

Annual Management Report of Fund Performance

BMO Harris Canadian Growth Equity Portfolio

For the period ended December 31, 2011

This annual management report of fund performance contains financial highlights but does not contain annual financial statements of the Portfolio. If the annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by e-mailing us at contact.centre@bmonb.com, by writing to us at BMO Harris Investment Management Inc., 1 First Canadian Place, 100 King St. W., 9th Floor, Toronto, Ontario, M5X 1H3 or by visiting our website at www.bmoharrisprivatebanking.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Portfolio's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

Management Discussion of Fund Performance

BMO Harris Investment Management Inc. ("BHIMI"), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of BMO Harris Private Portfolios and is also the investment manager for the BMO Harris Canadian Growth Equity Portfolio (the "Portfolio").

Investment Objective and Strategy

The Portfolio's investment objective is to provide above average long term returns through investing primarily in growth-oriented equity securities of Canadian issuers.

To seek to achieve the Portfolio's objectives, the portfolio manager employs bottom-up security selection to identify reasonable stock price valuations for its holdings that is based on quantitative and fundamental analyses, including assessment of the company's projected cash flow and management quality.

Risk

No significant changes affecting the overall level of risk associated with investing in the Portfolio were made during the period. The risks of this Portfolio remain as discussed in the Portfolio's most recent simplified prospectus or its amendments.

Results of Operations

For the 12-month period ended December 31, 2011, the BMO Harris Canadian Growth Equity Portfolio returned -16.6%, after expenses.

The Portfolio's benchmark, the S&P/TSX Composite Index, generated a -8.7% total return over the same 12-month period.

Leading the benchmark's return over the year were the Health Care, Telecommunications Services, Consumer Staples, Utilities and Industrial sectors. All other sectors finished the year with negative returns. Lagging the benchmark most significantly were the Information Technology, Materials, and Consumer Discretionary sectors.

The year was volatile for capital market participants, who generally reduced their exposure to equities throughout the year in reaction to heightened concern about European sovereign debt problems, political upheaval in several regions of the world, and the prospect of slowing global growth. In this "risk-off" period (in which investors' biases shift to risk aversion), the Portfolio's pro-growth, non-defensive bias hurt its performance versus its benchmark.

Specifically, the Portfolio's relative performance suffered from its underweight positions in defensive sectors, such as Health Care, Telecommunications Services, Consumer Staples, and Utilities, and its overweight positions in the Information Technology and Consumer Discretionary sectors. The Portfolio benefited from its overweight position in the Industrials sector. Specific names that contributed to performance in the 12-month period include Dollarama Inc., Cequence Energy Ltd., Visa Inc., and TSO3 Inc. Detracting from performance were the

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Portfolio's holdings in Research in Motion Ltd., Sino-Forest Corp., Paladin Energy Ltd., Eastern Platinum Ltd. and Calvalley Petroleum Inc.

As of December 31, 2011, the Portfolio had a 63% exposure to large-capitalization stocks (defined as greater than \$4 billion in market capitalization), 32% exposure to small- and middle-capitalization stocks, and 5% in cash. At the end of the period, approximately 10% of the Portfolio was invested in U.S. equities. The Portfolio's U.S. dollar exposure is being fully hedged back into Canadian dollars.

For information on the Portfolio's longer-term performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.

Recent Developments

In the near term, the Portfolio's investment manager expects to continue increasing the Portfolio's U.S. equity exposure to reach an approximate 15% weight. The focus for adding U.S. securities is on sectors that offer growth and that are not well represented in Canada, such as Information Technology, Industrials, Consumer Discretionary, Consumer Staples and Health Care. With this strategy, the Portfolio is able to access a greater number of high-quality securities that have global reach and growth potential.

Volatility in the equity market is expected to remain elevated in 2012; however, the investment manager believes that the economic backdrop will be one of continued moderate global growth. This is contingent upon continuing improvements in U.S. conditions and continuing growth in the emerging markets, supported by global monetary easing. While Europe is entering a period of contraction driven by debt deleveraging, a European recession is not expected to derail global growth. Continued corporate earnings growth, ample market liquidity, and reasonable stock market valuations are supportive of equity markets. That said, in the investment manager's view, confidence is only expected to return to the markets when European macro risks lessen. The Portfolio is positioned to take advantage of equities offering strong growth and attractive prices.

