Semi-Annual Management Report of Fund Performance

BMO Harris Emerging Markets Equity Portfolio

For the period ended June 30, 2012

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

Results of Operations

For the six-month period ended June 30, 2012, the Portfolio returned 3.5% in C$ (3.5% in US$), after expenses.

The Portfolio's benchmark, the MSCI (Morgan Stanley Capital International) Emerging Markets Index, generated a 4.2% in C$ (3.9% in US$) total return over the same six-month period.

In the first half of 2012, global equity markets rose, returning 5.8% in C$ (5.7% in US$) as measured by the MSCI All Country World Index. After rising sharply at the start of the year, global equity markets were shaken in the second quarter by the sharper-than-expected slowdown in large emerging-market economies and a eurozone credit crisis that continued to spread beyond Greece, severely dampening the economies of many eurozone countries.

While the economic impact of these crises on emerging economies is debatable, the impact on global stock markets was very real: in the first quarter, when it appeared that the Greek crisis had been resolved, capital inflows from developed countries reached US$25 billion and the MSCI Emerging Markets Index surged 14.1% (US$). In the second quarter, however, the crisis broadened to Spain and Italy. As a result, US$10 billion in capital was repatriated and the index (the Portfolio's benchmark) fell 8.9% (US$). Because initial exuberance was followed by irrational fear, the Portfolio's performance lagged that of its benchmark.

In emerging markets, the Health Care, Information Technology, and Consumer Staples sectors all posted good performances relative to the benchmark in the first half of the year. The Materials and Energy sectors suffered the most. Turkey and India had strong relative performance, while Brazil, Russia and Indonesia were weak relative to the benchmark.

From a sector viewpoint, the Portfolio's performance was helped by having very little exposure to commodities, apart from some carefully selected gold mining stocks that represent less than 10% of the Portfolio, and an underweight position in the Energy sector. Stock selection in Brazil, China and Russia were all positive contributors. The main reasons for the Portfolio's underperformance versus its benchmark were exposure to gold mining companies, whose stock prices dropped when gold prices fell, and exposure to several Taiwanese companies that were particularly impacted by weak demand in Europe.

In terms of stock selection, the Portfolio's performance was bolstered by its largest holdings, which did very well over the period. Tencent Holdings Ltd., Mobile TeleSystems OJSC, OJSC Magnit and Coca-Cola Icecek posted strong gains after reporting solid quarterly earnings results that were in line with or above expectations. Coca-Cola Icecek announced very robust quarterly figures: beverage sales volumes increased 10%, resulting in higher sales and operating income (16.5% and 34%, respectively).

The Portfolio's relative performance was negatively affected by its position in gold mines, notably Newcrest Mining Limited. In addition to the impact of falling gold prices, Newcrest Mining was hurt by reduced production at its main site in Lihir, Papua New Guinea. HTC Corp. and Petróleo Brasileiro S.A. (Petrobras) also detracted from the Portfolio's relative performance. Investors viewed Petrobras as riskier than the average integrated energy company in the sector, while HTC Corp. suffered following the publication of its quarterly results.

As the share price of Tenaris S.A., an Argentinian seamless tubes leader, and Bharat Heavy Electricals Ltd., the Indian leader in power-station construction, continued to fall, the sub-advisor added to the Portfolio's positions in these companies, which were initiated in the first quarter. At the end of the second quarter, each had approximately a 3% weight in the Portfolio.

The second quarter market correction enabled the sub-advisor to establish two new positions in consumer goods, reintroducing into the Portfolio Natura, the Brazilian cosmetics leader, and introducing Baidu, the Chinese leader in Web search engines.

In the second quarter, the sub-advisor continued to take profits on the Chinese social network Web operator Tencent Holdings Ltd. and on the South African brewer SABMiller plc. Each of these positions was reduced to around 2% of the Portfolio. The sub-advisor liquidated the Portfolio's position in Redecard SA, taking profits when the company's share price climbed in response to a takeover bid by Itau Unibanco Holding, Brazil's largest private bank.

