

Annual Management Report of Fund Performance

BMO Private Canadian Money Market Portfolio

For the period ended December 31, 2018

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the Portfolio. If the annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the 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 interim financial report, 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 BMO Asset Management Inc. (“BMO AM Inc.” or the “sub-advisor”) as the sub-advisor of BMO Private Canadian Money Market Portfolio (the “Portfolio”).

Investment Objective and Strategies

The Portfolio's investment objectives are to provide a high level of interest income and liquidity, and to preserve the capital invested. The Portfolio invests primarily in high-quality, low-risk short-term debt instruments issued by governments and corporations in Canada, such as treasury bills, bankers' acceptances and commercial paper.

To achieve the Portfolio's objectives, the sub-advisor primarily invests in securities rated A-1 (low) or higher at the time of investment by Standard & Poor's Ratings Services (Canada) or R-1 (low) stable or higher at the time of investment by DBRS Limited or the equivalent rating as defined by other designated rating organizations. The Portfolio seeks to maintain a unit price of \$10.00 by crediting income daily and distributing it monthly.

Risk

The risks associated with an investment in the Portfolio remain as disclosed in the Portfolio's most recent simplified prospectus or any amendments and fund facts. During the period there were no changes to the Portfolio that materially affected the overall risk level associated with an investment in the Portfolio. On May 4, 2018, the Manager reviewed the Portfolio using the standardized investment risk classification methodology under National Instrument 81-102 *Investment Funds* and determined that the risk rating of the Portfolio had not changed. The Manager reviews the Portfolio's investment risk level and reference index, if any, at least annually.

Results of Operations

Over the 12-month period ended December 31, 2018, the Portfolio returned 1.64%, after expenses. The Portfolio's benchmark is the FTSE TMX Canada 91-Day T-Bill Index, which generated a 1.38% total return over the same 12-month period.

Uncertainty persisted throughout the 12-month period ended December 31, 2018, as geopolitical and global trade frictions continued to concern investors. U.S. equities posted their worst yearly performance in a decade as the Dow Jones Industrial Average and the S&P 500 Index marked their poorest December since 1931. Adding to market uncertainties, President Donald Trump openly criticized the U.S. Federal Reserve Board (the “Fed”) Chair Jerome Powell for raising U.S. interest rates.

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As global growth alarms accelerated, expectations of interest rate increases were impacted. The Bank of Japan appears set to stick with ultra-loose monetary policy for the foreseeable future. The Chinese economy appears likely to abate further given the challenges of a cooling property market and slower credit growth. The outlook for the eurozone deteriorated as business and consumer sentiment softened and gross domestic product (“GDP”) growth slowed. Political uncertainty increased in France and Italy, and with the U.K.’s ongoing negotiations to exit the European Union.

U.S. third-quarter GDP was revised downward to 3.4% quarter over quarter, but still well above trend growth. The revisions reflected adjustments lower to personal consumption and exports, and higher to imports. Consumer confidence slipped but was positive as U.S. employment data remained strong. The Fed raised interest rates by 25 basis points at its latest policy meeting, for the fourth time in 2018. U.S. equity markets slumped following the Fed’s move, and Chairman Powell has since provided reassurance by pledging to be patient with any further interest rates increases.

The Bank of Canada (the “BoC”) raised interest rates 25 basis points three times over the period. The Canadian economy expanded faster than expected in October, posting a 0.3% advance against consensus expectations of 0.2% growth. The breadth of the increase was encouraging, as 15 out of the 20 industrial sectors saw gains for the month. However, the overall increase in growth is not expected to be maintained in November and December, weighed down by the Canada Post strike, weakening oil prices and a waning retail sector as consumers grapple with the challenges of rising interest rates, fading housing wealth effects and a low savings rate.

A higher exposure to corporate paper and bonds (including floating rate notes) contributed to performance, providing yield enhancement over federal T-bills and provincial products. The sub-advisor maximized corporate exposure while government exposure was held at its minimum, which contributed to performance.

Within the minimum 30% government exposure, the Portfolio held an underweight exposure to federal T-bills and a maximized allocation to provincial and government bond holdings to take advantage of the additional yield opportunities. At the end of period, provincial assets were yielding approximately 25 basis points higher than the corresponding T-bills. The Portfolio’s corporate exposure was kept close to the 70% maximum allowed, comprised of high-quality corporate paper and corporate bonds (including floating rate notes), which provided significant additional yield.

