completed financial year for the Portfolios ended December 31, 2010, the IRC members, including two former members who retired as at March 31, 2010, received aggregate annual fees and reimbursement of expenses of approximately \$49,621.76, inclusive of GST/HST. This amount was allocated among the Portfolios in a manner that was fair and reasonable.

Portfolio Governance

As stated above, BMO Trust Company, as trustee, has overall authority over the assets and affairs of the Portfolios and is ultimately responsible for the Portfolios, but it delegates the day-to-day administration and operation of the Portfolios to BHIMI. The board of directors of BMO Trust Company meets quarterly to receive a management report from BHIMI and to discuss and review the business and operations of the Portfolios. The board of directors of BMO Trust Company also reviews and approves the financial statements, simplified prospectus, annual information and certain other continuous disclosure documents of the Portfolios. BHIMI reports to BMO Trust Company on a regular basis.

To ensure that BHIMI's duties are carried out in the best interests of the Portfolios and their unitholders, BHIMI has adopted a Code of Business Conduct (the "**Code**") consisting of "First Principles – Working with Integrity" and "Information Security - Safeguarding Our Customers' Trust" which requires that we put the interests of our Portfolios ahead of all personal self-interests. Among other subjects, the Code deals with standards of conduct, confidential information, conflicts of interests and insider trading and other areas, including compliance with laws and regulations, and sanctions for breach of the code.

BHIMI has a Personal Trading Policy, which must be followed by directors, officers and employees of BHIMI and by specific employees of its affiliates, that includes obtaining prior approval, as required, before placing any trades for their personal accounts.

The Code and Personal Trading Policy are administered by the compliance department of BHIMI.

BHIMI has engaged external sub-advisors to provide investment advice and portfolio management for certain Portfolios. The agreements between BHIMI and the Portfolios' sub-advisors specify the objectives and strategies of the Portfolio, the investment restrictions and policies prescribed by the Canadian securities administrators and any additional guidelines and criteria considered by BHIMI to be appropriate. The sub-advisors' activities are carefully and regularly monitored by BHIMI to ensure observance of the investment guidelines, conduct and financial performance. The sub-advisors certify compliance with the rules contained in applicable securities legislation on a quarterly basis.

BHIMI uses various measures to assess risk, including mark to market security valuation, fair value accounting, monthly reconciliations of securities and cash positions, monthly reconciliations of net exposures under derivatives to segregated, liquid assets or offsetting rights or obligations. Compliance monitoring of the Portfolios' investment portfolio is ongoing. The Portfolios are priced daily, which helps to ensure that performance accurately reflects market movements.

Policies and Procedures on Short-Term Trading

We have policies and procedures to detect and deter short-term trading, which include a monthly reporting process of any purchases, redemptions or switches within the same Portfolio in a 30 day period, whereby we conduct monthly reviews for any short-term trading activity within the Portfolios.

We monitor for potential timing abuses and detect short-term trading through our compliance analysts, who review transactions and issue monthly reports to our Chief Compliance Officer (“**CCO**”). Any findings that may be perceived as a conflict of interest will be reviewed by the CCO. As trades into and out of the Portfolios can only be effected by BMO Harris Private Banking professionals or other employees of BMO Financial Group under our wealth management service, any breach of our short-term trading policy may result in a written warning, having employment responsibilities revised, suspension or termination, or other sanctions.

The manager reserves the right to restrict, reject or cancel, without any prior notice, any purchase or exchange order, including transactions that are deemed to represent short-term trading.

The manager has no formal or informal arrangements with any person or company to permit short-term trades in units of the Portfolios.

Summary of Proxy Voting Policies and Procedures

BHIMI has established policies and procedures on behalf of the Portfolios. These policies and procedures are followed by BHIMI in determining how to vote on any matter for which the Portfolios receive, in their capacity as securityholder, proxy materials for a meeting of securityholders of an issuer. In cases where BHIMI has delegated this function to the Portfolio’s sub-advisor, these policies and procedures are to be followed by the relevant sub-advisor, in conjunction with the sub-advisor’s own proxy voting policies.

