Semi-Annual Management Report of Fund Performance

BMO Private International Equity Portfolio

For the period ended June 30, 2018

This semi-annual management report of fund performance contains financial highlights, but does not contain the semi-annual or annual financial statements of the Portfolio. If the semi-annual or annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-855-852-1026, by e-mailing us at **contact.centre@bmo.com**, by writing to us at BMO Private Investment Counsel Inc., 1 First Canadian Place, 100 King St. W., 41st Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at **www.bmoprivatebanking.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 Private Investment Counsel Inc. ("BPIC" or the "Manager"), the manager and portfolio manager, is responsible for the management of the overall business and operations of the BMO Private Portfolios and has engaged BMO Asset Management Corp. ("BMO AM Corp."), Pyrford International Limited ("Pyrford") and WCM Investment Management ("WCM") as the sub-advisors (each, a "sub-advisor" and collectively, the "sub-advisors") of BMO Private International Equity Portfolio (the "Portfolio").

Three firms share the sub-advisory responsibilities for the Portfolio. Each sub-advisor manages one of three style components of the Portfolio, each with distinct investment strategies: core/value (managed by BMO AM Corp.), deep value (managed by Pyrford), and growth (managed by WCM). Core/value and deep value investing employ the strategy of selecting stocks that trade for less than their intrinsic value which the respective sub-advisor believes the market has undervalued. Growth investing employs the strategy of seeking out stocks with good growth potential, defined as stocks of a company whose earnings are expected to grow at an above-average rate compared to its industry or the overall market.

Results of Operations

Over the six-month period ended June 30, 2018, the Portfolio returned 3.27% in C$ (-1.31% in US$), after expenses. The Portfolio's benchmark is the Morgan Stanley Capital International Europe, Australasia and the Far East Index (the "MSCI EAFE Index"), which generated a 2.12% total return in C$ (-2.75% in US$) over the same six-month period.

Following a steady year of growth in 2017, international equity markets experienced a return to volatility during the first half of 2018. In late January, investors sold out of equities as concern grew over the pace of future interest rate increases by the U.S. Federal Reserve Board (the "Fed"). Equities recovered in the second half of February, until concerns over trade protectionism and increased regulation in the Information Technology sector resulted in a volatile March. As crude oil prices exceeded US$70 a barrel for the first time in nearly three years, companies in the Energy sector were some of the best performers during April and May. The recovery in oil prices also drove the performance of higher-risk stocks over lower-risk stocks, as companies in commodity-linked sectors became riskier given recent volatility in commodity prices. From a style perspective, growth stocks continued to outpace value-oriented stocks, although equities in the Information Technology sector declined in June as concerns mounted over the impact of trade wars.

BMO Wealth Management
BMO Private Banking

The stronger U.S. dollar created difficulties for a number of emerging markets. Capital moved to the United States and debt that is denominated in U.S. dollars became increasingly expensive, particularly in Argentina, Brazil, South Africa, Indonesia and Turkey. The U.S. economy is growing more rapidly than most western countries and the Fed forecasted two additional interest rate increases in 2018, on top of two earlier interest rate increases.

Growth Component

Stock selection was responsible for most of the growth component's outperformance during the first half of 2018. During the first quarter, selection was strongest in the Information Technology, Health Care and Consumer Discretionary sectors. In the second quarter, selection in the Health Care and Consumer Discretionary sectors contributed most to the performance of the growth component sub-advised by WCM. With respect to sector allocation, a significant overweight allocation to the Information Technology sector, overweight exposures to the Health Care and Consumer Discretionary sectors and an underweight allocation to the Telecommunication Services sector also contributed to the growth component's outperformance during the period.

Significant individual contributors to the growth component's performance included CSL Ltd. and Experian PLC. CSL Ltd. outperformed following its strategic decision to invest into its collection network, which has proven to be successful. These investments have continued to pay off with the company raising its full-year profit forecast by 8%. Business results have been driven by the success of recent product launches in specialty products and hemophilia, the impact of expanded indications in the core immunoglobulin product offering and a contribution from sales of seasonal flu vaccines. Experian PLC's share price rose after the company reported accelerating organic revenue growth in its fiscal fourth quarter and 10% organic growth in its business-to-business ("B2B") segment. Importantly, the company also provided positive commentary on revenue growth and margin expansion for the fiscal year ahead and announced another share buyback and a 10% increase to its dividend.

