

Semi-Annual Financial Statements

BMO Harris Private Portfolios

June 30, 2012

BMO Harris Canadian Money Market Portfolio

BMO Harris Canadian Money Market Portfolio

(unaudited)

STATEMENT OF NET ASSETS <i>As at (in thousands of Canadian dollars, except per unit data)</i>	June 30, 2012	December 31, 2011
Assets		
Cash	72	99
Investments at fair value	1,074,908	1,229,634
Subscriptions receivable	31,265	20,595
Total assets	1,106,245	1,250,328
Liabilities		
Distributions payable	72	58
Due to broker	—	10,314
Accrued expenses	136	102
Redemptions payable	15,604	19,140
Total liabilities	15,812	29,614
Net assets representing unitholders' equity	1,090,433	1,220,714
Net assets per unit	\$ 10.00	\$ 10.00

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

BMO Harris Canadian Money Market Portfolio

(unaudited)

STATEMENT OF OPERATIONS	June 30, 2012	June 30, 2011
<i>For the periods ended (in thousands of Canadian dollars, except per unit data)</i>		
Investment Income		
Interest	6,736	6,644
Securities lending revenue	18	11
	6,754	6,655
Expenses		
Audit fees	10	6
Independent Review Committee fees	1	1
Custodian fees	13	13
Legal and filing fees	39	39
Unitholder servicing fees (note 5)	220	223
Printing and stationery fees	11	7
	294	289
Net investment income for the period	6,460	6,366
Increase in net assets from operations	6,460	6,366
Increase in net assets from operations per unit (note 2)	0.06	0.06

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BMO Harris Canadian Money Market Portfolio

(unaudited)

STATEMENT OF CHANGES IN NET ASSETS <i>For the periods ended (in thousands of Canadian dollars)</i>	June 30, 2012	June 30, 2011
Net assets – beginning of period	1,220,714	1,075,079
Increase in net assets from operations	6,460	6,366
Unit Transactions:		
Proceeds from sale of units	2,150,415	1,749,059
Reinvested distributions	6,101	6,062
Amounts paid on units redeemed	(2,286,797)	(1,802,891)
Total unit transactions	(130,281)	(47,770)
Distributions to Unitholders from:		
Net investment income	(6,460)	(6,366)
Total distributions paid to unitholders	(6,460)	(6,366)
Net assets – end of period	1,090,433	1,027,309

