

# Semi-Annual Financial Statements

BMO Harris Private Portfolios

June 30, 2012

**BMO Harris U.S. Growth Portfolio**

## BMO Harris U.S. Growth Portfolio

(unaudited)

<b>STATEMENT OF NET ASSETS</b> <i>As at (in thousands of Canadian dollars, except per unit data)</i>	<b>June 30, 2012</b>	<b>December 31, 2011</b>
<b>Assets</b>		
Cash	1,208	946
Investments at fair value	96,721	70,526
Income receivable	29	26
Subscriptions receivable	29	67
Due from broker	742	—
<b>Total assets</b>	<b>98,729</b>	<b>71,565</b>
<b>Liabilities</b>		
Due to broker	1,156	396
Accrued expenses	35	23
Redemptions payable	67	3
<b>Total liabilities</b>	<b>1,258</b>	<b>422</b>
<b>Net assets representing unitholders' equity</b>	<b>97,471</b>	<b>71,143</b>
<b>Net assets per unit</b>	<b>\$ 5.27</b>	<b>\$ 4.55</b>

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

## BMO Harris U.S. Growth Portfolio

(unaudited)

<b>STATEMENT OF OPERATIONS</b>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
<i>For the periods ended (in thousands of Canadian dollars, except per unit data)</i>		
<b>Investment Income</b>		
Dividends	263	196
Foreign taxes	(36)	(24)
	227	172
<b>Expenses</b>		
Audit fees	2	2
Independent Review Committee fees	1	2
Custodian fees	7	8
Legal and filing fees	14	16
Unitholder servicing fees (note 5)	47	51
Printing and stationery fees	1	1
Commissions and other portfolio transaction costs (note 5)	14	14
	86	94
Net investment income for the period	141	78
Realized gain on sale of investments	708	1,511
Realized loss on foreign exchange	(6)	(62)
Change in unrealized appreciation in value of investments	10,211	1,300
Increase in net assets from operations	11,054	2,827
Increase in net assets from operations per unit (note 2)	0.64	0.17

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

## BMO Harris U.S. Growth Portfolio

(unaudited)

<b>STATEMENT OF CHANGES IN NET ASSETS</b> <i>For the periods ended (in thousands of Canadian dollars)</i>	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Net assets – beginning of period	71,143	62,931
Increase in net assets from operations	11,054	2,827
<b>Unit Transactions:</b>		
Proceeds from sale of units	26,440	20,255
Amounts paid on units redeemed	(11,166)	(16,052)
Total unit transactions	15,274	4,203
Net assets – end of period	97,471	69,961

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

# BMO Harris U.S. Growth Portfolio

(unaudited)

## STATEMENT OF INVESTMENT PORTFOLIO

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

Security	Number of Shares or Units	Cost <sup>†*</sup> (\$)	Fair Value (\$)
<b>Equities</b>			
<i>Consumer Discretionary – 23.7%</i>			
Amazon.com, Inc.	32,000	4,715	7,439
Coach, Inc.	43,153	2,674	2,569
Las Vegas Sands Corp.	57,700	2,186	2,555
Netflix, Inc.	18,700	2,848	1,304
NIKE Inc., Class B	29,400	2,300	2,626
priceline.com Incorporated	5,300	2,675	3,586
Starbucks Corporation	55,828	1,906	3,030
		19,304	23,109
<i>Energy – 9.0%</i>			
FMC Technologies Inc.	52,600	1,875	2,101
National-Oilwell Varco, Inc.	36,300	2,248	2,381
Schlumberger Limited	40,600	3,144	2,683
Southwestern Energy Company	50,300	1,851	1,635
		9,118	8,800
<i>Financials – 2.6%</i>			
IntercontinentalExchange, Inc.	18,400	2,045	2,546
<i>Health Care – 17.0%</i>			
Alexion Pharmaceuticals, Inc.	46,300	2,163	4,681
Allergan, Inc.	30,800	2,122	2,901
athenahealth, Inc.	14,500	1,012	1,169
Cerner Corporation	22,241	1,670	1,871
Intuitive Surgical, Inc.	4,400	1,285	2,481
Regeneron Pharmaceuticals, Inc.	29,400	2,212	3,419
		10,464	16,522
<i>Industrials – 2.8%</i>			
W.W. Grainger Inc.	14,000	1,904	2,726
<i>Information Technology – 41.0%</i>			
Apple Inc.	15,200	4,143	9,037
ASML Holdings NV	55,700	2,035	2,916
F5 Networks Inc.	22,100	2,466	2,240
Facebook, Inc.	48,412	1,867	1,533
Google Inc., Class A	10,400	5,632	6,142
QUALCOMM Incorporated	78,200	3,884	4,432
Salesforce.com, Inc.	43,400	4,222	6,108
Visa Inc., Class A	60,020	4,755	7,555
		29,004	39,963

<sup>†</sup>Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

\*For the purpose of the Statement of Investment Portfolio, cost includes commissions and other portfolio transaction costs (note 2). The accompanying notes are an integral part of these financial statements.

