

Annual Management Report of Fund Performance

BMO Harris Emerging Markets 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 has engaged Comgest S.A. as the sub-advisor of the BMO Harris Emerging Markets Equity Portfolio (the "Portfolio").

Investment Objective and Strategy

The Portfolio's investment objective is to achieve long term growth through capital appreciation by primarily investing in securities of companies in emerging markets or companies with a connection to emerging markets.

To seek to achieve the Portfolio's objectives, the sub-advisor employs bottom up security selection to select attractively priced companies that show exceptional characteristics with strong competitive positions that are likely to appreciate steadily over the long-term. This process is based on quantitative and fundamental analyses that consider the company's balance sheet and earnings as well as the quality of the company's management.

The Portfolio may use derivative instruments in an effort to reduce the impact of currency fluctuations on, and to add value to, the Portfolio's investment portfolio. Stock index futures may also be used as a substitute for acquiring or selling the underlying securities which allows the Portfolio to efficiently manage its cash flow and its exposure to different countries.

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 Emerging Markets Equity Portfolio returned -18.5% C\$ (-20.4% US\$), after expenses.

The Portfolio's benchmark, the MSCI (Morgan Stanley Capital International) Emerging Markets Index, generated a -16.6% C\$ (-18.4% US\$) total return over the same 12-month period.

In 2011, global equity markets declined moderately, returning -5.0% C\$ (-7.4% US\$) as measured by the MSCI All Country World Index (ACWI). The year was trying for investors due to high market volatility caused by the impact of macroeconomic headwinds, geopolitical crises and natural disasters.

The performance of emerging market equities in 2011, as represented by the benchmark, was disappointing relative to developed market equities, as represented by the MSCI ACWI. This underperformance can largely be attributed to investors moving to less-risky asset classes in the face of very high volatility.

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India, Turkey and Poland experienced significant economic and equity market declines under the burden of their large external deficits. Brazil and Russia were weakened by the correction in commodities, while Taiwan suffered from its heavy exposure to developed countries. Cyclical sectors declined sharply, especially Industrials and Materials. Financial stocks did not resist the across-the-board sector weakness caused by the overleveraged balance sheets of large banks in industrialized countries. Companies related to the Consumer Staples, Consumer Discretionary and Telecommunications sectors posted very good relative performances.

The Portfolio's relative performance was positively affected by an underweight position in China and an overweight position in South Africa, a heavy exposure to the Consumer Staples sector, and good stock selection in India, Brazil and the Materials sector. The Portfolio's performance suffered due its modest exposure to Greece, along with stock selection in Taiwan and the Consumer Staples and Financials sectors (mainly life insurance). Currency had an unfavourable impact on the Portfolio, especially the major South African rand component, which lost 18% against the U.S. dollar; however, it is important to note that all of the Portfolio's South African holdings are significantly exposed to international markets and the rand's weakness is positive for those companies at the operating level.

In terms of stock selection, the relative performance of the Portfolio was helped by its positions in Tenaris S.A. (which benefited from strong results driven by high oil prices), Taiwan Semiconductor Manufacturing Co., and SABMiller plc, whose results were in line with or exceeded investors' expectations. Tenaris, new to the Portfolio this year, manufactures pipes for the energy industry and has profited from an increase in energy exploration.

The Portfolio's relative performance was negatively affected by its positions in three Taiwanese companies: Acer Inc., Delta Electronics, Inc. and HTC Corporation. Acer and Delta Electronics were both negatively impacted by a major contraction in demand for personal computers in Europe and the sudden success of tablet computers. HTC's weakness can be mainly

explained by the slowdown in the company's growth, which is due to more intense competition in the smartphone segment. The sub-advisor added to the Portfolio's holdings in HTC in the latter part of 2011 because the slowdown in growth is in-line with the sub-advisor's expectations, the smartphone segment has high potential, and the HTC brand is starting to become recognized. Holdings in China Life Insurance Co. Ltd. also negatively affected performance; the share price fell after the company lost market share due to the restructuring of its sales network. This process is now coming to an end and the sub-advisor is confident that the earnings of China's leading insurer will return to normal.

Following significant price declines at the beginning of the year, the sub-advisor added to the Portfolio's position in Petrobras, China Life Insurance and Acer. MAGNIT, Randgold Resources Limited, Bharat Heavy Electricals Limited and Heineken International were introduced into the Portfolio.

