

Semi-Annual Management Report of Fund Performance

BMO Private Emerging Markets 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 contactcentre@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, investments and operations of the BMO Private Portfolios and has engaged Comgest S.A. ("Comgest" or the "sub-advisor") as the sub-advisor of BMO Private Emerging Markets Equity Portfolio (the "Portfolio").

Results of Operations

Over the six-month period ended June 30, 2018, the Portfolio returned -9.96% in C\$ (-13.93% in US\$), after expenses. The Portfolio's benchmark is the MSCI Emerging Markets Index, which generated a -1.98% total return in C\$ (-6.66% in US\$) over the same six-month period.

The six-month period ended June 30, 2018 was a challenging one for global emerging markets, which declined 2.0% (in Canadian-dollar terms) after a strong 2017. U.S. interest rates rose, which had an impact in those economies where domestic currency weakness leads to rising inflation. The deterioration of trade relations and the implementation of tariffs was a concern over the period, particularly for markets and companies reliant upon trade. Associated with changing U.S. trade policy was a more aggressive geopolitical stance, which increased uncertainty. When emerging markets returns peaked in January 2018, they were still only approximately where they were when the asset class last peaked in

2011, and below the previous all-time high of 2007. However, consumption has noticeably accelerated, supported by income growth and stronger balance sheets.

Minimal exposure to the Energy and Materials sectors detracted from performance as commodity prices increased. An overweight allocation to insurance companies compared with banks also detracted from the Portfolio's relative performance. The largest individual detractors from performance included Kroton Educacional SA, Ultrapar Participacoes S.A. and CCR SA. Kroton Educacional SA was negatively impacted by sluggish consumer spending in Brazil. However, the sub-advisor believes that the company is the key beneficiary of demand for education in Brazil as the country's largest private provider catering to a customer base left unsatisfied by shortcomings in state offerings. Ultrapar Participacoes S.A.'s share price fell substantially in reaction to earnings changes at the company. CCR SA's stock price weakened in response to non-substantiated corruption allegations at one of the company's suppliers, for which its board has mandated an independent review.

A lack of exposure to Turkey, the Philippines and Poland contributed to the Portfolio's performance, as did an underweight allocation to the Consumer Discretionary sector and zero-weighting in the Real Estate sector. Top individual contributors to performance included Cognizant Technology Solutions Corp., which delivered good fourth-quarter 2017

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results. Infosys Ltd. contributed to performance as a result of its restructuring and new management, with a strong product background and focus on reducing employee and client attrition. Baidu Inc.'s shares were up as a result of its higher internet search share, and the subsequent boost to its advertising revenue.

The sub-advisor purchased several new positions for the Portfolio. Samsung Electronics Co. Ltd. was added after it committed to returning 50% of free cash flow to shareholders, reflecting much improved corporate governance. Unilever NV was purchased for its sales generation in faster-growing emerging markets. Suzuki Motor Corp. is a play on Maruti Suzuki India Ltd., the market leader in the Indian passenger car market. The company's ongoing operational performance remains strong, particularly in India, but also in other markets, and the sub-advisor took advantage of weakness in the share price to purchase it for the Portfolio. Cognizant Technology Solutions Corp. shares were increased based on higher growth and margin expansion expectations. Holdings in Infraestructura Energetica Nova SAB de CV were increased to take advantage of share price weakness.

BRF Brasil Foods SA was eliminated from the Portfolio after it had reported unexpectedly weak fourth-quarter 2017 results, revealing poor control of prices and costs, probably related to the frequent management changes over the last two years. Bharti Airtel Ltd. and Bharti Infratel Ltd. were both sold on a competition-induced softer earnings outlook. Chinese liquor company Kweichow Moutai was sold for valuation reasons. After four years of very rapid earnings growth and a subsequent reinvestment in new business in 2017, NetEase Inc. was trimmed. The sub-advisor believes that the company has a strong track record and good credibility both on the operational and governance side, and is willing to wait while its new business grows to scale and starts contributing.

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's outlook for emerging markets economic growth remains modest, believing that it will stay steady at around 5% in the coming years. The significant sell-off in emerging markets assets does not appear fully based on fundamentals, and while it is difficult to predict whether volatility will stay elevated for the intermediate period, the sub-advisor suggests that the current backdrop looks increasingly attractive from a margin of safety perspective for long-term investors.

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.

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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-advisor

BPIC has hired Comgest to provide investment advice and make investment decisions for the Portfolio’s investment portfolio. Comgest receives a sub-advisory fee based on assets under management, which is paid quarterly. Comgest is paid by BPIC, and BPIC charges a portion of the sub-advisory fee 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	67	77

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.

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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⁾	Six months ended June 30, 2018	2017	Years ended December 31				2013
		2017	2016	2015	2014		2013
Net assets, beginning of period	\$ 18.68	15.12	15.34	15.28	13.73		11.88
Increase (decrease) from operations:							
Total revenue	\$ 0.27	0.39	0.36	0.67	0.32		0.27
Total expenses ⁽²⁾	\$ (0.12)	(0.22)	(0.21)	(0.21)	(0.19)		(0.19)
Realized gains (losses) for the period	\$ 0.24	1.56	0.99	1.03	1.23		(0.18)
Unrealized gains (losses) for the period	\$ (2.29)	2.92	(0.68)	(0.76)	0.31		2.25
Total increase (decrease) from operations ⁽³⁾	\$ (1.90)	4.65	0.46	0.73	1.67		2.15
Distributions:							
From income (excluding dividends)	\$ —	—	—	—	—		0.00
From dividends	\$ —	0.18	0.19	0.47	0.15		0.17
From capital gains	\$ —	0.94	0.67	0.25	—		—
Return of capital	\$ —	0.00	0.00	0.00	0.00		0.00
Total Annual Distributions ⁽⁴⁾	\$ —	1.12	0.86	0.72	0.15		0.17
Net assets, end of period	\$ 16.82	18.68	15.12	15.34	15.28		13.73