The Portfolio’s required minimum 30% government exposure detracted from its performance relative to industry counterparts, many of which have little or no government minimum exposure requirements. Allocation to floating rate notes is also limited to 10% maximum, which detracted from performance. Other detractors included the Portfolio’s minimum rating of R-1 (low) stable and higher for commercial paper, and an A-low stable and higher minimum for short-term debt (as rated by DBRS or the equivalent rating by other designated rating organizations). In addition, a lack of exposure to BBB-rated bonds, split-rated securities and “maple” bonds (those denominated in Canadian dollars, sold in Canada by foreign financial institutions and companies) detracted from performance.

The sub-advisor added a new position in Genesis Trust II (2.433%, 15/05/2019). This AAA-rated asset-backed security provides term and yield enhancement over traditional bankers’ acceptance notes. The new holding provided approximately 11 basis points over the current bankers’ acceptance note. An existing holding in Storm King Funding floating rate note (17/11/2018) was rolled into a Storm King Funding floating rate note (15/11/2019) holding. This new floating rate note provides approximately 28 basis points in yield enhancement over traditional bankers’ acceptance notes.

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.

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Recent Developments

It now appears likely that the BoC may pause in its tightening cycle, as recent sharp movements in financial markets and volatile oil prices should keep the BoC sidelined as they access incoming economic data.

Going forward, the Portfolio's term-to-maturity will be adjusted in a timely manner in response to the sub-advisor's assessment of the economy and any anticipated changes in Canadian interest rates, while emphasizing high-quality government and corporate holdings to enhance returns.

Independent Review Committee

On June 6, 2018, the Portfolio's independent review committee (the "IRC") was increased to five members when Jacqueline Allen was appointed as an IRC member. On September 6, 2018, the Portfolio's IRC was increased to six members when Marlene Davidge was appointed as an IRC member.

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 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 BMO AM Inc., a related party, to provide investment advice and make investment decisions for the Portfolio's investment portfolio. BMO AM Inc. receives a sub-advisory fee based on assets under management, which is paid monthly. BMO AM Inc. is paid by BPIC.

Buying and Selling Securities

During the period, the Manager relied on standing instructions provided by the Portfolio's IRC for any of the following related party transactions that may have occurred in the Portfolio:

- (a) investments in securities of BMO, an affiliate of the Manager;
 - (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, or any other affiliate of the Manager acted as an underwriter in the distribution;
 - (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc., or any other affiliate of the Manager, who is trading with the Portfolio as principal; and
 - (d) inter-fund trades;
- (each, a "Related Party Transaction").

In accordance with the IRC's standing instructions, in making a decision to cause the Portfolio to make a Related Party Transaction, the Manager and the sub-advisor of the Portfolio are required to comply with the Manager's written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager and/or the sub-advisor relied on the standing instructions and their compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each Related Party Transaction (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc., (ii) represents the business judgment of the Manager and/or the sub-advisor, uninfluenced by considerations other than the best interests of the Portfolio, and (iii) achieves a fair and reasonable result for the Portfolio.

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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 Dec. 31, 2018 (\$000s)	Period ended Dec. 31, 2017 (\$000s)
Unitholder Services	301	287

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⁾		Years ended December 31				
		2018	2017	2016	2015	2014
Net assets, beginning of period	\$	10.00	10.00	10.00	10.00	10.00
Increase (decrease) from operations:						
Total revenue	\$	0.17	0.10	0.09	0.10	0.12
Total expenses ⁽²⁾	\$	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)
Realized gains (losses) for the period	\$	—	—	—	—	—
Unrealized gains (losses) for the period	\$	—	—	—	—	—
Total increase (decrease) from operations ⁽³⁾	\$	0.16	0.10	0.09	0.09	0.11
Distributions:						
From income (excluding dividends)	\$	0.16	0.10	0.09	0.09	0.11
From dividends	\$	—	—	—	—	—
From capital gains	\$	—	—	—	—	—
Return of capital	\$	—	—	—	—	—
Total Annual Distributions ⁽⁴⁾	\$	0.16	0.10	0.09	0.09	0.11
Net assets, end of period	\$	10.00	10.00	10.00	10.00	10.00

⁽¹⁾ This information is derived from the Portfolio's 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		Years ended December 31				
		2018	2017	2016	2015	2014
Total net asset value (000s) ⁽¹⁾	\$	1,573,582	1,336,834	1,311,766	1,281,737	1,103,538
Number of units outstanding (000s) ⁽¹⁾		157,358	133,683	131,177	128,174	110,354
Management expense ratio ⁽²⁾	%	0.05	0.05	0.05	0.05	0.05
Management expense ratio before waivers or management absorptions ⁽²⁾	%	0.17	0.17	0.17	0.16	0.16
Trading expense ratio ⁽³⁾	%	—	—	—	—	—
Portfolio turnover rate ⁽⁴⁾	%	—	—	—	—	—
Net asset value per unit	\$	10.00	10.00	10.00	10.00	10.00

⁽¹⁾ This information is provided as at 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 each of 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. The Portfolio turnover ratio is not applicable to money market funds.