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BMO Harris Canadian Money Market Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Money Market Investments – 51.1%			
<i>Federal – 6.3%</i>			
Government of Canada, Treasury Bills, 0.869%, Jul 5, 2012	50,000	49,971	49,995
Government of Canada, Treasury Bills, 0.972%, Jul 19, 2012	4,200	4,190	4,198
Government of Canada, Treasury Bills, 1.068%, Aug 2, 2012	10,000	9,971	9,991
Government of Canada, Treasury Bills, 0.904%, Sep 27, 2012	5,000	4,988	4,989
		69,120	69,173
<i>Provincial – 22.8%</i>			
Province of Alberta, Treasury Bills, 1.029%, Jul 16, 2012	10,000	9,975	9,996
Province of British Columbia, Treasury Bills, 0.972%, Sep 7, 2012	4,300	4,291	4,292
Province of New Brunswick, Treasury Bills, 1.128%, Jul 24, 2012	14,800	14,761	14,790
Province of Newfoundland, Treasury Bills, 1.111%, Aug 2, 2012	9,200	9,176	9,191
Province of Newfoundland, Treasury Bills, 0.989%, Sep 20, 2012	20,000	19,953	19,956
Province of Ontario, Treasury Bills, 1.010%, Jul 4, 2012	10,000	9,975	9,999
Province of Ontario, Treasury Bills, 1.030%, Jul 11, 2012	12,000	11,971	11,997
Province of Ontario, Treasury Bills, 1.032%, Jul 11, 2012	20,000	19,950	19,994
Province of Ontario, Treasury Bills, 0.993%, Aug 1, 2012	17,450	17,427	17,435
Province of Ontario, Treasury Bills, 1.086%, Aug 8, 2012	12,000	11,967	11,987
Province of Ontario, Treasury Bills, 1.102%, Aug 8, 2012	3,665	3,656	3,661
Province of Ontario, Treasury Bills, 1.061%, Aug 22, 2012	10,000	9,974	9,985
Province of Ontario, Treasury Bills, 1.062%, Aug 22, 2012	10,000	9,974	9,985
Province of Ontario, Treasury Bills, 0.981%, Sep 19, 2012	27,300	27,233	27,241
Province of Ontario, Treasury Bills, 1.177%, Oct 10, 2012	4,150	4,130	4,137
Province of Ontario, Treasury Bills, 1.197%, Oct 31, 2012	5,000	4,973	4,980
Province of Quebec, Treasury Bills, 1.111%, Aug 3, 2012	8,950	8,925	8,941
Province of Quebec, Treasury Bills, 1.042%, Aug 24, 2012	15,000	14,961	14,977
Province of Quebec, Treasury Bills, 1.170%, Aug 30, 2012	6,700	6,674	6,687
Province of Quebec, Treasury Bills, 1.002%, Aug 31, 2012	5,000	4,988	4,991
Province of Quebec, Treasury Bills, 0.980%, Sep 14, 2012	14,500	14,467	14,471
Province of Quebec, Treasury Bills, 1.215%, Oct 30, 2012	3,550	3,529	3,536
Province of Saskatchewan, Treasury Bills, 0.978%, Aug 1, 2012	5,000	4,992	4,996
		247,922	248,225
<i>Corporate – 22.0%</i>			
Bank of Nova Scotia, Bearer Deposit Notes, 1.119%, Jul 9, 2012	19,035	19,015	19,030
Bank of Nova Scotia, Bearer Deposit Notes, 1.122%, Jul 10, 2012	4,950	4,936	4,949
Canada Pension Plan Investment Board Capital Inc., Discounted Bills, 1.127%, Aug 29, 2012	4,850	4,824	4,841
Canadian Imperial Bank of Commerce, Bankers Acceptances, 1.087%, Jul 3, 2012	6,900	6,893	6,900
Canadian Imperial Bank of Commerce, Bankers Acceptances, 1.098%, Jul 18, 2012	5,000	4,996	4,997
Canadian Imperial Bank of Commerce, Bankers Acceptances, 1.098%, Jul 31, 2012	10,000	9,990	9,991
Daimler Canada Finance Inc., Discounted Bills, 1.318%, Aug 27, 2012	5,100	5,078	5,090