In 2011, the sub-advisor sold the Portfolio's remaining stakes in Natura Cosmeticos S.A., ITC Ltd. and Coca-Cola Femsa S.A.B. de C.V. due to the sub-advisor's view that their stocks were overvalued by the market. The sub-advisor eliminated the Portfolio's holdings in Cipla Ltd, because of the company management's lack of openness about its operations. Cheung Kong Holdings Ltd. was also sold due to the current property market problems in China and Hong Kong, which the sub-advisor expects will have a negative impact on the company. Gafisa was completely sold due to a higher-than-average risk profile of its sector (real estate). For reallocation reasons, the sub-advisor reduced holdings in MTN Group and Bharti Airtel.

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

The sub-advisor believes that global growth could remain weak over the next few years. Emerging market countries will very likely achieve higher growth than their developed counterparts and will benefit from structural changes, such as growth in the labour force

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and improving economic productivity. In the short-term, however, the economic slowdown in developed countries will most likely restrain the potential strength of emerging markets.

In the current environment, the sub-advisor expects that in emerging countries domestic sectors such as Consumer Discretionary, Consumer Staples, Health Care, Telecommunications, and Utilities, which are considered to be less impacted by the global slowdown, should see fewer earnings disappointments than the more cyclical, export-oriented sectors that have already suffered considerably in 2011. The market performance of certain consumer-related companies could be more erratic, given that their valuations are often quite high.

Earnings growth projections for emerging companies are much lower now than they were a year ago; at the end of 2010, the next year's earnings were forecast to rise 30%, whereas today the next year's earnings are forecast to rise only 12%. Although this latter figure seems more reasonable, it is hard to say where earnings growth will bottom out since emerging market companies will face tougher competition in their domestic markets and an increase in costs, especially wages (double-digit growth in minimum wages in several countries).

In the near term, uncertainties persist (e.g., the over-indebtedness and poor condition of the banking system of developed countries, plus earnings downgrades) and are likely to weigh on markets in the coming months. The sub-advisor remains relatively optimistic for 2012, however, given the attractiveness of equity markets in general, especially compared with other asset classes, whether from a valuation or a yield standpoint.

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 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.

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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 Comgest S.A. to provide investment advice and make investment decisions for the Portfolio’s investment portfolio. Comgest S.A. receives an investment advisory fee based on assets under management that is paid quarterly. Comgest S.A. is paid by the manager and not by the Portfolio.

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.

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	223	224

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	\$	13.26	11.71	8.22	12.57	11.35
Increase (decrease) from operations:						
Total revenue	\$	0.26	0.22	0.19	0.32	0.26
Total expenses	\$	(0.05)	(0.05)	(0.07)	(0.07)	(0.08)
Realized gains (losses) for the period	\$	0.03	0.16	0.18	(0.38)	0.84
Unrealized gains (losses) for the period	\$	(2.73)	1.45	3.21	(3.92)	0.98
Total increase (decrease) from operations ⁽²⁾	\$	(2.49)	1.78	3.51	(4.05)	2.00
Distributions:						
From income (excluding dividends)	\$	0.00	—	—	0.50	0.19
From dividends	\$	0.27	0.18	—	—	—
From capital gains	\$	—	—	—	—	0.49
Return of capital	\$	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽³⁾	\$	0.27	0.18	0.00	0.50	0.68
Net assets, end of period	\$	10.53	13.26	11.71	8.22	12.57

⁽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⁾	\$	120,942	172,398	126,564	64,908	128,657
Number of units outstanding (000's) ⁽¹⁾		11,468	12,992	10,791	7,885	10,188
Management expense ratio ⁽²⁾	%	0.28	0.30	0.43	0.35	0.36
Management expense ratio before waivers or management absorptions	%	0.28	0.30	0.43	0.35	0.36
Trading expense ratio ⁽³⁾	%	0.11	0.13	0.23	0.31	0.28
Portfolio turnover rate ⁽⁴⁾	%	39.42	23.41	34.33	63.01	44.54
Net asset value per unit	\$	10.55	13.27	11.73	8.23	12.63

⁽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

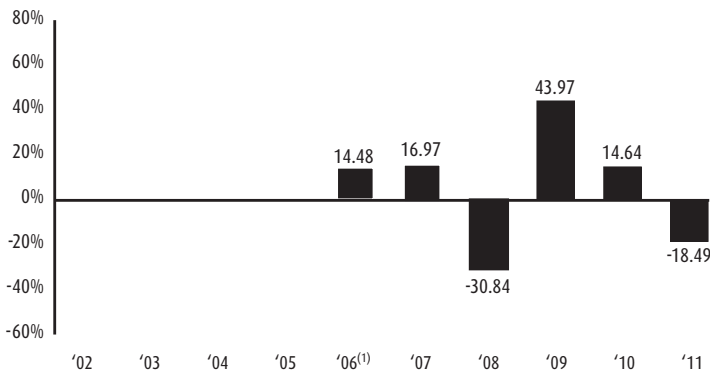
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were used to purchase additional units of the Portfolio and is based on the net asset value of the Portfolio.

