Semi-Annual Management Report of Fund Performance

BMO Harris Canadian Total Return Bond Portfolio

For the period ended June 30, 2012

This semi-annual management report of fund performance contains financial highlights but does not contain semi-annual financial statements of the Portfolio. If the semi-annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the semi-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., 41st 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. ("BMO AM") as the sub-advisor (the "sub-advisor") of BMO Harris Canadian Total Return Bond Portfolio (the "Portfolio").

Results of Operations

For the six-month period ended June 30, 2012, the Portfolio returned 2.0%, after expenses.

The Portfolio's benchmark is the DEX Universe Bond Index, which generated a 2.0% total return over the same six-month period.

What happens in the economy of the United States, our largest trading partner and the largest economy in the world, has a significant impact on the performance of the Canadian economy. While events in the United States remained influential during the first half of 2012, the focus increasingly shifted to Europe, which continued to struggle with its economy, debt levels, fiscal health and the viability of the European Union and the euro currency. These concerns originally centred on peripheral countries such as Greece and Ireland, and then expanded to Italy and Spain. In the United States, fears that economic growth was too anemic led the U.S. Federal Reserve to extend its "Operation Twist" (monetary policy actions designed to drive down longer-term interest rates).

In this challenging environment, investors sought refuge in less risky assets such as Government of Canada bonds. Demand for these bonds produced a rally that saw the 10-year Government of Canada bond yield move lower by about 0.20% over the first half of 2012. This flattened the yield curve as the spread (relationship) between the yields of the two-year and 10-year Government of Canada bonds narrowed. Relative to its benchmark, the Portfolio has an overweight position in bonds in the middle of the yield curve (with an approximate average term of seven years), which contributed to the Portfolio's performance in the review period.

Over the first six months of 2012, corporate bond spreads were narrower by about 0.25% and provincial bond spreads were relatively unchanged. The Portfolio held an underweight position in corporate bonds and retained a higher credit rating relative to its benchmark. These defensive measures detracted from performance as corporate bonds outperformed Government of Canada bonds.

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 maintains the view that low interest rates across the yield curve will limit the upside potential for bonds in 2012. The sub-advisor also expects that the North American economy will likely remain stable and that investors will gradually reduce their bond holdings as risk appetite increases later this year or early in 2013. This would likely put downward pressure on bond prices and upward pressure on their yields. Although the sub-advisor believes the upward pressure on rates will be modest, the sub-advisor expects to maintain the Portfolio's interest rate sensitivity (duration) below that of its benchmark.

While interest rates have some room to move higher, the sub-advisor expects that central banks will be reluctant to increase the interest rate for overnight money (the interest rate they administer) in light of global uncertainties, particularly in Europe. Rising longer-term interest rates, combined with relatively unchanged overnight rates, should cause the yield curve to steepen. In such an environment, the sub-advisor would expect to continue to hold an overweight position in mid-term bonds in the Portfolio.

Provincial and corporate credit spreads widened during the second quarter and the sub-advisor expects further widening in the coming year. The spread on provincial and corporate bonds (relative to Government of Canada bonds) remains at a level where the sub-advisor believes that caution is warranted and that investors are not being adequately compensated for the increased credit risk of provincial and corporate debt. The sub-advisor expects to position the Portfolio with an underweight position (relative to its benchmark) in each of these two sectors (provincial debt and corporate debt). The sub-advisor also expects to maintain a higher average credit rating in the Portfolio than that of its benchmark.

Change to Expenses

The Portfolio is responsible for the payment of all expenses relating to the operation of the Portfolio and the carrying on of its business. Currently, these expenses are capped and the trustee absorbs any expenses above this capped amount.

Effective October 1, 2012, the existing cap on the expenses of the Portfolio will be removed. Also, commencing on that date, any fees payable to the sub-advisor of the Portfolio over 0.15% (plus any applicable HST) will become an expense of the Portfolio.

Transition to International Financial 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 Generally Accepted Accounting Principles ("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.

BHIMI has not identified any changes that will impact net asset value per unit as a result of the changeover to IFRS. However, this determination is subject to change as BHIMI 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 may require unit-holders' equity to be classified as a liability within the Portfolio's Statement of Net Assets, unless certain conditions are met. BHIMI 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 (the "trustee") and 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 (each, a "related party" and collectively, the "related parties").

Portfolio Manager
BHIMI has hired 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
Trades in Debt Securities with a Related Entity, Trading as Principal
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 trade in debt securities in the secondary market with BMO Nesbitt Burns Inc., an affiliate of BHIMI, who is trading with the Portfolio as principal (each trade, a "related party transaction"). In accordance with the IRC's approval and standing instruction, in making a decision to cause the Portfolio to make a related party transaction, BHIMI and BMO AM are required to comply with BHIMI's written policies and procedures governing the related party transaction and report periodically to the IRC, describing each instance that BHIMI relied on the approval and standing instruction and their compliance or noncompliance with the governing policies and procedures. The governing policies and procedures are designed to ensure the related party transaction (i) is made free from any influence of BMO Nesbitt Burns Inc. or an associate or affiliate of BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO Nesbitt Burns Inc. or an associate or affiliate of BMO Nesbitt Burns Inc., (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.