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STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Daimler Canada Finance Inc., Discounted Bills, 1.442%, Sep 4, 2012	5,000	4,963	4,987
Daimler Canada Finance Inc., Discounted Bills, 1.309%, Sep 27, 2012	15,000	14,951	14,953
Enbridge Inc., Discounted Bills, 1.208%, Jul 5, 2012	10,000	9,990	9,999
Enbridge Inc., Discounted Bills, 1.157%, Jul 27, 2012	15,000	14,986	14,987
Enbridge Pipelines Inc., Discounted Bills, 1.125%, Jul 23, 2012	7,400	7,394	7,395
Honda Canada Finance Inc., Discounted Bills, 1.130%, Jul 6, 2012	10,000	9,993	9,998
Honda Canada Finance Inc., Discounted Bills, 1.135%, Jul 6, 2012	28,750	28,741	28,745
Honda Canada Finance Inc., Discounted Bills, 1.098%, Jul 10, 2012	5,000	4,998	4,999
Honda Canada Finance Inc., Discounted Bills, 1.098%, Jul 10, 2012	5,000	4,998	4,999
OMERS Finance Trust, Discounted Bills, 1.109%, Jul 3, 2012	6,850	6,844	6,850
OMERS Finance Trust, Discounted Bills, 1.110%, Jul 11, 2012	3,000	2,997	2,999
OMERS Finance Trust, Discounted Bills, 1.098%, Jul 25, 2012	6,650	6,643	6,645
OMERS Finance Trust, Discounted Bills, 1.149%, Aug 29, 2012	10,000	9,971	9,981
PSP Capital Inc., Discounted Bills, 1.148%, Nov 21, 2012	6,200	6,167	6,172
Royal Bank of Canada, Term Deposit Receipts, 0.953%, Jul 3, 2012	5,700	5,700	5,700
Royal Bank of Canada, Bankers Acceptances, 1.086%, Jul 16, 2012	2,850	2,847	2,849
Royal Bank of Canada, Bankers Acceptances, 1.086%, Jul 30, 2012	11,150	11,140	11,141
Toronto-Dominion Bank, Bankers Acceptances, 1.074%, Jul 16, 2012	3,900	3,897	3,898
Toronto-Dominion Bank, Bankers Acceptances, 1.085%, Jul 18, 2012	2,000	1,998	1,999
Toyota Credit Canada Inc., Discounted Bills, 1.355%, Oct 15, 2012	5,000	4,968	4,980
Toyota Credit Canada Inc., Discounted Bills, 1.370%, Oct 15, 2012	7,400	7,325	7,371
Toyota Credit Canada Inc., Discounted Bills, 1.389%, Oct 19, 2012	5,100	5,047	5,079
TransCanada Pipelines Ltd., Discounted Bills, 1.182%, Sep 28, 2012	7,000	6,979	6,980
		239,269	239,504
Total Money Market Investments – 51.1%		556,311	556,902
Bonds & Debentures			
<i>Federal Bonds – 1.8%</i>			
Canada Housing Trust, Mortgage Bonds, Series 25, Floating Rate, Mar 15, 2014	5,000	5,000	5,004
Government of Canada, 2.000% Sep 1, 2012	15,000	15,025	15,124
		20,025	20,128
<i>Provincial Bonds – 1.8%</i>			
Province of Manitoba, Medium Term Notes, Floating Rate, Sep 4, 2012	7,000	7,000	7,009
Province of New Brunswick, 3.350% Jun 1, 2013	4,000	4,079	4,091
Province of Quebec, Unsecured, Debentures, 6.000% Oct 1, 2012	8,000	8,098	8,217
		19,177	19,317
<i>Corporate Bonds & Debentures – 43.9%</i>			
AltaLink, L.P., Series 2003-2, Senior, Secured, 5.430% Jun 5, 2013	7,132	7,395	7,423
American Express Canada Credit Corp., Medium Term Notes, Senior, Unsecured, Notes, Unsubordinated, 5.900% Apr 2, 2013	6,000	6,192	6,279
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 5.040% Apr 8, 2013	15,000	15,418	15,591
BMW Canada Inc., Unsecured, Notes, Unsubordinated, 3.220% Mar 28, 2013	35,947	36,353	36,652