For certain Portfolios, BHIMI has delegated the proxy voting function to a Portfolio’s sub-advisor as part of the sub-advisor’s general management of investment fund assets, subject to the continuing oversight of BHIMI. A copy of these proxy voting policies and procedures has been provided to the sub-advisor for each of the relevant Portfolios. The sub-advisor, and BHIMI when voting on any matter for which the Portfolios receive proxy materials, will ensure securities held by the relevant Portfolio will be voted in accordance with these policies and procedures, in conjunction with its own, and that these policies and procedures are not inconsistent with its own proxy voting policies and procedures.

The policies and procedures established by BHIMI (the “**Proxy Policies**”) include:

- (a) a standing policy for dealing with routine matters on which a Portfolio may vote. In particular, the Proxy Policies apply general guidelines to a number of routine matters. These guidelines vary, depending on the specific matter involved. Routine matters include: election of directors; appointment of auditors; changes in capital structure; and an increase in authorized stock. While votes will be made on a case-by-case basis the Portfolio’s will typically vote in favour of routine matters unless there are specific circumstances for voting against, as noted below;
- (b) the circumstances under which a Portfolio will deviate from the standing policy for routine matters. The Proxy Policies provide that BHIMI and a Portfolio’s sub-advisor may depart from the general guidelines with respect to routine matters, in order to avoid voting decisions that may be contrary to the best interests of the Portfolio and the Portfolio’s securityholders. For example, the Proxy Policies provide that Portfolios will typically support management’s recommendations regarding the appointment of an auditor, but may vote against such a recommendation if the fees for services are excessive or if there are other reasons to question the independence or quality of the company’s auditors;

- (c) the policies under which, and the procedures by which, a Portfolio will determine how to vote or refrain from voting on non-routine matters. These policies vary depending on the specific matter involved. Non-routine matters include: corporate restructurings; mergers and acquisitions; proposals affecting shareholder rights; corporate governance; executive compensation; and social and environmental issues. For example, with respect to shareholders rights, the Proxy Policies provide that the Portfolios will typically vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights; and
- (d) procedures to ensure that portfolio securities held by a Portfolio are voted in accordance with the instructions of BHIMI, when applicable. This includes the requirement of a Portfolio's sub-advisor to provide to BHIMI on a quarterly basis a certificate confirming that it has voted all securities held by the Portfolios it manages in accordance with BHIMI's policies and procedures.

A conflict of interest may exist if BHIMI or a Portfolio's sub-advisor, its personnel or another related entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Conflicts of interest also may arise if an individual employed by BHIMI or the Portfolio's sub-advisor that is involved in the proxy vote decision, has a direct or indirect personal relationship or other interest in either the company soliciting the proxy or in a third party that has a material interest in the outcome of a proxy voter or that is lobbying for a particular outcome of a proxy vote.

BHIMI, and the relevant Portfolio's sub-advisor, has procedures in place to identify potential conflicts of interest. When BHIMI, and the relevant Portfolio's sub-advisor, become aware of any vote that presents a conflict, BHIMI, and the relevant Portfolio's sub-advisor must vote such proxy question in a manner consistent with, and uninfluenced by considerations other than, the best interest of the Portfolio and its securityholders.

The policies and procedures that the Portfolios follow when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-800-361-1392 or from your BMO Harris Private Banking professional or by writing to 1 First Canadian Place, 100 King St. West, 9th Floor, Toronto, Ontario M5X 1H3.

The Portfolios' proxy voting record for the most recent period ended June 30th of each year is available free of charge to any investor of a Portfolio upon request. The proxy voting record is available on the BMO Harris Private Banking web site at www.bmoharrisprivatebanking.com.