A slight overweight allocation to the Consumer Staples sector and slight underweight exposure to Utilities detracted marginally from the growth component's first-quarter performance. In the second quarter, underweight allocations to the Energy and Materials sectors and an overweight exposure to the Information Technology sector detracted from performance. Individual detractors from the growth component's performance included holdings in FANUC Corp., Taiwan Semiconductor Manufacturing Co. Ltd. and Raia Drogasil SA. FANUC Corp. posted solid sales and earnings results, but a cautious forecast put pressure on its stock price. Taiwan Semiconductor Manufacturing Co. Ltd. was impacted by sudden weakness in the premium smartphone market, with weak iPhone X sales. Raia Drogasil SA reported lower revenue growth than recent quarters. Despite challenges, the company's market share continues to grow, as its 12% sales growth is more than double the overall market growth of 5.6%.

WCM added several new positions to the growth component during the period. Pernod Ricard SA was added for its premium spirits portfolio that includes top-selling brands like Martell, Jameson, Chivas Regal and The Glenlivet. The sub-advisor believes that there has been a cultural turnaround in the United States that should enable market share gains, and that the company offers better growth prospects and better value than most of its peers, while facing fewer disruptive threats. Hexagon AB was purchased for its leadership position in industrial software and is expected to benefit from industrial automation and increased use of 3D mapping in infrastructure investment. Shopify Inc. was bought based on its combination of business model, culture and strong competitive position.

The growth component's investment in Coloplast A/S was liquidated as the sub-advisor is skeptical of the company's move to more direct-to-consumer distribution in the United States. Reckitt Benckiser Group PLC was eliminated in favour of purchasing Pernod Ricard SA, as the former is facing pricing pressure. Yandex N.V. was sold after strong performance. Heightened geopolitical tension in Russia turned the risk/reward opportunity less favourable at its current valuation. A position in CSL Ltd. was trimmed following a significant rise in its share price (up 55% since the start of 2017).

Deep Value Component

An overweight allocation to Japan contributed to the performance of the deep value component sub-advised by Pyrford. An underweight exposure to the Financials sector also contributed to performance as European Union banks weakened. As oil prices rose, an overweight exposure to the Energy sector was another contributor to the deep value component's performance. Top individual contributors included holdings in Nihon Kohden Corp., ComfortDelGro Corp. Ltd. and KDDI Corp. Nihon Kohden Corp. posted strong second-quarter results following a weak first quarter, largely as a result of new product offerings. ComfortDelGro Corp. Ltd. shares rose as it is expected to benefit from consolidation in the domestic taxi business as two of the company's competitors merged. KDDI Corp. recently appointed a new chief executive officer who is committed to a steady cash flow and dividend.

An overweight allocation to Malaysia detracted from the component's performance following an unexpected election result and concern over future policies on foreign investment. Stock selection in the U.K. also detracted from performance. Individual detractors from performance included Brambles Ltd., which was negatively impacted by rising timber costs. Bezeq Israel Telecommunication Corp.'s shares declined as the company came under investigation into favourable regulatory practice in exchange for coverage for the prime minister. Axiata Group BHD was part of the broader sell-off in Malaysian companies.

The deep value component's sub-advisor introduced a new position in Reckitt Benckiser Group PLC, for its range of products at attractive growth rates. The company's management has shown operational skill in taking market share in the past, and there is an opportunity to improve operational performance at its recently acquired infant nutrition business. A holding in Singapore Telecommunications Ltd. was added to the component as it has been trading at an attractive dividend yield of over 5% and has both a diversified earnings base and sound cash flow generation.

Proximus SA was eliminated from the deep value component on valuation grounds as there is little growth expected from the company over the next five years. United Utilities Group PLC, a U.K. water and wastewater services company, was sold and replaced with shares of Reckitt Benckiser Group PLC. The stock was sold amid concerns that the next regulatory regime will not be as favourable as the current one, with industry allowances expected to be curtailed. SembCorp Industries Ltd. was eliminated as its balance sheet has come under pressure, with earnings and dividend expected to be compromised.

The sub-advisor reduced the deep value component's U.K. exposure and reallocated the proceeds to Japan and Sweden, driven by a reduction in the U.K.'s earnings growth forecast. The component's allocation was trimmed following strong market performance, the proceeds of which were directed to the eurozone, which the sub-advisor believes trades at a more attractive combination of yield and earnings growth.