Transition to International Financial Reporting Standards

In March 2011, the Canadian Accounting Standards Board ("AcSB") amended their 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 year 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. The AcSB will continue to monitor the need to revise the IFRS changeover date for these entities. Under the current IFRS guidance, 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 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 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 ended 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

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the IASB prior to the Portfolio's adoption of IFRS. The criteria contained within the IFRS Financial Instruments: Presentation standard (IAS 32) may require Unitholders' equity to be classified as a liability within the Portfolio's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the Portfolio's Unitholder structure to confirm classification.

Related Party Transactions

BMO Trust Company, an indirect, wholly-owned subsidiary of Bank of Montreal, is the trustee while BHIMI, is the manager of the Portfolio. From time to time, BHIMI may, on behalf of the Portfolio, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Portfolio (a "related party").

Portfolio Manager

The manager is also the Portfolio's investment manager and provides investment analysis and investment decisions for the Portfolio. The Portfolio does not pay a fee to the manager for this service.

Buying and Selling Securities

Investing in Equity Securities underwritten by BMO Nesbitt Burns Inc.

During the period, BHIMI relied on an approval and standing instruction provided by the Portfolio's independent review committee ("IRC") to enable the Portfolio to invest in a class of equity securities of an issuer during the period of distribution of those securities to the public and/or the 60 day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of BHIMI, acted as an underwriter in the distribution of those securities. In accordance with the IRC's approval and standing instruction, in making such an investment, BHIMI, as manager and investment manager of the Portfolio, is required to comply with BHIMI's policies and procedures governing investments in securities underwritten by a related entity and report periodically to the IRC, describing each instance that BHIMI relied on the IRC's standing instruction and its compliance or non-compliance with the governing policies and

procedures. The governing policies and procedures are designed to ensure, among other things, that the decision to make an investment in equity securities underwritten by BMO Nesbitt Burns Inc. (i) is made free from any influence of BMO Nesbitt Burns Inc. or its associates or affiliates and without taking into account any considerations relevant to BMO Nesbitt Burns Inc. or its associates or affiliates, (ii) represents the business judgment of BHIMI, uninfluenced by considerations other than the best interests of the Portfolio, and (iii) achieves a fair and reasonable result for the Portfolio.

Brokerage Commissions

The Portfolio pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the manager, for executing a portion of its trades. The brokerage commissions charged to the Portfolio during the period were as follows:

	2011 (\$000s)	2010 (\$000s)
Total Brokerage Commissions	207	181
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	12	11

Wealth Management Fee

Units of the Portfolio are only available through the wealth management service offered through BMO Financial Group. BMO Trust Company (the "trustee"), a related party, receives an annual fee from each investor for the wealth management services offered through BMO Financial Group. A tiered schedule is applied to calculate the annual fee for this service; the fee schedule starts at 1.95% and declines to 0.20% (depending on the nature and size of the investor's investment portfolio), and is calculated as a percentage of the assets under management. The actual investment management fee payable by each investor is set out in the BHIMI Investment Management Fee Schedule that has been provided to the investor in conjunction with the investment management agreement between the investor, the trustee and BHIMI. This fee is paid directly by the investor to the trustee. The trustee may compensate financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

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Unitholder Servicing

The Portfolio is provided with certain facilities and services by related parties. BMO Trust Company is the trustee while BMO Asset Management Inc. (“BMO AM”) is the registrar of the Portfolio. BMO Trust Company and BMO AM are paid by the Portfolio for fees relating to the custodial and administrative services they provide, respectively. Administrative services include fund accounting, record keeping and purchases/redemption order processing. The fees charged to the Portfolio during the period were as follows:

	2011 (\$000s)	2010 (\$000s)
Unitholder Servicing	70	69

Management Fee

There is no management fee charged to the Portfolio. The trustee receives an annual fee from investors for the wealth management services offered through BMO Financial Group.

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Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the periods indicated.

The Portfolio's Net Assets Per Unit ⁽¹⁾	Years ended December 31				
	2011	2010	2009	2008	2007
Net assets, beginning of period	\$ 10.88	8.81	6.48	11.82	10.94
Increase (decrease) from operations:					
Total revenue	\$ 0.15	0.18	0.16	0.18	0.19
Total expenses	\$ (0.03)	(0.03)	(0.02)	(0.03)	(0.04)
Realized gains (losses) for the period	\$ 0.52	0.83	(0.10)	(1.76)	1.11
Unrealized gains (losses) for the period	\$ (2.47)	1.38	2.41	(3.62)	(0.24)
Total increase (decrease) from operations ⁽²⁾	\$ (1.83)	2.36	2.45	(5.23)	1.02
Distributions:					
From income (excluding dividends)	\$ —	—	—	0.03	0.02
From dividends	\$ 0.19	0.12	0.16	0.16	0.14
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	—
Total Annual Distributions ⁽³⁾	\$ 0.19	0.12	0.16	0.19	0.16
Net assets, end of period	\$ 8.87	10.88	8.81	6.48	11.82