Policies Related to Derivatives

All of the Portfolios, except for the Canadian Money Market Portfolio, have previously provided 60 days written notice to unitholders of their intention to use derivatives.

BHIMI allows for the use of derivatives under certain conditions and limitations. BHIMI has written guidelines that set out the objectives and goals for derivatives trading. BHIMI has written policies and procedures in place on the use of derivatives as investments within the Portfolios. These policies and procedures are reviewed by BHIMI as required, with a minimum annual review. BHIMI is independent of the sub-advisor that implements the derivatives strategies and derivatives trading for the International Equity Portfolio. BHIMI will implement the derivatives strategies and derivatives trading for all of the other Portfolios that allow for the use of derivatives.

The derivative contracts entered into by BHIMI or by the sub-advisor on behalf of the Portfolios must be in accordance with the investment objectives and strategies of each of the Portfolios. BHIMI and the sub-advisor are also required to adhere to NI 81-102. The trustee sets and reviews the investment policies of the Portfolios, which also allows for the trading in derivatives.

Both BHIMI and the sub-advisor are required to use risk management processes to monitor and measure the risks of all portfolio holdings, including the derivatives positions in the Portfolios. BHIMI and the sub-advisors will use risk measurement procedures or simulations to test the derivatives holdings of the Portfolios under stress, where applicable.

If a Portfolio uses derivatives, BHIMI may use various measures to assess risk, including mark to market security valuation, fair value accounting, and monthly reconciliations of securities and cash positions. The effective exposure of derivatives in a Portfolio will be monitored by BHIMI. Contracts will be held by an independent third party and derivative trading also may occur with a third party organization (mutually agreed upon by BHIMI and the sub-advisor, if applicable). BHIMI will have agreements with any such third party providers. Sub-advisors will be required to regularly reconcile positions with BHIMI and the Custodian. Sub-advisors will also be required to certify compliance with the rules contained in applicable securities legislation on a quarterly basis.

UNITHOLDER RIGHTS

Each Portfolio is authorized to issue an unlimited number of units of an unlimited number of classes; however, only one class is currently intended to be issued by each Portfolio. All units of each class of each Portfolio have equal rights and privileges. Each unit of a class of a Portfolio is entitled to participate equally with respect to all payments made to unitholders of the Portfolio, whether by way of interest, dividends, distributions, or capital, and on liquidation, to participate equally in the net assets of the Portfolio remaining after satisfaction of outstanding liabilities. All units of each Portfolio are fully paid and non-assessable when issued and are transferable. Fractional units shall have the same rights, limitations and conditions which are provided for whole units of a Portfolio, other than the right to vote. Each whole unit of a Portfolio is entitled to one vote at meetings of holders of units of the Portfolio.

Meetings of investors in a Portfolio may be called at any time if the trustee determines it appropriate. Meetings of investors in a Portfolio will be required to obtain the approval of investors for certain matters, such as:

- a change in the fundamental investment objectives of a Portfolio;
- a change in the manager, other than to an affiliate of the present manager;
- a decrease in the frequency in the calculation of the net asset value of a Portfolio;
- a significant reorganization of a Portfolio; and
- to make certain material amendments to the Declaration of Trust.

If the basis of the calculation of a fee or expense that is charged to the Portfolio (or charged directly to the unitholders by the Portfolio or by the manager in connection with the holding of units of the Portfolio), is changed in a way that could result in an increase in charges to the Portfolio or to its unitholders, or if such a fee or expense is introduced, approval of unitholders will not be obtained. In that case unitholders will be sent a written notice advising at least 60 days prior to such increase being effective.

In certain circumstances, unitholders may not be required under securities legislation to approve a fund merger. In these circumstances unitholders will be sent a written notice of any proposed merger at least 60 days prior to the change.

Unitholders holding at least 50% of the units of a Portfolio may request a meeting of unitholders of a Portfolio in certain circumstances upon satisfying certain conditions.

