

Semi-Annual Management Report of Fund Performance

BMO Harris Canadian Corporate 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 Corporate Bond Portfolio (the "Portfolio").

Results of Operations

For the six-month period ended June 30, 2012, the Portfolio returned 2.4%, after expenses.

The Portfolio's benchmark is the DEX Universe All Corporate Bond Index, which generated a 3.2% total return over the same six-month period.

Corporate bonds fared reasonably well in the first half of 2012, despite concerns over the health of the global economy, uncertainties surrounding the European debt and banking situation and the U.S. Federal Reserve's extension of "Operation Twist" (designed to drive longer-term interest rates lower). The turmoil pushed Government of Canada bond rates lower as investors bought bonds in an effort to reduce risk; however, spreads on corporate bonds (the additional yield a corporate bond issuer must offer above a government bond with a similar maturity) were narrower in the first half of 2012 by about 0.25%. Investors appeared to have set aside their anxiety about the global economic outlook and were more optimistic that the policy measures taken by central banks would prove successful. The higher yield versus Government of Canada bonds,

along with optimism about the ultimate direction of the economy, convinced investors to continue purchasing corporate bonds in sufficient quantity so as to narrow their yields. As a result, corporate bonds outperformed Government of Canada bonds.

The Portfolio's positioning reflected the sub-advisor's expectation that investors would not be adequately compensated for the risk inherent in corporate bonds. Relative to its benchmark, the Portfolio maintained an underweight position in corporate bonds, while maintaining a higher credit rating quality. Consequently, the outperformance of corporate bonds in the first half of 2012 (relative to Government of Canada bonds) hurt the relative performance of the Portfolio.

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

At this time, the sub-advisor holds the view that volatility in capital markets is relatively low and that corporate bond spreads are relatively narrow. The sub-advisor is concerned that investors are too complacent about corporate bonds and are not being adequately compensated for the risks inherent in those positions. As a result, the sub-advisor expects to maintain an exposure in corporate bonds in the Portfolio that is both underweight relative to the benchmark and has higher credit rating quality relative to the benchmark.

BMO Harris Canadian Corporate Bond Portfolio

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

Investing in Non-Government Debt Securities Underwritten by BMO Nesbitt Burns Inc. and Trading in Debt Securities with BMO Nesbitt Burns Inc., Trading as Principal
During the period, BHIMI relied on an approval and standing instruction provided by the Portfolio’s independent review committee (“IRC”) with respect to the following related party transactions:

BMO Harris Canadian Corporate Bond Portfolio

- (a) investments in a class of non-government debt securities of an issuer during the period of distribution of those securities to the public and/or the 60 day period following the period of distribution where BMO Nesbitt Burns Inc., an affiliate of BHIMI, acted as an underwriter in the distribution of those securities, and
- (b) trades 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, 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 policies and procedures governing the related party transaction and report periodically to the IRC, describing each instance that BHIMI and BMO AM relied on the IRC’s standing instruction and their compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to, among other things, ensure the related party transaction (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.

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	45	44

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.

BMO Harris Canadian Corporate Bond Portfolio

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	\$ 10.65	10.40	10.22	9.68	10.24	10.50
Increase (decrease) from operations:						
Total revenue	\$ 0.23	0.49	0.51	0.45	0.52	0.52
Total expenses	\$ (0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	\$ 0.01	0.01	(0.02)	(0.09)	(0.02)	(0.09)
Unrealized gains (losses) for the period	\$ 0.01	0.24	0.20	0.58	(0.56)	(0.18)
Total increase (decrease) from operations ⁽²⁾	\$ 0.25	0.74	0.69	0.93	(0.07)	0.24
Distributions:						
From income (excluding dividends)	\$ 0.23	0.49	0.51	0.42	0.51	0.48
From dividends	\$ —	—	—	—	—	—
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ —	0.00	—	0.00	—	0.00
Total Annual Distributions ⁽³⁾	\$ 0.23	0.49	0.51	0.42	0.51	0.48
Net assets, end of period	\$ 10.68	10.65	10.40	10.22	9.68	10.24

⁽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⁾	\$ 331,604	306,432	283,582	299,161	195,056	197,508
Number of units outstanding (000s) ⁽¹⁾	31,057	28,769	27,256	29,282	20,141	19,285
Management expense ratio ⁽²⁾	% 0.05	0.06	0.05	0.07	0.09	0.09
Management expense ratio before waivers or management absorptions	% 0.05	0.06	0.05	0.07	0.09	0.09
Trading expense ratio ⁽³⁾	% —	—	—	—	—	—
Portfolio turnover rate ⁽⁴⁾	% 9.37	29.41	40.39	54.02	3.32	67.14
Net asset value per unit	\$ 10.68	10.65	10.40	10.22	9.68	10.24

⁽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.