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for Portfolio pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

⁽²⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data	Years ended December 31				
	2011	2010	2009	2008	2007
Total net asset value (000's) ⁽¹⁾	\$ 84,542	130,354	84,872	65,137	132,106
Number of units outstanding (000's) ⁽¹⁾	9,500	11,949	9,609	10,012	11,153
Management expense ratio ⁽²⁾	0.11	0.10	0.10	0.10	0.10
Management expense ratio before waivers					
or management absorptions	0.11	0.10	0.10	0.10	0.10
Trading expense ratio ⁽³⁾	0.18	0.19	0.17	0.18	0.21
Portfolio turnover rate ⁽⁴⁾	29.17	53.29	33.99	32.43	38.82
Net asset value per unit	\$ 8.90	10.91	8.83	6.51	11.85

⁽¹⁾ This information is provided as at December 31 of the period shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The portfolio turnover rate indicates how actively the Portfolio's investment manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Portfolio.

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Past Performance

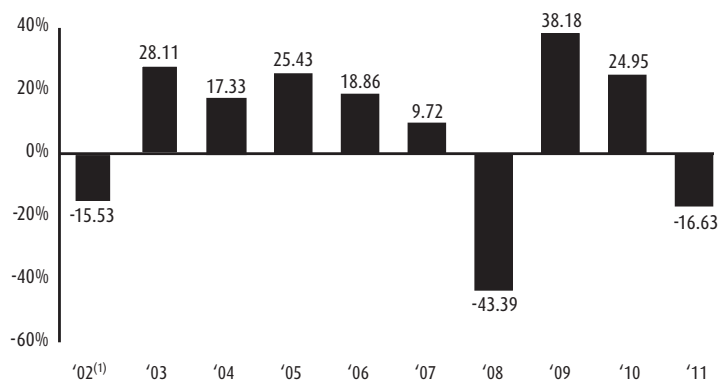
General

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

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember, how the Portfolio has performed in the past does not indicate how it will perform in the future.

Year-by-Year Returns

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



⁽¹⁾ Return from March 1, 2002 to December 31, 2002. Four mutual funds, all of which were offered by way of private placement merged to form the Portfolio on February 28, 2002.

Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the S&P/TSX Composite Index, which reflects the price movements of a floating list of companies on the Toronto Stock Exchange that meet Standard & Poor's criteria for inclusion in the index.

	1 yr %	3 yrs %	5yrs %	10yrs %	Since Inception [§] %
BMO Harris Canadian Growth Equity Portfolio [‡]	(16.63)	12.91	(2.21)	n/a	5.50
S&P/TSX Composite Index	(8.71)	13.18	1.30	n/a	7.21

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

[§]The Portfolio commenced offering units by way of prospectus on March 1, 2002.

A commentary on the market and/or information regarding the relative performance of the Portfolio as compared to its benchmark can be found under the Results of Operations section of this report.

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Summary of Investment Portfolio

as at December 31, 2011

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
Financials	25.8	Toronto-Dominion Bank, The	7.5
Energy	22.3	Cash/Receivables/Payables	5.5
Materials	20.7	Royal Bank of Canada	5.1
Consumer Discretionary	7.4	Bank of Nova Scotia	4.0
Industrials	6.7	Canadian Natural Resources Limited	3.7
Cash/Receivables/Payables	5.5	Potash Corporation of Saskatchewan Inc.	2.9
Information Technology	4.9	Rogers Communications Inc., Class B	2.9
Telecommunication Services	2.9	Dollarama Inc.	2.7
Health Care	2.1	Goldcorp Inc.	2.6
Consumer Staples	1.7	Canadian Pacific Railway Limited	2.3
		Suncor Energy Inc.	2.3
		Yum! Brands, Inc.	2.0
		NIKE Inc., Class B	1.9
		Home Capital Group Inc.	1.8
		Pacific Rubiales Energy Corp.	1.7
		Diageo plc, ADR	1.7
		Sun Life Financial Inc.	1.6
		SXC Health Solution Corp.	1.6
		National Bank of Canada	1.5
		Legacy Oil + Gas Inc.	1.5
		Manulife Financial Corporation	1.5
		RuggedCom Inc.	1.5
		Crew Energy Inc.	1.5
		Intact Financial Corporation	1.4
		Tourmaline Oil Corp.	1.4
		Top holdings as a percentage of net asset value	64.1
		Total Net Asset Value	\$84,542,334

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

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