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STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, 5.000% Sep 10, 2012	29,453	29,661	30,113
Canadian Imperial Bank of Commerce, Deposit Notes, 3.050% Jun 3, 2013	12,000	12,181	12,209
Canadian Utilities Limited, Unsecured, Debentures, 6.140% Nov 22, 2012	1,239	1,262	1,270
Caterpillar Financial Services Limited, Medium Term Notes, Unsecured, Unsubordinated, 5.200% Jun 3, 2013	2,972	3,072	3,084
Enbridge Pipelines Inc., Medium Term Notes, Unsecured, 4.460% Dec 17, 2012	3,774	3,827	3,833
GE Capital Canada Funding Company, Series A, Medium Term Notes, 6.250% Jul 24, 2012	5,000	5,014	5,151
GE Capital Canada Funding Company, Series A, Medium Term Notes, Unsecured, Unsubordinated, 5.290% Aug 17, 2012	37,821	37,997	38,739
GE Capital Canada Funding Company, Medium Term Notes, Senior, Unsecured, Unsubordinated, 4.375% Sep 28, 2012	14,165	14,258	14,418
Glacier Credit Card Trust, Series 2008-1, Credit Card Asset-Backed Notes, Senior, 5.027% Feb 20, 2013	15,000	15,333	15,607
Golden Credit Card Trust, Series 2008-2, Credit Card Receivable Backed Notes, Senior, Secured, 5.421% Apr 15, 2013	10,000	10,314	10,428
Greater Toronto Airports Authority, Series 2002-2, Medium Term Notes, Secured, Callable, 6.250% Dec 13, 2012	14,348	14,663	14,708
Honda Canada Finance, Inc., Senior, Unsecured, Notes, 5.076% May 9, 2013	18,696	19,259	19,395
Honda Canada Finance Inc., Medium Term Notes, Senior, Unsecured, Unsubordinated, 5.675% Sep 26, 2012	10,293	10,396	10,550
Hydro One Inc., Series 3, Medium Term Notes, Senior, Unsecured, 5.770% Nov 15, 2012	28,250	28,721	28,929
John Deere Credit Inc., Second Series Guaranteed Notes, Unsecured, 5.300% Jul 27, 2012	7,880	7,901	8,080
John Deere Credit Inc., Third Series Guaranteed Notes, Unsecured, 5.300% Jul 27, 2012	550	552	564
John Deere Credit Inc., Unsecured, Notes, Unsubordinated, 2.300% Jan 14, 2013	12,000	12,061	12,189
John Deere Credit Inc., Third Series Guaranteed Notes, Unsecured, 2.400% Feb 1, 2013	12,181	12,256	12,377
Metropolitan Life Global Funding I, Global Medium Term Notes, Senior, Secured, 2.625% Dec 3, 2012	15,998	16,044	16,076
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, Unsubordinated, 5.200% Aug 15, 2012	59,356	59,641	60,802
Toronto Hydro Corporation, Senior, Unsecured, Notes, Unsubordinated, 6.110% May 6, 2013	5,000	5,194	5,240
Toronto Hydro Corporation, Senior, Unsecured, Debentures, 6.110% May 7, 2013	1,909	1,983	2,001
Toronto-Dominion Bank, The, Deposit Notes, 5.141% Nov 19, 2012	10,000	10,148	10,208
Toyota Credit Canada Inc., Euro Medium Term Notes, Unsecured, 5.050% Jul 27, 2012	51,121	51,253	52,360

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

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(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Wells Fargo Financial Canada Corporation, Medium Term Notes, Senior, Unsecured, Unsubordinated, 5.200% Sep 13, 2012	16,140	16,256	16,507
Wells Fargo Financial Canada Corporation, Medium Term Notes, Senior, Unsecured, 4.400% Dec 12, 2012	7,663	7,760	7,778
		472,365	478,561
Total Bonds & Debentures – 47.5%		511,567	518,006
Total Investment Portfolio – 98.6%		1,067,878	1,074,908
Other Assets Less Liabilities – 1.4%			15,525
NET ASSETS – 100.0%			1,090,433

The Portfolio's Investment Portfolio is concentrated in the following segments as at:

	June 30, 2012	December 31, 2011
Money Market Investments		
Federal	6.3%	5.4%
Provincial	22.8%	19.2%
Corporate	22.0%	28.1%
Bonds & Debentures		
Federal	1.8%	1.0%
Provincial	1.8%	6.0%
Corporate	43.9%	41.0%
Other Assets Less Liabilities	1.4%	(0.7)%
	100.0%	100.0%

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

BMO Harris Canadian Money Market Portfolio

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS

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

June 30, 2012

1. The Portfolio

BMO Harris Canadian Money Market Portfolio [“the Portfolio”] is an open-ended mutual fund trust established by a Declaration of Trust under the laws of the Province of Ontario, most recently amended on September 18, 2007. BMO Harris Investment Management Inc. (“the Manager”) is the Manager of the Portfolio.

The information provided in these unaudited financial statements is for the periods ended June 30, 2012 and 2011 except for the comparative information on the Statement of Net Assets and related notes which are as at December 31, 2011.

2. Summary of significant accounting policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”), including estimates and assumptions made by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results could differ from estimates.