At the end of the first half of 2012, 40% of the Portfolio's investments were in high-quality companies that will benefit from increased middle class consumption in emerging economies, 30% in companies that will benefit from infrastructure improvements and 30% in emerging companies that are technology market leaders or global leaders in the production of rare materials (rare earth minerals).

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

Although the second quarter equity market correction driven by the European credit crisis spilled over to emerging markets, the effect will be somewhat mitigated by the undervaluation — and soon the stronger yield — of emerging markets stocks. It is worth noting, however, that since emerging markets became an asset class in their own right in the early 2000s, crises in emerging markets can always be traced back to shocks that originated in the developed world. While economies of the developing world are now less dependent on those of the developed world, the sub-advisor believes that the idea of financial and stock-market decoupling is a myth: emerging economies remain reliant on capital flows from developed markets. These markets, in turn, rise and fall in response to the monetary policies established by the developed world's big central banks and crises on major international stock exchanges.

Accordingly, the sub-advisor expects that in the coming months emerging markets will continue to move in line with developments in Europe. Since no lasting solution has been found for the eurozone problems — apart from a proposal to mutualize government debt that Germany rejected — equity markets will likely continue to perform erratically, as they have in this first half-year.

The sub-advisor cautions that the volatility in Europe is obscuring a number of positive factors in emerging markets: first, growth in emerging economies and in emerging companies' earnings continues at a sustained pace, even if the pace has slowed; second, emerging markets valuations are at all-time lows — close to those of 2008 — and now offer a historically high yield of around 2.5%; and third, the market correction has allowed the sub-advisor to reinvest in leading, high-quality growth companies that were sold due to their overvaluations in 2009 and 2010. The sub-advisor remains very optimistic about the Portfolio's ability to generate positive returns over the long term.

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 unitholders' 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 Comgest to provide investment advice and make investment decisions for the Portfolio's investment portfolio. Comgest receives an investment advisory fee based on assets under management that is paid quarterly. Comgest is paid by BHIMI 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. 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 Asset Management Inc. ("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	102	114

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	$	10.53	13.26	11.71	8.22	12.57	11.35
Increase (decrease) from operations:							
Total revenue	$	0.08	0.26	0.22	0.19	0.32	0.26
Total expenses	$	(0.03)	(0.05)	(0.05)	(0.07)	(0.07)	(0.08)
Realized gains (losses) for the period	$	(0.51)	0.03	0.16	0.18	(0.38)	0.84
Unrealized gains (losses) for the period	$	0.84	(2.73)	1.45	3.21	(3.92)	0.98
Total increase (decrease) from operations (2)	$	0.38	(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	$	10.90	10.53	13.26	11.71	8.22	12.57

(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)	$	117,495	120,942	172,398	126,564	64,908	128,657
Number of units outstanding (000s) (1)		10,768	11,468	12,992	10,791	7,885	10,188
Management expense ratio (2)	%	0.33	0.28	0.30	0.43	0.35	0.36
Management expense ratio before waivers or management absorptions	%	0.33	0.28	0.30	0.43	0.35	0.36
Trading expense ratio (3)	%	0.19	0.11	0.13	0.23	0.31	0.28
Portfolio turnover rate (4)	%	21.88	39.42	23.41	34.33	63.01	44.54
Net asset value per unit	$	10.91	10.55	13.27	11.73	8.23	12.63

(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.

