

Annual Management Report of Fund Performance

BMO Harris Canadian Special Growth 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 has engaged BMO Asset Management Inc. as the sub-advisor of the BMO Harris Canadian Special Growth Portfolio (the "Portfolio").

Investment Objective and Strategy

The Portfolio's investment objective is to provide above average capital growth over the long term by investing in small and mid-sized Canadian companies whose shares are listed on a Canadian stock exchange.

To seek to achieve the Portfolio's objectives, the sub-advisor analyses each company's financial health (including projected earnings and cash flow), operations, research and development to assess the company's future growth potential; and its 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 Special Growth Portfolio returned -15.7%, after expenses.

The Portfolio's benchmark is the BMO Capital Markets Small Cap Index Equity Only, which returned a -16.9% total return over the same 12-month period.

Fiscal and monetary stimulus offered by central banks globally caused equity markets to begin 2011 with optimism about a continued global economic recovery and corporate profit growth. These conditions helped fuel the Canadian stock market, which also benefited from the accompanying strength in oil prices that resulted from the political unrest that swept through several Middle Eastern countries early in the year. This geopolitical turmoil caused a spike in oil prices as investors feared that the unrest could spread to countries that account for a significant portion of global oil production. These trends caused most Canadian small and mid-capitalization (cap) stocks, which represent the majority of the Portfolio's holdings, to start the year strongly.

As the year progressed, concerns began to surface on three significant fronts: the European sovereign debt crisis was continuing to have an impact; the U.S. stimulus programs were coming to an end without replacement policies; and important emerging markets such as China were relentless in their fight against domestic inflation and continued to restrict funds through the use of monetary policy. These three factors combined to impact equity markets globally, and a major correction in stock markets ensued. The riskier nature of small-cap equities made the correction more severe for these securities and thus the Portfolio suffered alongside Canadian small and mid-cap stocks.

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Over the year, the greatest impact on returns for the Portfolio's benchmark came from the larger, more significant resource sectors, which make up over 50% of the benchmark by weight. The correction in several commodity prices, combined with the risk aversion that ensued due to the above-mentioned factors, caused investors to aggressively sell resource-company stocks across the board, particularly toward the second half of the year. The Portfolio had a high exposure to these stocks and was negatively impacted as a result.

The combined impact of the Portfolio's stock selection in the Information Technology, Consumer Discretionary and Energy sectors helped the Portfolio to outperform its benchmark over the period. Sector allocation was also beneficial; the Portfolio was overweight in the Information Technology sector (the second-best-performing sector over the period) and underweight in the Materials sector (the worst-performing sector for the year). Materials sector holdings in the Portfolio had the greatest negative impact on overall returns. The Portfolio has a significant allocation to gold-based equities and the gold price performed well over the year; however, several of the Portfolio's holdings were in earlier-stage gold exploration companies, which underperformed companies with current or near-term production.

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 sub-advisor's opinion, equity market uncertainty and volatility are likely to continue as long as the following three conditions exist: sovereign debt issues remain unresolved in Europe; the U.S. economy continues to show muted economic growth; and the Chinese central bank maintains a restrictive monetary policy to combat stubborn inflation rates in that country.

The Portfolio has continued to decrease its exposure to the Materials sector by reducing exposure to gold and base metals companies. The Portfolio has increased its weightings in the Consumer Discretionary, Industrials, Information Technology, Financial Services and Health Care sectors because attractive growth investments that meet the sub-advisor's criteria for stock selection can be found in these groups.

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 the IASB prior to the Portfolio's adoption of IFRS. The

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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

BHIMI has hired BMO Asset Management Inc. ("BMO AM"), a related party, to provide investment advice and make investment decisions for the Portfolio's investment portfolio. BMO AM receives an investment advisory fee based on assets under management that is paid monthly. BMO AM is paid by BHIMI and not by the Portfolio.