## BMO Harris U.S. Growth Portfolio

(unaudited)

### STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

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

Security	Number of Shares or Units	Cost <sup>†*</sup> (\$)	Fair Value (\$)
<i>Materials – 3.1%</i>			
Praxair, Inc.	27,600	2,782	3,055
<b>Total Investment Portfolio – 99.2%</b>		<b>74,621</b>	<b>96,721</b>
<b>Other Assets Less Liabilities – 0.8%</b>			<b>750</b>
<b>NET ASSETS – 100.0%</b>			<b>97,471</b>

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

	June 30, 2012	December 31, 2011
Consumer Discretionary	23.7%	21.9%
Energy	9.0%	11.7%
Financials	2.6%	4.5%
Health Care	17.0%	14.2%
Industrials	2.8%	4.9%
Information Technology	41.0%	39.2%
Materials	3.1%	2.7%
Other Assets Less Liabilities	0.8%	0.9%
	<b>100.0%</b>	<b>100.0%</b>

<sup>†</sup>Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

\*For the purpose of the Statement of Investment Portfolio, cost includes commissions and other portfolio transaction costs (note 2). The accompanying notes are an integral part of these financial statements.

# BMO Harris U.S. Growth Portfolio

(unaudited)

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## NOTES TO THE FINANCIAL STATEMENTS

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

*June 30, 2012*

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### 1. The Portfolio

BMO Harris U.S. Growth 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

# BMO Harris U.S. Growth Portfolio

(unaudited)

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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*

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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).

# BMO Harris U.S. Growth Portfolio

(unaudited)

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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

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### 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.

# BMO Harris U.S. Growth Portfolio

(unaudited)

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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

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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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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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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.

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(unaudited)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

June 30, 2012

### 8. Portfolio specific information

#### (a) Portfolio information and change in units

The Portfolio's inception date was June 28, 2000.

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	15,634	14,522
Issued for cash	5,026	4,536
Redeemed during the period	(2,155)	(3,662)
Units issued and outstanding, end of period	18,505	15,396

#### (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
5.27	5.27	4.55	4.55

#### (c) Income taxes

As at the tax year-ended December 2011, the Portfolio had the following capital and non-capital losses available for income tax purposes:

Total capital losses (\$)	Total non- capital losses (\$)	Non-capital losses that expire in 2014			2015 (\$)	2026 and thereafter (\$)
		2014 (\$)	2015 (\$)	2026 and thereafter (\$)		
70,776	—	—	—	—	—	

#### (d) Related party transactions

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

	Jun. 30, 2012	Jun. 30, 2011
Unitholder servicing (\$)	42	44

#### (e) Brokerage commissions and soft dollars

Brokerage commissions paid on securities transactions and amounts paid to related parties of the Manager for brokerage services provided to the Portfolio for the periods are as follows:

	Jun. 30, 2012	Jun. 30, 2011
Total brokerage amounts paid (\$)	14	14
Total brokerage amounts paid to related parties (\$)	—	—

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 objective is to provide the above average long term capital growth by investing in the equity securities of large-capitalization, U.S.-based companies.

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

#### Currency risk

The table below summarizes the Portfolio's exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principle (notional) amount of forward currency contracts, if any).

#### As at June 30, 2012

Currency	Cash and other current receivables & payables (\$)	Invest- ments (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
U.S. dollar	825	96,721	—	97,546	100.1

#### As at December 31, 2011

Currency	Cash and other current receivables & payables (\$)	Invest- ments (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
U.S. dollar	576	70,526	—	71,102	99.9

All amounts in CA\$

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(unaudited)

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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*

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As at the periods ended June 30, 2012 and December 31, 2011, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$4,877 (December 31, 2011 – \$3,555). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### *Interest rate risk*

As at June 30, 2012 and December 31, 2011, the Portfolio did not have any significant exposure to interest rate risk.

### *Other market risk*

As at June 30, 2012, 99% (December 31, 2011 – 99%) of the Portfolio's Net Assets were traded on respective stock exchanges. If equity prices on respective stock exchanges had increased or decreased by 10% as at the periods ended, with all other factors remaining constant, Net Assets could possibly have increased or decreased, respectively, by approximately \$9,672 (December 31, 2011 – \$7,053). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### *Credit risk*

As at June 30, 2012 and December 31, 2011, the Portfolio did not have any significant exposure to credit risk.

## **(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.

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**Trustee**

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**Independent Auditors**

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(06/12)