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

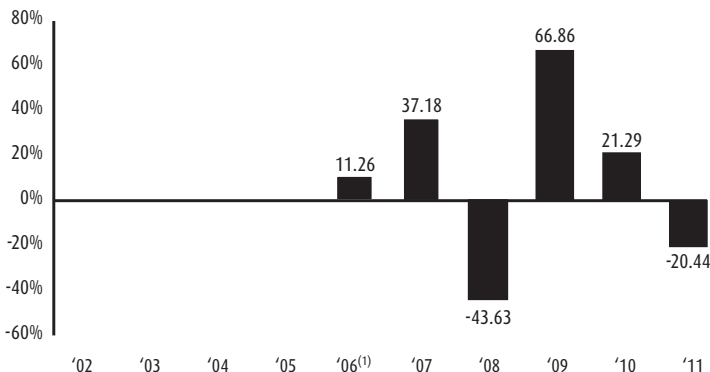
The following bar chart(s) show the performance for each of the financial years shown. The chart(s) show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of the financial year.

BMO Harris Emerging Markets Equity Portfolio (C\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

BMO Harris Emerging Markets Equity Portfolio (US\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the Morgan Stanley Capital International-Emerging Markets (MSCI-Emerging Markets) Index, which is a free float-adjusted market capitalization weighted index that measures equity market performance (total return) in global emerging markets.

	1 yr %	3 yrs %	5yrs %	10yrs %	Since Inception [§] %
BMO Harris Emerging Markets Equity Portfolio [†] (C\$)	(18.49)	10.39	1.71	n/a	4.36
MSCI Emerging Markets Index (C\$)	(16.59)	12.86	(0.35)	n/a	2.66

[†]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 November 1, 2006.

	1 yr %	3 yrs %	5yrs %	10yrs %	Since Inception [§] %
BMO Harris Emerging Markets Equity Portfolio [†] (US\$)	(20.44)	17.21	4.48	n/a	6.52
MSCI Emerging Markets Index (US\$)	(18.42)	20.07	2.40	n/a	4.64

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

[§]The Portfolio commenced offering units by way of prospectus on November 1, 2006.

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
Brazil	17.9	Taiwan Semiconductor Manufacturing Company Limited, ADR	6.3
South Africa	13.8	Gold Fields Limited	4.7
Taiwan	13.7	JBS SA	4.4
Russia	7.3	China Life Insurance Company Limited, H Shares	3.7
China	6.8	Petroleo Brasileiro S.A. – Petrobras	3.4
India	6.3	China Mobile Limited	3.3
Mexico	5.2	Genting Berhad	3.2
United States	4.9	Bunge Limited	3.1
Hong Kong	4.0	Grupo Televisa S.A., ADR	3.1
Malaysia	3.2	CCR SA	3.1
United Kingdom	3.0	Tencent Holdings Limited	3.1
Netherlands	2.9	High Tech Computer Corp., Equity Linked Notes, Sep 1, 2016	3.0
United Arab Emirates	2.4	SABMiller plc	3.0
Turkey	2.0	Bharti Airtel Limited, Equity Linked Notes, May 31, 2015	3.0
Indonesia	2.0	Weg S.A.	3.0
Greece	1.7	Heineken NV	2.9
Luxembourg	1.6	Mobile TeleSystems OJSC, ADR	2.9
Cash/Receivables/Payables	1.3	Anglogold Ashanti Ltd.	2.9
Other	0.0	Novorossiysk Commercial Sea Port, GDR	2.7
		Kernel Holdings S.A.	2.4
		Acer Inc., Equity Linked Notes, Jul 14, 2014	2.3
		Nasper Limited, N Shares	2.2
		MTN Group Limited	2.1
		Wal-Mart de Mexico S.A.B. de C.V., Series V	2.1
		Delta Electronics Inc., GDR	2.0
		Top holdings as a percentage of net asset value	77.9
		Total Net Asset Value	\$120,942,458

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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