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Past Performance

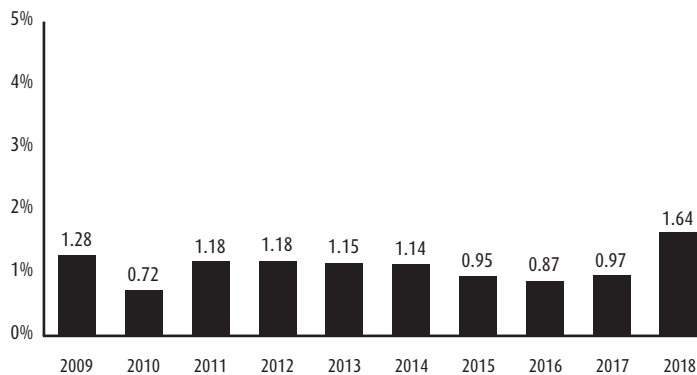
General

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 chart shows the performance for each of the financial years shown and illustrates how the performance has changed from year to year. The bar chart shows 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 Canadian Money Market Portfolio

Summary of Investment Portfolio

as at December 31, 2018

Portfolio Allocation	% of Net Asset Value
Commercial Paper	53.1
Treasury Bills – Provincial	23.1
Corporate Bonds	10.5
Bearer Deposit Notes	6.1
Treasury Bills – Municipal	3.9
Treasury Bills – Federal	2.1
Asset-Backed Securities	0.9
Term Deposit Receipts	0.7
Cash/Receivables/Payables	-0.4
Total portfolio allocation	100.0

Top 25 Holdings Issuer	% of Net Asset Value
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.447%, Apr 2, 2019	2.0
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.462%, Mar 14, 2019	2.0
Municipal Finance Authority of British Columbia, Commercial Paper, 1.941% Feb 6, 2019	1.6
Province of Ontario, Treasury Bills, 1.901% Mar 27, 2019	1.6
Lakeshore Trust, Commercial Paper, 2.328% Mar 27, 2019	1.6
Storm King Funding, Commercial Paper, Series 1, Floating Rate, 2.403% Nov 15, 2019	1.3
SURE Trust, Commercial Paper, 2.226% Mar 22, 2019	1.3
Government of Canada, Treasury Bills, 1.634% Feb 7, 2019	1.3
Province of Ontario, Treasury Bills, 1.793% Jan 9, 2019	1.2
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, Unsecured, Floating Rate, May 8, 2019	1.2
Inter Pipeline Corridor Inc., Commercial Paper, 2.178% Feb 7, 2019	1.2
Lakeshore Trust, Commercial Paper, 1.939% Jan 2, 2019	1.2
Province of Newfoundland and Labrador, Treasury Bills, 1.881% Jan 24, 2019	1.1
Bay Street Funding Trust, Commercial Paper, 2.081% Jan 25, 2019	1.0
Enbridge Pipelines Inc., Commercial Paper, 2.202% Jan 4, 2019	1.0
Merit Trust, Commercial Paper, 2.117% Jan 23, 2019	1.0

Top 25 Holdings Issuer	% of Net Asset Value
Genesis Trust II, Series 2014-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 2.433%, May 15, 2019	1.0
South Coast British Columbia Transportation Authority, Promissory Notes, 1.941% Jan 10, 2019	1.0
Enbridge Pipelines Inc., Commercial Paper, 2.281% Jan 15, 2019	1.0
Zeus Receivables Trust, Commercial Paper, 2.138% Jan 30, 2019	1.0
ERAC Canada Finance Ltd., Commercial Paper, 2.290% Feb 12, 2019	1.0
Prime Trust, Commercial Paper, 2.146% Feb 21, 2019	1.0
Plaza Trust, Commercial Paper, 2.198% Mar 12, 2019	1.0
Vancouver City Savings Credit Union, Bearer Deposit Notes, 2.308% Mar 21, 2019	0.9
Zeus Receivables Trust, Commercial Paper, 2.150% Feb 12, 2019	0.9
Top holdings as a percentage of total net asset value	30.4
Total Net Asset Value	\$1,573,582,000

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

Manager

BMO Private Investment Counsel Inc.
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1A1

Trustee

BMO Trust Company
1 First Canadian Place
100 King St. W., 41st Floor
Toronto, Ontario M5X 1A1

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For more information please call 1-855-852-1026