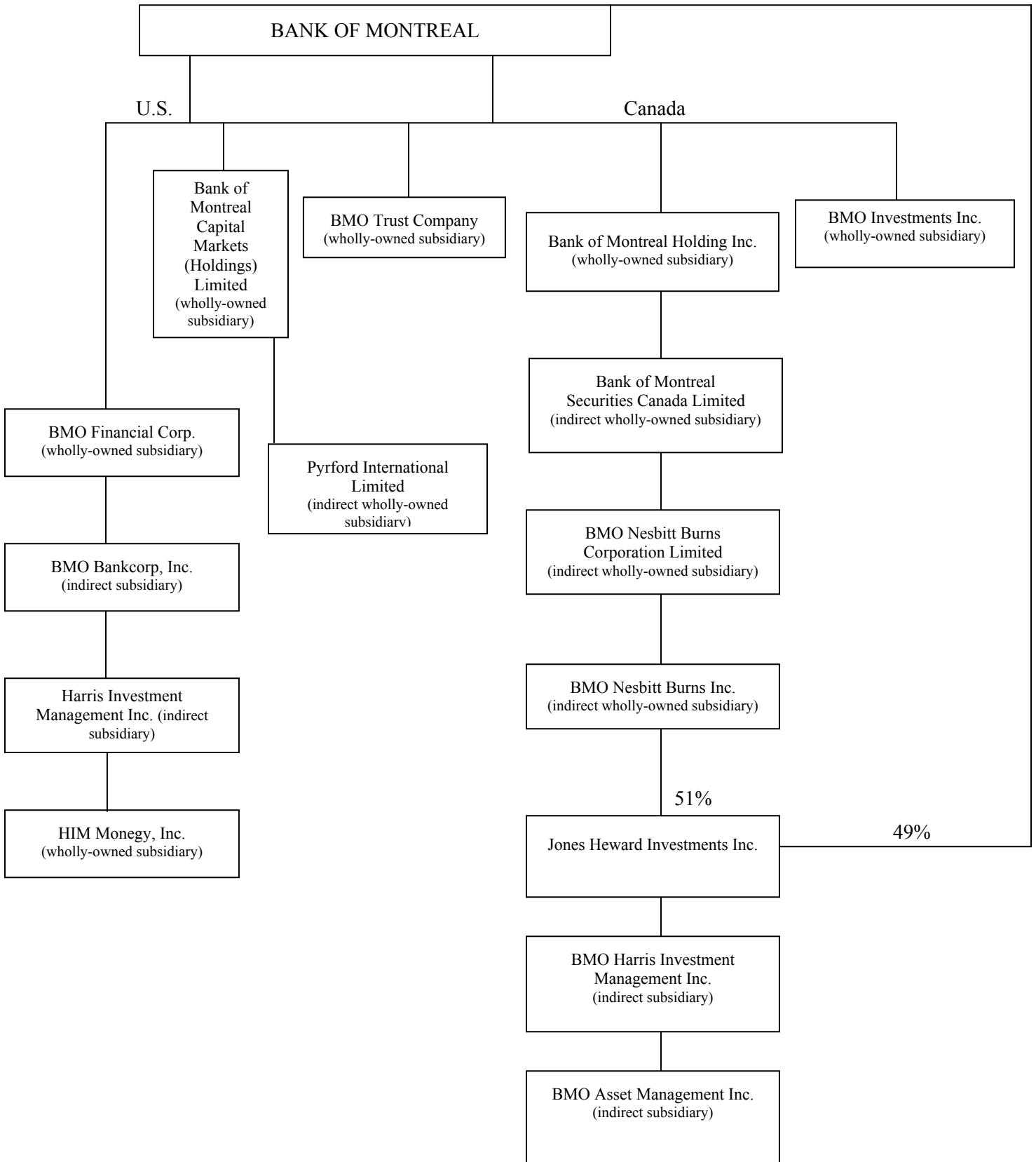
OTHER INFORMATION

BMO Financial Group

Certain of the companies providing management and administration services to the Portfolios are affiliates of BMO Trust Company and BHIMI. The Portfolios may also undertake banking transactions with Bank of Montreal.