Valuation of investments

Canadian GAAP requires the use of bid prices for long positions and ask prices for short positions in the fair valuation of investments traded in an active market, rather than the use of closing prices currently used for the purpose of determining Net Asset Value (“NAV”). For investments that are not traded in an active market, Canadian GAAP requires the use of valuation techniques, incorporating factors that market participants would consider in setting a price.

The NAV is the fair value of the total assets of a Portfolio less the fair value of its total liabilities at a Valuation Date (“the Valuation Date” is each day on which the Toronto Stock Exchange is open for trading) determined in accordance with Part 14 of National Instrument 81-106 – Investment Portfolio Continuous Disclosure (“NI 81-106”) for the purpose of processing unitholder transactions. For financial statement purposes, valuations are determined in accordance with Canadian GAAP. This may result in a difference between the Net Assets per unit and the NAV per unit. Refer to Note 8(b) for the details of the comparison between NAV per unit and Net Assets per unit.

Investments are deemed to be held for trading.

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

Securities listed on a recognized public securities exchange in North America are valued for financial statement purposes at their bid prices for long positions and ask prices for short positions. Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. The Manager uses fair value pricing when the price of a security held in a Portfolio is unavailable, unreliable or not considered to reflect the current value, and may determine another value which it considers to be fair and reasonable using the services of third-party valuation service providers, or using a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data including volatility, comparable companies and other applicable rates or prices.

For bonds, debentures, asset-backed securities and other debt securities, the fair value represents the bid price provided by independent security pricing services. Short-term investments are included in the Statement of Investment Portfolio at their fair value. Unlisted warrants are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price and terms of the warrant.

Investment transactions

Investment transactions are accounted for on the trade date. Realized gains (losses) from the sale of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments which exclude brokerage commissions and other trading expenses. All net realized gains (losses), unrealized appreciation (depreciation) in value, and transaction costs are attributable to investments and derivative instruments which are deemed held for trading, and are included in the Statement of Operations.

Client brokerage commissions, where applicable, are used as payment for order execution services or research services. The portfolio advisers or Managers may select brokers, including their affiliates, who charge a

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

June 30, 2012

commission in excess of that charged by other brokers (“soft dollars”) if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. It is the Manager’s objective that over time, all clients receive benefits from client brokerage commissions.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Portfolio are expensed and included in “Commissions and other portfolio transaction costs” in the Statement of Operations.

Cost of investments

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

Income recognition

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

Interest on inflation-indexed bonds will be paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Operations. At maturity, the Portfolio will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Day based on the inflation adjusted par value at that time and is included in “Interest” in the Statement of Operations.

Translation of foreign currencies

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio’s functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in “Realized gain (loss) on sale of investments” and unrealized foreign exchange gains (losses) are included in “Change in

unrealized appreciation (depreciation) in value of investments” in the Statement of Operations. Realized and unrealized foreign exchange gains (losses) on assets (other than investments) and liabilities are included in “Realized gain (loss) on foreign exchange” in the Statement of Operations.

Forward currency contracts

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

The value of forward currency contracts entered into by the Portfolio is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Changes in the value of open forward currency contracts at each Valuation Date are recognized in the Statement of Operations as “Change in unrealized appreciation (depreciation) in value of forward currency contracts.”

Amounts realized at the close of the contracts are recorded as “Realized gain (loss) on forward currency contracts” in the Statement of Operations.

Securities lending

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

Income from securities lending, where applicable, is included in the Statement of Operations and is recognized when earned. The securities on loan continue to be displayed in the Statement of Investment Portfolio. The market value of the securities loaned and collateral held is determined daily. Aggregate values of securities on loan and related collateral held in trust as at June 30, 2012 and December 31, 2011, where applicable, are disclosed in Note 8(g).

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

June 30, 2012

Increase or decrease in net assets from operations per unit

“Increase (decrease) in net assets from operations per unit” in the Statement of Operations represents the increase (decrease) in net assets from operations divided by the weighted average number of units outstanding during the period.