Core/Value Component

Stock selection in the Materials, Consumer Staples and Utilities sectors contributed to the core/value component's performance. Top individual contributors included holdings in Seagate Technology PLC, UPM-Kymmene OYJ and Peugeot SA (UG-FR).

An underweight allocation to the Energy sector detracted from the component's performance, as did security selection in the Industrials and Health Care sectors. Individual detractors from performance included holdings in Mitsubishi Chemical Holdings Corp., Honda Motor Co. Ltd. and Deutsche Lufthansa AG.

BMO AM Corp., the core/value component's sub-advisor, added a new position in Covestro AG, which manufactures and supplies polymers. It was purchased as the company's stock ranked in the top 10% of the EAFE universe, driven by attractive valuations and positive investor sentiment, with improving company fundamentals. An existing position in SalMar ASA, which engages in sea farming, processing and trading of all types of seafood, was increased based on its attractive valuations, positive investor sentiment and improving company fundamentals. WH Smith PLC was eliminated from the core/value component as the result of its expensive valuation and weakening investor sentiment. Novartis AG was trimmed based on the weakening fundamentals.

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

Growth Component

Looking ahead, WCM believes that volatility around interest rates, economic data and geopolitics will continue. In the second quarter, several tactical trades were made with an eye towards upgrading the quality of the growth component. From a sector standpoint, the component maintains an overweight exposure to the Information Technology, Health Care and Consumer Discretionary sectors, and underweight allocations to the Financials and Energy sectors. The sub-advisor continues to seek compelling investment opportunities in companies that possess a strong culture, appear poised to benefit from various structural trends, can grow their competitive advantage and are trading at a reasonable valuation.

Deep Value Component

The deep value component sub-advisor has a cautious outlook for international economic growth. After raising interest rates four times in the last two years, the Fed has followed with further increases in 2018. Inflation appears to have stopped declining and, in many countries, has begun to edge up. The sub-advisor believes that the necessary adjustments to household and government balance sheets in developed countries will take a while to achieve, representing a significant challenge to economic growth.

The deep value component maintains an overweight exposure to Asia (excluding Japan) and underweight allocation to Japan and the eurozone. Within Europe, holdings are concentrated in Switzerland and the economies of core Europe, such as Germany and the Netherlands. Exposure to the U.K. remains underweight amid concerns over the impact that much-needed debt reduction will have on its economy. The component is defensively positioned with underweight exposure to cyclical sectors, and banks in particular. Overweight sector exposures include Utilities and Telecommunication Services, which offer high dividend yields and visible earnings.

Core/Value Component

Looking ahead, the core/value component sub-advisor believes that the economic conditions supporting global equities remain strong despite increased market volatility. While corporate earnings may continue to benefit from accelerating global economic growth and accommodative tax policy, the threat of trade wars, geopolitical tensions and inflationary pressures from rising commodity prices may cause markets to react negatively.

The sub-advisor believes that elevated volatility in the coming period may provide a favourable environment for active stock selection. As such, the core/value component has been positioned to participate in rising markets while managing downside risks through a combination of disciplined stock selection and thoughtful risk management.

International Financial Reporting Standard 9 (IFRS 9) Implementation:

Effective January 1, 2018, the Portfolio retrospectively adopted IFRS 9. The new standard requires assets to be carried at either amortized cost, fair value through profit and loss (“FVTPL”), or fair value through other comprehensive income (“FVOCI”), based on an assessment of the Portfolio’s business model for managing financial assets and the contractual cash flow characteristic of the financial assets. In classifying and measuring financial instruments held by the Portfolio, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Portfolio’s business model with respect to the manner in which financial assets and financial liabilities are managed as a group and performance is evaluated on a fair value basis, and has concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Portfolio’s investment portfolio.

Upon transition to IFRS 9, financial assets and financial liabilities in the Portfolio’s investment portfolio were classified as FVTPL. This classification differs from the classification under the previous IAS 39 for the financial assets and financial liabilities that were previously classified as held for trading; therefore there were changes in the categorization of financial assets and financial liabilities upon transition to IFRS 9. However, there were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9.