The fees paid by the Portfolios to each of these companies are set out in the Portfolios' audited financial statements.

The following chart illustrates the affiliates of BHIMI who provide services to the Portfolios or to BHIMI as manager of the Portfolios.



The following directors and officers of BHIMI or a Portfolio are also directors or officers of the following affiliated entities:

Name	Position with Affiliated Entity
Barry M. Cooper	Director, BMO Investments Inc., Director and Chairman, BMO AM, Chairman, Director, President and Chief Executive Officer, Jones Heward Investments Inc., Director, Pyrford International Limited, Director and Chairman, Harris Investment Management, Inc.
Carol A. Neal	Director, Chief Financial Officer and Treasurer, BMO Trust Company, Director, BMO Investments Inc., Director, BMO AM, and Director and Chief Financial Officer, Jones Heward Investments Inc., Director, Harris Investment Management Inc. and Director, Pyrford International Limited.
Wakeham D.C. Pilot	Managing Director, BMO Nesbitt Burns Inc.
Darcy M. Lake	Chief Compliance Officer, BMO Trust Company, Chief Compliance Officer, BMO Investments Inc., Canadian Chief Compliance Officer, Harris Investment Management, Inc.
Andrew B. Auerbach	Chairman and Director, BMO Trust Company, Director, BMO AM and Director, Jones Heward Investments Inc.

Fees and Expenses

Neither BMO Trust Company nor BHIMI receive any fees from the Portfolios in their capacity as trustee and manager, respectively. Instead, investors pay a portfolio management fee directly to BMO Trust Company and BHIMI. The actual investment management fee payable by you is set out in the fee schedule contained in your investment policy statement which has been provided to you in conjunction with your investment management agreement with BMO Trust Company and BHIMI.

Each Portfolio pays all expenses relating to the operation of the Portfolio and the carrying on of its business. These expenses may include, without limitation, audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of units, including the cost of the unitholder record-keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to unitholders; fund accounting and valuation costs; filing fees, including those expenses incurred by BHIMI; interest and bank charges; premises and staff costs; fees and expenses of members of the IRC incurred in connection with their duties as members of the IRC which may include annual fees, meeting fees, reimbursement for expenses and any other expenses related to the operation of the IRC; applicable taxes and other general operating and administrative expenses (including unitholder servicing fees which may be payable to BMO Trust Company and/or BHIMI). Operating expenses incurred in respect of more than one Portfolio are allocated amongst the Portfolios in a fair and equitable manner. See ***Independent***

Review Committee for a description of the fees that have been paid and the expenses that have been reimbursed by the Portfolios for services of IRC members for the most recently completed financial year.

Each Portfolio pays its own brokerage commissions and fees and includes this in the cost of investments.

Although the Portfolios are responsible for the payment of the expenses outlined above, the trustee may absorb from time to time at its discretion some or all of such expenses. The management expense ratio of each Portfolio (excluding applicable taxes and brokerage commissions) is capped and the trustee will absorb any expenses of a Portfolio above this capped amount. For more information about the fees payable by a Portfolio, please refer to the individual Portfolio sections of the simplified prospectus. The type and level of expenses payable by the Portfolio may be changed. A written notice will be sent to unitholders advising of any increase in fees or other expenses payable by a Portfolio at least 60 days prior to such an increase being effective.

In addition, the trustee is responsible for the fees of the Portfolios' manager, portfolio managers and sub-advisors.

Sales Compensation

BMO Trust Company and BHIMI do not compensate dealers or sales representatives, for the sale of units of the Portfolios. The trustee may compensate, or arrange to compensate, financial institutions and securities registrants within BMO Financial Group for client referrals.