Short-term trading penalty

To discourage excessive trading, the Portfolio may, at the Manager’s sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Portfolio and is included in “Interest” in the Statement of Operations.

Other assets and liabilities

Income receivable, subscriptions receivable and due from broker are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to broker, redemptions payable and accrued expenses are designated as financial liabilities and reported at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost which approximates fair value.

3. Unit valuation

Units of the Portfolio are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit. The NAV per unit for the purposes of subscription or redemption is computed by dividing the NAV of the Portfolio (that is, the total fair value of the assets less its liabilities) by the total number of units outstanding at such time. This amount may be different from the Net Asset per unit which is presented on the Statement of Net Assets. Generally, any differences are due to valuing actively traded securities at bid prices for Canadian GAAP purposes while NAV typically utilizes closing price to determine fair value for the purchase and redemption of units. See Note 8(b) for the details of the comparison between NAV per unit and Net Assets per unit.

Capital

The capital of the Portfolio is represented by issued and redeemable units with no par value. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Portfolio’s NAV per unit upon redemption. The Portfolio has no restrictions or specific

capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8(a), if any. The relevant movements in capital are shown on the Statement of Changes in Net Assets. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 6, the Portfolio endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

4. Income Taxes

The Portfolio qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the “Tax Act”). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders. Part of the Portfolio’s net income and net realized capital gains not paid or payable, is subject to income tax. It is the intention of the Portfolio to distribute all of its income and sufficient net realized capital gains so that the Portfolio will not be subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur.

Non-capital losses that arose in 2004 and 2005 are available to be carried forward for ten years and applied against future taxable income. Non-capital losses that arose in 2006 and thereafter are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

The Portfolio’s non-capital and capital losses for income tax purposes as of the tax year-ended December 2011 are included in Note 8(c), if applicable.

5. Related party transactions

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

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

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The Portfolio may execute trades with and or through BMO Nesbit Burns Inc., an affiliate of the Manager based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Operations.

Refer to Note 8(d) for related party fees charged to the Portfolio for the periods ended June 30, 2012 and 2011.

(b) Other related party transactions

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

6. Financial Instrument Risk

The Portfolio may be exposed to a variety of financial risks that are concentrated in its investment holdings, including derivative instruments. The Statement of Investment Portfolio groups securities by asset type, geographic region and/or market segment. The Portfolio's risk management practice includes the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Portfolio's performance by employing and overseeing professional and experienced

portfolio managers that regularly monitor the Portfolio's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

(a) Currency risk

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

(b) Interest rate risk

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

(c) Other market risk

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

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure

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(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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June 30, 2012

for over-the-counter derivative instruments is based on the Portfolio's unrealized gain (loss) of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Portfolio's exposure to credit risk, if any, is further discussed in Note 8(f).

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

(e) Liquidity risk

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

7. Transition to International Reporting Standards

In March 2011, the Canadian Accounting Standards Board ("AcSB") amended its mandatory requirement for all Canadian publicly accountable enterprises to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), permitting investment companies, which includes mutual funds, to defer the adoption of IFRS. On December 12, 2011, the AcSB decided to extend by one year the deferral from fiscal years beginning on or after January 1, 2013 to January 1, 2014.

The deferral of the mandatory IFRS changeover date to January 1, 2014 is to prevent Canadian investment companies and segregated accounts of life insurance enterprises from having to change their current accounting treatment for controlled investees while the IASB finalizes its proposed investment entities standard. Under IFRS 10 Consolidated Financial Statements, investment companies are required to consolidate their controlled investments. The IASB has issued an exposure draft that will exempt entities that qualify as investment entities from consolidating their controlled investments and requires such entities to record, with very limited exceptions, all of their investments at fair value through profit or loss account. This exposure draft is still under review. Canadian GAAP permits investment companies to fair value their investments regardless of whether those investments are controlled. The AcSB will continue to monitor the need to revise the IFRS changeover date for these entities.