Related Party Transactions

BMO Trust Company, an indirect, wholly-owned subsidiary of Bank of Montreal, is the trustee (the "trustee") and BPIC is the manager of the Portfolio. From time to time, BPIC 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"). The purpose of this section is to provide a brief description of any transaction involving the Portfolio and a related party. In each instance where a conflict of interest is identified, it will be referred to the Portfolio's independent review committee (the "IRC"). The primary focus of the IRC is to determine whether the proposed action of the Manager in respect of the conflict of interest matter achieves a fair and reasonable result for the Portfolio. The IRC has reviewed the related party relationships described below and has provided a positive recommendation that each relationship achieves a fair and reasonable result for the Portfolio.

Sub-advisors

BPIC has hired BMO AM Corp. (a related party), Pyrford (a related party) and WCM to provide investment advice and make investment decisions for the Portfolio's investment portfolio. Each sub-advisor receives sub-advisory fees based on assets under management, which are paid quarterly. The sub-advisors are paid by BPIC, and BPIC charges a portion of the sub-advisory fees as an expense to the Portfolio.

Wealth Management Fee

Units of the Portfolio are only available through the wealth management service offered by BMO Financial Group. The trustee, a related party, and the Manager receive an annual fee from each investor for the wealth management service offered by 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 wealth management fee payable by each investor is set out in BPIC's *Investment Management Fee Schedule* that is provided to the investor when the investor enters into an investment management agreement with the trustee and BPIC. The wealth management fee is paid directly by the investor to the trustee and the Manager. 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. BPIC is the registrar of the Portfolio. The trustee and BPIC 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 periods were as follows:

	Period ended June 30, 2018 ($000s)	**Period ended June 30, 2017 ($000s)**
Unitholder Services	143	152

Management Fee

There is no management fee charged to the Portfolio. The trustee and the Manager receive an annual wealth management fee from investors for the wealth management service offered by 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, 2018	Years ended December 31 2017	2016	2015	2014	2013
Net assets, beginning of period	$	14.36	12.57	13.11	11.19	10.98	8.77
Increase (decrease) from operations:							
Total revenue	$	0.35	0.40	0.34	0.34	0.34	0.26
Total expenses (2)	$	(0.07)	(0.11)	(0.09)	(0.11)	(0.12)	(0.10)
Realized gains (losses) for the period	$	0.19	0.31	(0.04)	1.86	0.74	0.54
Unrealized gains (losses) for the period	$	(0.05)	1.39	(0.38)	0.27	(0.49)	1.71
Total increase (decrease) from operations (3)	$	0.42	1.99	(0.17)	2.36	0.47	2.41
Distributions:							
From income (excluding dividends)	$	—	—	—	—	—	0.00
From dividends	$	—	0.37	0.28	0.24	0.26	0.16
From capital gains	$	—	—	—	0.29	—	—
Return of capital	$	—	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions (4)	$	—	0.37	0.28	0.53	0.26	0.16
Net assets, end of period	$	14.83	14.36	12.57	13.11	11.19	10.98

(1) This information is derived from the Portfolio's unaudited and audited financial statements.

(2) Includes commissions and other portfolio transaction costs and withholding taxes.

(3) 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.

(4) Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data		Six months ended June 30, 2018	Years ended December 31 2017	2016	2015	2014	2013
Total net asset value (000s) (1)	$	2,967,938	2,445,492	1,676,278	1,525,073	1,087,776	984,745
Number of units outstanding (000s) (1)		200,156	170,248	133,312	116,305	97,208	89,703
Management expense ratio (2)	%	0.29	0.33	0.34	0.33	0.43	0.48
Management expense ratio before waivers or management absorptions (2)	%	0.48	0.48	0.51	0.49	0.59	0.64
Trading expense ratio (3)	%	0.12	0.15	0.08	0.21	0.22	0.21
Portfolio turnover rate (4)	%	12.99	26.98	29.98	92.46	63.16	42.85
Net asset value per unit	$	14.83	14.36	12.57	13.11	11.19	10.98

(1) This information is provided as at June 30 or December 31 of the period shown, as applicable.