BMO Harris Canadian Corporate Bond Portfolio

Past Performance

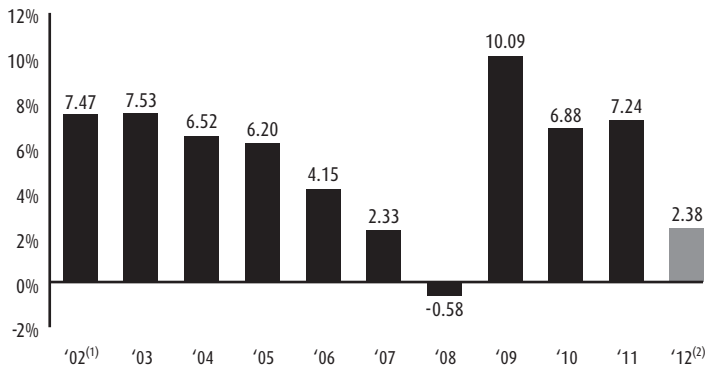
General

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⁾ Return from March 1, 2002 to December 31, 2002.

⁽²⁾ For the six-month period ended June 30, 2012.

BMO Harris Canadian Corporate Bond Portfolio

Summary of Investment Portfolio

as at June 30, 2012

Portfolio Allocation	% of Net Asset Value
Corporate Bonds	86.6
Government Bonds	10.2
Asset Backed Securities	1.3
Money Market Investments	1.2
Cash/Receivables/Payables	0.7

Top 25 Holdings	% of Net Asset Value
Government of Canada, 4.000% Jun 1, 2041	8.4
Bank of Nova Scotia, Deposit Notes, Senior, 4.560% Oct 30, 2013	4.6
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 4.854% Feb 13, 2013	3.5
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, Unsubordinated, 3.660% Jan 25, 2017	2.4
Royal Bank of Canada, Deposit Notes, Senior, 4.710% Dec 22, 2014	2.1
Greater Toronto Airports Authority, Series 2000-1, Medium Term Notes, Senior, Secured, 7.050% Jun 12, 2030	2.1
Hydro One Inc., Series 4, Medium Term Notes, Unsecured, Callable, 6.350% Jan 31, 2034	2.0
National Bank of Canada, Deposit Notes, Unsecured, 3.147% Feb 11, 2015	2.0
Government of Canada, Series A55, 8.000% Jun 1, 2023	1.6
Canadian Imperial Bank of Commerce, Deposit Notes, Unsecured, 3.400% Jan 14, 2016	1.6
Canadian Imperial Bank of Commerce, Deposit Notes, 3.300% Nov 19, 2014	1.4
Toronto-Dominion Bank, The, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 5.690% Jun 3, 2018	1.4
Enbridge Gas Distribution Inc., Medium Term Notes, Senior, Unsecured, Unsubordinated, 5.160% Dec 4, 2017	1.2
Intact Financial Corporation, Series 1, Medium Term Notes, Senior, Unsecured, Unsubordinated, 5.410% Sep 3, 2019	1.2
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, Unsubordinated, 5.060% Jul 17, 2013	1.2
CI Financial Corporation, Senior, Unsecured, Notes, 3.300% Dec 17, 2012	1.2

Top 25 Holdings	% of Net Asset Value
Sun Life Financial Inc., Series B, Fixed to Floating, Senior, Unsecured, Notes, Callable, 4.950% Jun 1, 2036	1.1
Power Financial Corporation, Unsecured, Debentures, Callable, 6.900% Mar 11, 2033	1.1
Manitoba Telecom Services Inc., Series 8, Medium Term Notes, Unsecured, 5.625% Dec 16, 2019	1.0
Thomson Reuters Corporation, Unsecured, Notes, Unsubordinated, 6.000% Mar 31, 2016	1.0
NAV Canada, Series 1997-2, Sinking Fund, 7.560% Mar 1, 2027	1.0
Shaw Communications Inc., Senior, Unsecured, Notes, 6.500% Jun 2, 2014	1.0
Bell Canada, Series M-20, Medium Term Notes, Unsecured, 4.850% Jun 30, 2014	1.0
TransAlta Corporation, Medium Term Notes, Senior, Unsecured, Unsubordinated, 6.450% May 29, 2014	1.0
TransCanada PipeLines Limited, Medium Term Notes, Unsecured, 5.050% Aug 20, 2013	0.9
Top holdings as a percentage of net asset value	47.0
Total Net Asset Value	\$331,604,335

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

Manager

BMO Harris Investment
Management Inc.
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1H3

Trustee

BMO Trust Company
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1H3

®“BMO (M-bar roundel symbol) Harris Private Banking” is a registered trade-mark of Bank of Montreal, used under licence. BMO Harris Private Banking is part of BMO Financial Group. Banking services are offered through Bank of Montreal. Investment management services are offered through BMO Harris Investment Management Inc., an indirect subsidiary of Bank of Montreal. Estate, trust, planning, administration, custodial and tax services are offered through BMO Trust Company, a wholly owned subsidiary of Bank of Montreal.

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.

www.bmoharrisprivatebanking.com

(06/12)