Principal Holders of Securities

BMO Trust Company is a wholly-owned, and BHIMI is an indirectly-owned, subsidiary of Bank of Montreal.

To the knowledge of BHIMI, as at October 5, 2011, no holder of units of a Portfolio owned of record or beneficially, directly or indirectly, more than 10% of the voting securities of a Portfolio.

Also, the directors, senior officers and trustees of the Portfolios beneficially owned, directly or indirectly, in aggregate, less than 10% of outstanding units of each of the Portfolios and of securities in any person or company that provides services to the Portfolios or the manager, and the IRC members of the Portfolios beneficially owned, directly or indirectly, in aggregate, less than 10% of outstanding units of each of the Portfolios and of securities in any person or company that provides services to the Portfolios or the manager.

Termination of a Portfolio

The trustee may terminate and dissolve a Portfolio by giving each unitholder 90 days' prior written notice.

Brokerage Arrangements

All decisions as to the purchase and sale of portfolio securities and decisions as to the execution of these portfolio transactions, including the selection of market, dealer and the negotiation, where applicable, of commissions will be made by BHIMI and the sub-advisors. BHIMI and the Portfolios' sub-advisors will seek to obtain prompt execution of orders on favourable terms. To the extent that the executions and prices offered by more than one dealer are comparable, BHIMI and the Portfolios' sub-advisors may

choose to effect portfolio transactions with dealers who provide research, statistical and other services to the Portfolios, BHIMI, or the Portfolios' sub-advisors.

Certain portfolio transactions may from time to time be allocated to BMO Nesbitt Burns Inc., (an indirect wholly-owned subsidiary of Bank of Montreal) or any other broker which is related to the Portfolios as a result of Bank of Montreal's interest therein. These brokers will only be used if the rates charged are comparable to those that would be charged by unrelated third parties in light of the size and nature of the transactions.

Brokerage business is allocated to dealers and brokers based on quality of service and the terms offered for specific transactions including price, volume, speed and certainty of execution, the competitiveness of commission terms and prices, the range of services and the quality of research provided and total transaction cost. The process for allocation of brokerage business is the same as described above for dealers that are affiliated entities.

There are no ongoing contractual arrangements with any brokers with respect to securities transactions.

In addition to order execution goods and services, dealers or third parties might provide research goods and services, which include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. Such goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research).

In the event that goods or services contain an element that is neither research goods and services nor order execution goods and services ("mixed-use goods and services") (for example, data analysis, software applications and data feeds), brokerage commissions will only be used to pay for the portion of such goods and services which would qualify as either research goods and services or order execution goods and services. The applicable portfolio advisor will pay for the remainder of the costs of such mixed-use goods or services. Records detailing the payment allocations will be kept.

The portfolio advisor makes a good faith determination that the Portfolio, on whose behalf it directs any brokerage transactions involving client brokerage commissions, in return for research and order execution goods and services from a dealer or third party, receives reasonable benefit, considering both the use of the goods and services and the amount of brokerage commissions paid, by conducting extensive trade cost analyses.

Research and order execution goods and services may benefit not only the Portfolios and clients whose trades generated the brokerage commissions, but may also benefit other funds and clients to whom the portfolio advisor provides advice. Such research goods and order execution goods and services may also be shared with affiliates of BHIMI. Similarly, a Portfolio may benefit from research and order execution goods and services obtained with brokerage commissions generated by client accounts of affiliates of the manager. There are policies and procedures in place such that over a reasonable period of time, all clients, including the Portfolios, receive a fair and reasonable benefit in return for the commissions generated.

Since October 28, 2010, the date of the last annual information form of the Portfolios, the following goods and services, other than order execution, have been provided to BHIMI or a portfolio advisor of a Portfolio: research analysis and reports, industry knowledge and access to analysts and staff, alternative trading systems, software, statistical and similar services.

Since October 28, 2010, the date of the last annual information form of the Portfolios, BMO AM has received proprietary research reports, industry knowledge and access to both analysts and staff from BMO Nesbitt Burns Inc., an affiliate of BHIMI and of BMO AM.