(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-advisors manage 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

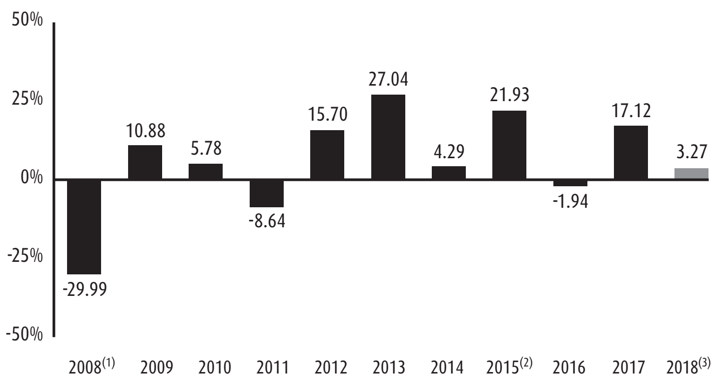
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

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 necessarily indicate how it will perform in the future.

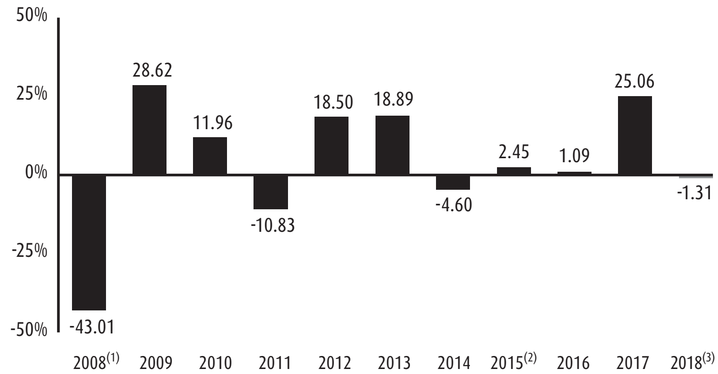
Year-by-Year Returns

The following bar charts show the performance for each of the financial years and for the six-month period ended June 30, 2018 shown and illustrate how the performance has changed from year to year. The bar charts 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 each financial year.

BMO Private International Equity Portfolio (C$)



BMO Private International Equity Portfolio (US$)



(1) On February 1, 2008, the Portfolio's sub-advisor was changed. Accordingly, the Portfolio's performance prior to this date would have been different under the current three sub-advisors.

(2) On April 20, 2015, two of the Portfolio's three sub-advisors were changed. Accordingly, the Portfolio's performance prior to this date would have been different under the current three sub-advisors.

(3) For the six-month period ended June 30, 2018.

Summary of Investment Portfolio

as at June 30, 2018

Portfolio Allocation	% of Net Asset Value
Japan	14.1
United Kingdom	11.6
Switzerland	9.8
France	9.5
Australia	7.5
Germany	5.5
United States	4.7
Cash/Receivables/Payables	4.5
Hong Kong	4.4
Sweden	3.2
Netherlands	2.9
Taiwan	2.3
Denmark	2.1
Italy	2.0
Canada	1.9
Singapore	1.8
Ireland	1.8
Finland	1.7
Spain	1.6
Norway	1.5
India	1.2
China	1.0
Other	3.4
Total portfolio allocation	**100.0**

Sector Allocation	% of Net Asset Value
Industrials	15.7
Health Care	12.8
Financials	12.7
Information Technology	12.1
Consumer Discretionary	11.3
Consumer Staples	11.1
Materials	7.7
Energy	4.7
Telecommunication Services	4.5
Cash/Receivables/Payables	4.5
Utilities	2.3
Real Estate	0.6
Total sector allocation	**100.0**

Top 25 Holdings

Issuer	% of Net Asset Value
Cash/Receivables/Payables	4.5
Nestle S.A.	2.2
Roche Holding AG	2.1
CSL Limited	1.6
Taiwan Semiconductor Manufacturing Company	1.5
AIA Group Limited	1.5
Accenture plc, Class A	1.4
Keyence Corporation	1.4
Sanofi	1.3
GlaxoSmithKline plc	1.3
Experian plc	1.3
LVMH Moet Hennessy Louis Vuitton S.A.	1.3
Canadian Pacific Railway Limited	1.3
HDFC Bank Limited, ADR	1.2
Legal & General Group Plc	1.2
Shopify Inc., Class A	1.1
Compass Group PLC	1.1
Chubb Limited	1.1
Atlas Copco Aktiebolag, Class A	1.1
adidas AG	1.0
Tencent Holdings Limited	1.0
Novartis AG	1.0
Pernod Ricard S.A.	1.0
Chr. Hansen Holding A/S	1.0
ICON Public Limited Company	0.9
Top holdings as a percentage of total net asset value	**35.4**
Total Net Asset Value	**$2,967,938,460**

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

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