The Portfolio has not elected to early adopt IFRS, therefore it will adopt IFRS effective January 1, 2014. The Portfolio expects to report its financial results for the six month period ending June 30, 2014 prepared on an IFRS basis. The Portfolio will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2013. Further revisions by the AcSB to the IFRS adoption date for investment companies are possible.

The Manager has not identified any changes that will impact NAV per unit as a result of the changeover to IFRS. However, this determination is subject to change as the Manager finalizes its assessment of potential IFRS differences and as new standards are issued by the IASB prior to the Portfolio's adoption of IFRS. The criteria contained within the IAS 32 Financial Instruments: Presentation Standard may require unitholders' equity to be classified as a liability within the Portfolio's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the Portfolio's unitholder structure to confirm classification.

BMO Harris Canadian Money Market Portfolio

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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June 30, 2012

8. Portfolio specific information

(a) Portfolio information and change in units

The Portfolio's inception date was May 15, 1997.

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

For the periods ended (in thousands of units)	Jun. 30, 2012	Jun. 30, 2011
Units issued and outstanding, beginning of period	122,071	107,508
Issued for cash	215,042	174,906
Issued on reinvestment of distributions	610	606
Redeemed during the period	(228,680)	(180,289)
Units issued and outstanding, end of period	109,043	102,731

(b) Comparison of NAV per unit to Net Assets per unit

Jun. 30, 2012		Dec. 31, 2011	
NAV per unit	Net Assets per unit	NAV per unit	Net Assets per unit
10.00	10.00	10.00	10.00

(c) Income taxes

As at the tax year-ended December 2011, there were no capital and non-capital losses carried forward.

(d) Related party transactions

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

	Jun. 30, 2012	Jun. 30, 2011
Unitholder servicing (\$)	160	156

(e) Brokerage commissions and soft dollars

There were no brokerage commissions charged to the Portfolio during the periods ended June 30, 2012 or June 30, 2011.

There were no ascertainable soft dollars or client brokerage commissions paid or payable to dealers by the Portfolio during the periods.

(f) Financial instrument risk

The Portfolio's objectives are to provide a high level of interest income and liquidity and to preserve the capital invested. The Portfolio invests primarily in high quality, low risk short-term debt instruments issued by governments and corporations in Canada, such as treasury bills, bankers' acceptances, bonds, asset-backed securities and commercial paper.

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

Currency risk

As at June 30, 2012 and December 31, 2011, the Portfolio did not have exposure to currency risk as it invested fully in Canadian securities.

Interest rate risk

As at June 30, 2012, 99% (December 31, 2011 – 101%) of the Portfolio's Net Assets were invested in debt securities with term to maturity of less than one year. The Portfolio's sensitivity to interest rate risk as determined based on portfolio weighted duration was not significant as at June 30, 2012 and December 31, 2011.

Other market risk

The Portfolio was not significantly exposed to other market risk as at June 30, 2012 and December 31, 2011, as it invested fully in fixed income securities.

Credit risk

The Portfolio's credit risk exposure grouped by credit ratings are listed in the following table:

Credit rating	As a % of Net Assets	
	Jun. 30, 2012	Dec. 31, 2011
R-1 High	18.1	30.3
R-1 Mid	24.4	16.1
R-1 Low	8.6	6.3
AAA	4.2	3.1
AA	26.3	27.7
A	17.0	16.0
BBB	—	1.2
Total	98.6	100.7

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(g) Fair value hierarchy

There was no significant change in the composition of the Portfolio's financial instruments levels as at June 30, 2012 compared to the classification as at December 31, 2011.

Please refer to the December 31, 2011 audited annual financial statements disclosure of the Portfolio's financial assets and liabilities into the fair value levels classification.

(h) Securities lending

The Portfolio had assets involved in securities lending transactions outstanding as at June 30, 2012 and December 31, 2011 as follows:

	Jun. 30, 2012	Dec. 31, 2011
Aggregate value of securities on loan (\$)	84,278	64,214
Aggregate value of collateral received for the loan (\$)	89,060	67,607

Manager

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