For a list of any other dealer, broker or third party who provided research goods and services or order execution goods and services since the date of the last annual information form, please contact BHIMI by phone toll free at 1-800-361-1392 or by email at contact.centre@bmonb.com.

Material Contracts

The only material contracts to date entered into by the Portfolios are the following:

- the Declaration of Trust;
- the Management Agreement;
- the Portfolio Management Agreement;
- the Custodian Agreement;
- the administrative services agreement between BHIMI and BMO Trust Company; and
- administrative services agreement between BHIMI and BMO AM.

Copies of these agreements may be inspected during ordinary business hours on any business day at the principal office of the trustee.

Combined Annual Information Form

Because many attributes of the Portfolios and the units of the Portfolios are identical, the units of the Portfolios are being offered under one combined simplified prospectus and one combined annual information form. Each of the Portfolios assumes responsibility for the disclosure relating to it, but no Portfolio assumes responsibility for the disclosure relating to any of the other Portfolio or for any misrepresentation relating to any other Portfolio contained in this annual information form or in the simplified prospectus.

AUDITOR'S CONSENT

We have read the simplified prospectus of the Portfolios dated October 24, 2011 relating to the issue and sale of units of the Portfolios. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use, through incorporation by reference in the above-mentioned simplified prospectus, of our report to the unitholders of the Portfolios on the following financial statements of each of the Portfolios:

- statements of net assets as at December 31, 2010 and 2009;
- statements of investment portfolio as at December 31, 2010; and
- statements of operations and changes in net assets for the years ended December 31, 2010 and 2009.

Our report is dated March 23, 2011.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
October 24, 2011

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CERTIFICATES

CERTIFICATE OF THE BMO HARRIS PRIVATE PORTFOLIOS

BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio

BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio

(collectively, the “Portfolios”)

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador and do not contain any misrepresentations.

Dated: October 24, 2011

(signed) “Sara Plant”

Sara Plant
Chief Executive Officer
BMO Trust Company

(signed) “Carol A. Neal”

Carol A. Neal
Chief Financial Officer
BMO Trust Company

On Behalf of the Board of Directors of BMO Trust Company
(The Trustee of the Portfolios)

(signed) “Edgar N. Legzdins”

Edgar N. Legzdins
Director

(signed) “Charyl Galpin”

Charyl Galpin
Director

CERTIFICATE OF THE MANAGER AND PROMOTER

BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio

BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio

(collectively, the "Portfolios")

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia, New Brunswick and Newfoundland and Labrador and do not contain any misrepresentations.

Dated: October 24, 2011

(signed) "Andrew B. Auerbach"

Andrew B. Auerbach
Chief Executive Officer
BMO Harris Investment Management Inc.

(signed) "Carol A. Neal"

Carol A. Neal
Chief Financial Officer
BMO Harris Investment Management Inc.

On Behalf of the Board of Directors of BMO Harris Investment Management Inc.
(The Manager and Promoter of the Portfolios)

(signed) "A. Paul Taylor"

A. Paul Taylor
Director

(signed) "Richard B. Mason"

Richard B. Mason
Director

BMO HARRIS PRIVATE PORTFOLIOS

BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio

BMO Harris Investment Management Inc.

1 First Canadian Place
9th Floor
Toronto, Ontario
M5X 1H3

Additional information about the Portfolios is available in the Portfolios' fund facts, management reports of fund performance and financial statements. You may obtain a copy of these documents, at no cost, by calling toll free at 1-800-361-1392, on BMO Harris Investment Management Inc.'s internet site at www.bmoharrisprivatebanking.com, by e-mailing us at contact.centre@bmonb.com or from your BMO Harris Private Banking professional.

These documents and other information about the Portfolios, such as information circulars and material contracts, are also available at www.sedar.com.



A member of BMO Financial Group