Wealth Management Fee
Units of the Portfolio are only available through the wealth management service offered through BMO Financial Group. The trustee, a related party, receives an annual fee from each investor for the wealth management service 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 Services
The Portfolio is provided with certain facilities and services by related parties. BMO AM is the registrar of the Portfolio. The trustee 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:

	2012 ($000s)	2011 ($000s)
Unitholder Services	119	115

Management Fee

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

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)		Six months ended June 30, 2012	Years ended December 31 2011	2010	2009	2008	2007
Net assets, beginning of period	$	11.27	10.74	10.49	10.34	10.49	10.59
Increase (decrease) from operations:							
Total revenue	$	0.21	0.42	0.43	0.48	0.52	0.52
Total expenses	$	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
Realized gains (losses) for the period	$	0.02	(0.04)	0.06	(0.10)	0.05	(0.11)
Unrealized gains (losses) for the period	$	(0.02)	0.57	0.20	0.20	(0.19)	0.03
Total increase (decrease) from operations (2)	$	0.21	0.94	0.69	0.58	0.38	0.44
Distributions:							
From income (excluding dividends)	$	0.21	0.41	0.44	0.48	0.53	0.48
From dividends	$	—	—	—	—	—	—
From capital gains	$	—	—	—	—	—	—
Return of capital	$	—	0.00	—	—	—	—
Total Annual Distributions (3)	$	0.21	0.41	0.44	0.48	0.53	0.48
Net assets, end of period	$	11.28	11.27	10.74	10.49	10.34	10.49

(1) This information is derived from the Portfolio's audited annual financial statements and unaudited June 30, 2012, semi-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		Six months ended June 30, 2012	Years ended December 31 2011	2010	2009	2008	2007
Total net asset value (000s) (1)	$	1,035,771	1,042,204	946,888	1,036,184	814,147	892,278
Number of units outstanding (000s) (1)		91,818	92,487	88,131	98,810	78,723	85,066
Management expense ratio (2)	%	0.04	0.04	0.04	0.04	0.04	0.03
Management expense ratio before waivers or management absorptions	%	0.04	0.04	0.04	0.04	0.04	0.03
Trading expense ratio (3)	%	—	—	—	—	—	—
Portfolio turnover rate (4)	%	10.48	32.74	41.91	48.24	27.31	57.31
Net asset value per unit	$	11.28	11.27	10.74	10.49	10.34	10.49

(1) This information is provided as at June 30 or 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. For all the financial periods listed, no commissions or portfolio transaction costs were incurred by the Portfolio. As a result, the trading expense ratio for all the periods was zero.

(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.

Past Performance

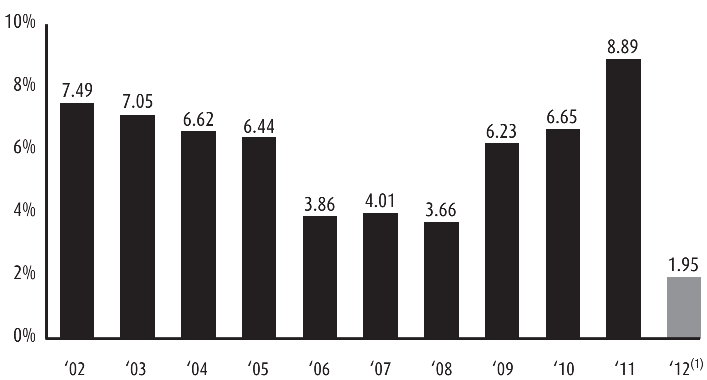
General

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 and for the six-month period ended June 30, 2012 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) For the six-month period ended June 30, 2012.

Summary of Investment Portfolio

as at June 30, 2012

Portfolio Allocation	% of Net Asset Value
Government Bonds	61.5
Provincial Bonds	23.1
Corporate Bonds	10.2
Money Market Investments	4.2
Other	0.7
Cash/Receivables/Payables	0.3

Top 25 Holdings	% of Net Asset Value
Government of Canada, 3.500% Jun 1, 2020	20.0
Government of Canada, Series A55, 8.000% Jun 1, 2023	12.2
Government of Canada, 3.000% Jun 1, 2014	9.5
Province of Ontario, Unsecured, Debentures, 5.600% Jun 2, 2035	5.6
Government of Canada, 3.750% Jun 1, 2019	5.2
Province of Quebec, Senior, Unsecured, Notes, 5.500% Dec 1, 2014	4.3
Alberta Capital Finance Authority, Notes, 4.350% Jun 15, 2016	4.3
Government of Canada, 4.250% Jun 1, 2018	3.6
Government of Canada, Series WL43, 5.750% Jun 1, 2029	3.2
Government of Canada, 4.000% Jun 1, 2041	2.2
Greater Toronto Airports Authority, Series 2000-1, Medium Term Notes, Senior, Secured, 7.050% Jun 12, 2030	1.9
Canadian Wheat Board, Medium Term Notes, 4.750% Dec 1, 2014	1.7
Government of Canada, 4.500% Jun 1, 2015	1.6
Hydro-Quebec, Series 19, 6.500% Feb 15, 2035	1.4
Province of Quebec, Series OS, Unsecured, Debentures, 6.000% Oct 1, 2029	1.1
Province of Quebec, Treasury Bills, 1.002% Aug 31, 2012	1.0
Province of Quebec, Medium Term Notes, 4.500% Dec 1, 2017	0.9
Province of Ontario, 5.850% Mar 8, 2033	0.9
Hydro One Inc., Series 4, Medium Term Notes, Unsecured, Callable, 6.350% Jan 31, 2034	0.9
Government of Canada, 3.000% Dec 1, 2015	0.8
Great-West Lifeco Inc., Debentures, Callable, 6.670% Mar 21, 2033	0.7
Broadway Credit Card Trust, Series 2004-2, Credit Card Receivables-Backed, Class A Notes, 4.804% Mar 17, 2014	0.7
Province of Quebec, 6.250% Jun 1, 2032	0.6
Province of British Columbia, 4.300% Jun 18, 2042	0.6
Government of Canada, 2.750% Sep 1, 2016	0.6
Top holdings as a percentage of net asset value	**85.5**
Total Net Asset Value	**$1,035,770,985**

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

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