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 and the investment manager of the Portfolio, are 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	1,081	1,122
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	33	51

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 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	196	136

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	\$ 49.58	35.96	22.97	44.76	39.58
Increase (decrease) from operations:					
Total revenue	\$ 0.66	0.32	0.25	0.42	0.57
Total expenses	\$ (0.30)	(0.31)	(0.26)	(0.43)	(0.39)
Realized gains (losses) for the period	\$ 2.56	6.83	(1.38)	(13.72)	8.87
Unrealized gains (losses) for the period	\$ (11.22)	7.48	15.00	(9.29)	2.54
Total increase (decrease) from operations ⁽²⁾	\$ (8.30)	14.32	13.61	(23.02)	11.59
Distributions:					
From income (excluding dividends)	\$ —	0.01	0.06	0.35	0.37
From dividends	\$ 0.79	0.11	0.13	0.22	0.07
From capital gains	\$ —	—	—	—	6.36
Return of capital	\$ 0.00	—	—	—	—
Total Annual Distributions ⁽³⁾	\$ 0.79	0.12	0.19	0.57	6.80
Net assets, end of period	\$ 40.96	49.58	35.96	22.97	44.76

⁽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⁾	\$ 171,224	238,987	126,543	57,111	118,518
Number of units outstanding (000's) ⁽¹⁾	4,161	4,803	3,499	2,465	2,633
Management expense ratio ⁽²⁾	%	0.16	0.10	0.10	0.10
Management expense ratio before waivers or management absorptions	%	0.16	0.10	0.10	0.10
Trading expense ratio ⁽³⁾	%	0.50	0.67	0.81	1.06
Portfolio turnover rate ⁽⁴⁾	%	77.27	83.84	89.22	142.74
Net asset value per unit	\$	41.15	49.75	36.17	23.17
		45.01			

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

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

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

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

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Past Performance

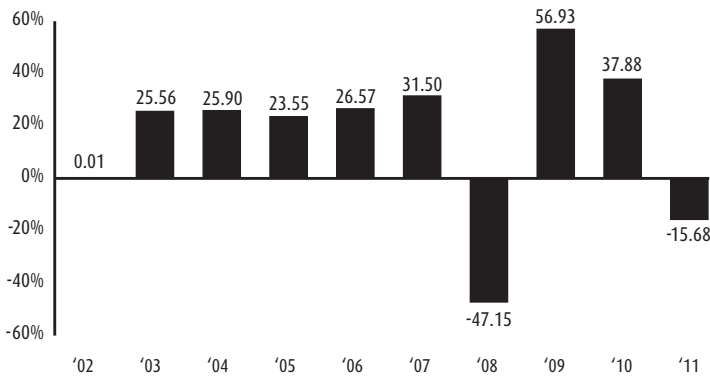
General

The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were 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.



Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the returns of the BMO Capital Markets Small Cap Equity Only Index and the S&P/TSX Composite Index. The BMO Capital Market Small Cap Equity Only Index reflects the stock performance of small to mid-sized Canadian companies and the S&P/TSX Composite Index 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 %
BMO Harris Canadian Special Growth Portfolio [†]	(15.68)	22.19	4.86	12.10
BMO Capital Markets Small Cap Index Equity Only	(16.94)	29.08	0.27	9.07
S&P/TSX Composite Index	(8.71)	13.18	1.30	8.05

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

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
Materials	25.9	Dollarama Inc.	3.4
Energy	24.2	Canadian Western Bank	3.3
Financials	11.2	Descartes Systems Group Inc., The	2.6
Industrials	10.7	MacDonald, Dettwiler and Associates Ltd.	2.6
Information Technology	10.2	FirstService Corporation	2.5
Consumer Discretionary	9.0	RuggedCom Inc.	2.5
Health Care	3.5	Tahoe Resources Inc.	2.5
Money Market Investments	3.3	Allied Nevada Gold Corp.	2.4
Cash/Receivables/Payables	2.0	Toromont Industries Ltd.	2.3
		TransForce Inc.	2.2
		Paramount Resources Ltd., Class A	2.2
		Cash/Receivables/Payables	2.0
		Allied Properties REIT	2.0
		Celtic Explorations Ltd.	1.9
		Government of Canada, Treasury Bills, 0.883% Mar 1, 2012	1.7
		Wajax Corporation	1.7
		SEMAFO Inc.	1.6
		Aurora Oil & Gas Limited	1.6
		Canadian Energy Services & Technology Corp.	1.6
		Paladin Labs Inc.	1.6
		Chartwell Seniors Housing REIT	1.4
		Poseidon Concepts Corp.	1.4
		Linamar Corporation	1.4
		Computer Modelling Group Ltd.	1.4
		Painted Pony Petroleum Ltd.	1.4
		Top holdings as a percentage of net asset value	51.2
		Total Net Asset Value	\$171,223,597

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

Manager

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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Portfolio may invest and the risks detailed from time to time in BMO Harris Private Portfolios’ simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Portfolio, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Harris Investment Management Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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