(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

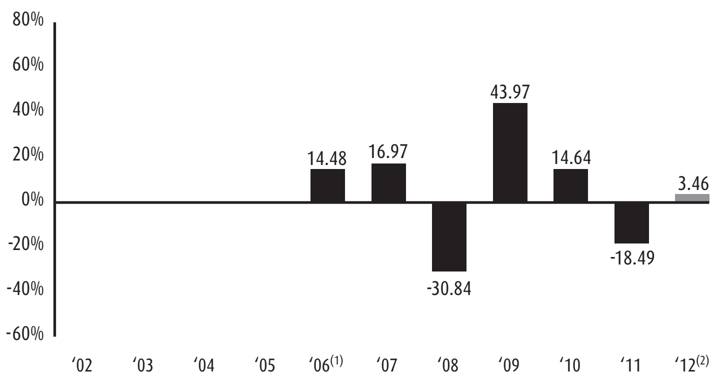
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were used to purchase additional units of the Portfolio and is based on the net asset value of the Portfolio.

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

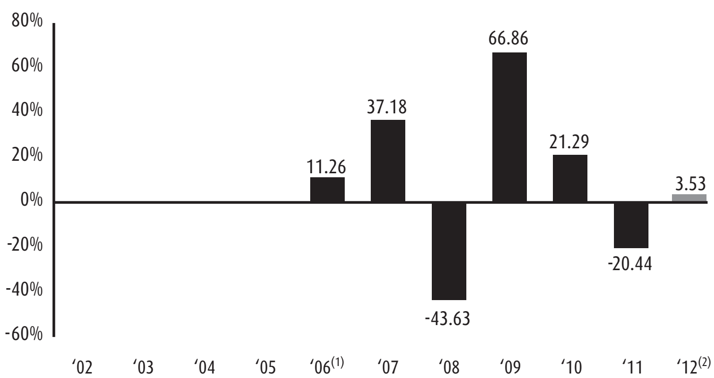
The following bar chart(s) show the performance for each of the financial years and for the six-month period ended June 30, 2012 shown. The chart(s) show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of the financial year.

BMO Harris Emerging Markets Equity Portfolio (C$)



(1) Return from November 1, 2006 to December 31, 2006.
(2) For the six-month period ended June 30, 2012.

BMO Harris Emerging Markets Equity Portfolio (US$)



(1) Return from November 1, 2006 to December 31, 2006.
(2) For the six-month period ended June 30, 2012.

Summary of Investment Portfolio
as at June 30, 2012

Portfolio Allocation	% of Net Asset Value
Brazil	16.6
South Africa	11.8
China	10.8
Taiwan	10.3
South Korea	7.2
Russia	5.7
India	4.7
Mexico	4.2
Netherlands	4.1
United States	3.2
Luxembourg	3.0
Hong Kong	2.8
Turkey	2.7
Malaysia	2.4
Ukraine	2.2
Australia	2.2
Greece	2.2
United Kingdom	2.1
Cash/Receivables/Payables	1.8

Top 25 Holdings	% of Net Asset Value
Taiwan Semiconductor Manufacturing Company Limited, ADR	5.9
China Life Insurance Company Limited, H Shares	4.4
Heineken NV	4.1
Gold Fields Limited	3.8
JBS SA	3.3
Bunge Limited	3.2
Mobile TeleSystems OJSC, ADR	3.0
Tenaris S.A., ADR	3.0
China Mobile Limited	2.8
Magnit OJSC, GDR	2.8
Coca-Cola Icecek AS	2.7
Weg S.A.	2.7
Samsung Life Insurance Co., Ltd.	2.6
Petroleo Brasileiro S.A. - Petrobras	2.6
Bharat Heavy Electricals Limited, Equity Linked Notes, Jul 20, 2015	2.5
High Tech Computer Corp., Equity Linked Notes, Sep 1, 2016	2.5
NHN Corporation	2.5
Ping An Insurance Group Company of China Ltd., H Shares	2.4
Duratex S.A.	2.4
Genting Berhad	2.4
MTN Group Limited	2.2
Natura Cosmeticos S.A.	2.2
Kernel Holdings S.A.	2.2
Newcrest Mining Limited	2.2
Wal-Mart de Mexico S.A.B. de C.V., Series V	2.2
Top holdings as a percentage of net asset value	**72.6**
Total Net Asset Value	**$117,494,806**

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

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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