⁽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	2017	Years ended December 31				2013
		2017	2016	2015	2014		2013
Total net asset value (000s) ⁽¹⁾	\$ 302,869	331,694	243,073	292,215	271,656		231,530
Number of units outstanding (000s) ⁽¹⁾	18,008	17,759	16,078	19,045	17,775		16,857
Management expense ratio ⁽²⁾	% 0.91	0.96	1.01	0.95	0.96		1.05
Management expense ratio before waivers or management absorptions ⁽²⁾	% 1.11	1.11	1.18	1.12	1.13		1.22
Trading expense ratio ⁽³⁾	% 0.10	0.13	0.13	0.13	0.13		0.25
Portfolio turnover rate ⁽⁴⁾	% 21.03	38.17	22.69	40.75	27.83		32.27
Net asset value per unit	\$ 16.82	18.68	15.12	15.34	15.28		13.73

⁽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-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

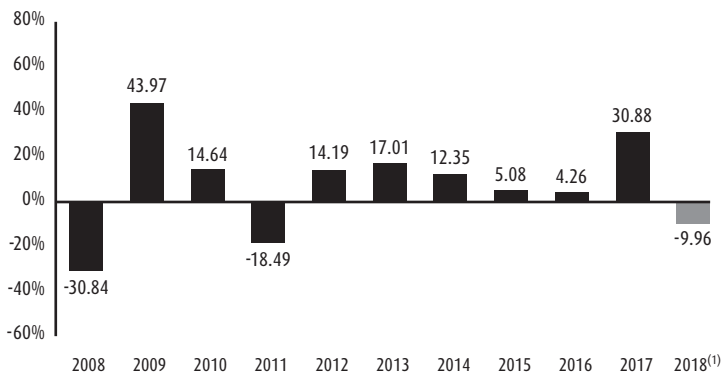
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

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.

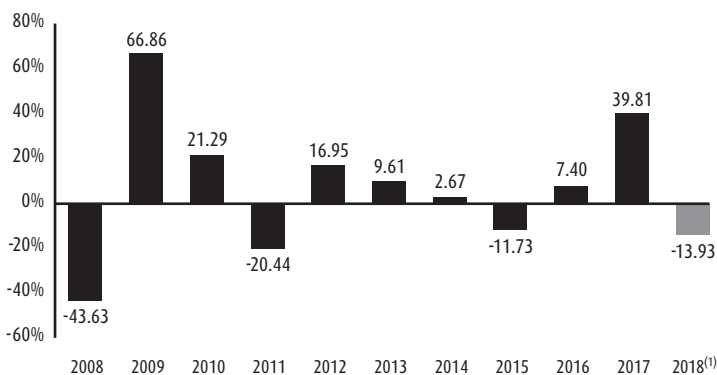
Year-by-Year Returns

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 Emerging Markets Equity Portfolio (C\$)



BMO Private Emerging Markets Equity Portfolio (US\$)



⁽¹⁾ For the six-month period ended June 30, 2018.

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Summary of Investment Portfolio

as at June 30, 2018

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
China	23.0	Cognizant Technology Solutions Corporation, Class A	5.5
Brazil	12.1	Taiwan Semiconductor Manufacturing Company, Ltd., ADR	5.3
South Africa	10.3	China Life Insurance Company Limited, H Shares	4.7
South Korea	9.5	Ping An Insurance (Group) Company of China, Ltd., H Shares	4.2
Hong Kong	8.2	SAIC Motor Corporation Ltd., Equity Linked Notes, Nov 11, 2019	3.7
Mexico	7.6	Baidu, Inc., ADR	3.7
India	7.1	Fomento Economico Mexicano, S.A.B. de C.V.	3.6
United States	5.5	China Mobile Limited	3.4
Taiwan	5.3	MTN Group Limited	3.3
United Kingdom	3.0	Power Grid Corporation of India Limited	3.2
Japan	3.0	Infraestructura Energetica Nova, S.A.B. de C.V.	3.1
Indonesia	2.1	NetEase, Inc., ADR	3.1
Malaysia	1.4	Unilever N.V.	3.0
Russia	1.4	Suzuki Motor Corporation	3.0
Cash/Receivables/Payables	0.5	Sanlam Limited	3.0
Total portfolio allocation	100.0	CK Hutchison Holdings Limited	2.9
		Infosys Limited, ADR	2.8
Sector Allocation	% of Net Asset Value	Samsung Life Insurance Co., Ltd.	2.8
Information Technology	28.4	Samsung Electronics Co., Ltd.	2.6
Financials	22.6	Weg S.A.	2.3
Consumer Discretionary	11.4	NCSOFT Corporation	2.2
Consumer Staples	11.1	Naspers Limited, N Shares	2.2
Telecommunication Services	8.8	B3 S.A. – Brasil, Bolsa, Balcao	2.1
Industrials	8.2	Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk	2.1
Utilities	6.3	BB Seguridade Participacoes S.A.	2.0
Energy	1.6	Top holdings as a percentage of total net asset value	79.8
Health Care	1.1	Total Net Asset Value	\$302,869,403
Cash/Receivables/Payables	0.5		
Total sector allocation	100.0		

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

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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 the simplified prospectus of the BMO Private Portfolios. 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 Private Investment Counsel 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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