

Annual Management Report of Fund Performance

BMO Private U.S. Growth Equity 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 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 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 Sands Capital Management, LLC (“Sands” or the “sub-advisor”) as the sub-advisor of BMO Private U.S. Growth Equity Portfolio (the “Portfolio”).

Investment Objective and Strategies

The Portfolio's investment objective is to provide above average long-term capital growth by investing in the equity securities of large capitalization, U.S.-based companies.

To achieve the Portfolio's objectives, the sub-advisor primarily analyzes companies with consistently superior growth in revenues and earnings, in promising businesses that have distinct competitive advantages, with proven management and very strong transparent financial statements. The Portfolio may use depository receipts as part of its investment strategy.

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 16.27% in C\$ (7.18% in US\$), after expenses. The Portfolio's benchmark is the Russell 1000 Growth Index, which generated a 7.38% total return in C\$ (-1.51% in US\$) over the same 12-month period.

For the 12-month period ended December 31, 2018, U.S. corporate profit growth was significant, supported by a strengthening U.S. economy and tax reform. The U.S. economy saw solid gross domestic product growth and private consumption trends, underpinned by a strong job market and high levels of consumer confidence. Tax reform spurred business investment and is expected to serve as a significant source of fiscal stimulus in 2019, according to the Organization for Economic Co-Operation and Development. Against this backdrop, a significant portion of the companies within the Russell 1000 Growth Index reported results that were higher than analysts' expectations and provided strong outlooks. The combination of a strong macro environment and healthy U.S. corporate profit growth led the Russell 1000 Growth Index to reach a peak by the end of the summer.

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However, the mood changed as investors began to anticipate the end of the longest bull market cycle, which is registered as the longest on record, and that the U.S. economy could be in a precarious state. Increasing trade tensions between the U.S. and China, rising interest rates and increasing labour and commodity costs were among the biggest factors contributing to market volatility. In October, this led to one of the worst months for equities since the financial crisis, and by the end of the fourth quarter, the steep decline in equities had more than wiped out the positive returns generated earlier in the year.

Security selection contributed the most to the Portfolio's performance, but sector allocation also made a contribution. One of the top individual contributors to performance was Amazon.com Inc., which reported strong results in 2018. Its core retail business performed well, driven by its competitive advantages of selection, price and convenience compared with its offline and online competitors. 2018 also marked a notable expansion in the profitability of Amazon's retail unit largely driven by its high-margin advertising business. Amazon Web Services continued to grow as customers shifted more services to the cloud. Other notable contributors to the Portfolio's performance were Netflix Inc., Salesforce.com Inc., ServiceNow Inc. and Adobe Systems Inc.

Exposure to the Consumer Staples and Financials sectors detracted from performance, largely driven by stock selection. One of the largest individual detractors from performance was Alibaba Group Holding Ltd. Alibaba's business performed well in 2018, gaining share in China, but its shares underperformed. Its stock price was impacted primarily by fears of slowing economic growth in China and concerns about the impact on earnings growth from increasing investments in food delivery and local logistics. Other individual detractors from the Portfolio's performance included holdings in Incyte Corp., Monster Beverage Corp., Floor & Decor Holdings Inc. and Align Technology Inc.

The sub-advisor made a number of trades in the Portfolio over the period. Floor & Decor Holdings is an emerging leader in the hard surface flooring industry. The sub-advisor likes the company's best-in-class product assortment, deep in-stock inventory and lower pricing. Workday Inc. was introduced to the Portfolio for its long-term growth potential. Align Technology was purchased on the basis of its expanding market and ability to drive higher margins. Existing holdings in Monster Beverage, Edwards Lifesciences Corp. and CoStar Group Inc. were increased.

Biogen Inc. was eliminated as the business has become more mature, particularly its larger multiple sclerosis franchise. Incyte was sold after the company announced that epacadostat failed to meet expectations in its Phase 3 trials for melanoma. Baidu Inc. was sold following the resignation of the company's Chief Executive Officer, who had orchestrated its positive strategy, product and execution changes over the past 18 months. Positions in Alexion Pharmaceuticals Inc., Facebook Inc. and Loxo Oncology Inc. were trimmed.

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 invests in companies that are positioned to deliver strong business results and earnings growth over the five- to 10-year investment horizon. The focus on the sustainability of a business's future earnings growth typically steers the sub-advisor towards companies that they believe are benefiting from trends that should provide growth throughout economic cycles. The sub-advisor is optimistic about the long-term growth prospects for the Portfolio's companies and expects that they can deliver the growth necessary to support above-average relative and absolute returns over the next several years.

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.

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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 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 Sands to provide investment advice and make investment decisions for the Portfolio’s investment portfolio. Sands receives a sub-advisory fee based on assets under management, which is paid quarterly. Sands is paid by BPIC, and BPIC charges a portion of the sub-advisory fee as an expense to the Portfolio.

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.

Brokerage Commissions

The Portfolio pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the Portfolio during the periods were as follows:

	Period ended Dec. 31, 2018 (\$000s)	Period ended Dec. 31, 2017 (\$000s)
Total Brokerage Commissions	63	81
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	—	0

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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	140	96

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.

BMO Private U.S. Growth Equity Portfolio

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the periods indicated.

The Portfolio's Net Assets Per Unit ⁽¹⁾	Years ended December 31				
	2018	2017	2016	2015	2014
Net assets, beginning of period	\$ 14.01	11.09	12.29	9.87	8.30
Increase (decrease) from operations:					
Total revenue	\$ 0.03	0.03	0.03	0.04	0.06
Total expenses ⁽²⁾	\$ (0.07)	(0.06)	(0.05)	(0.05)	(0.04)
Realized gains (losses) for the period	\$ 1.76	1.37	0.86	0.88	0.73
Unrealized gains (losses) for the period	\$ 0.29	1.74	(2.09)	1.54	0.83
Total increase (decrease) from operations ⁽³⁾	\$ 2.01	3.08	(1.25)	2.41	1.58
Distributions:					
From income (excluding dividends)	\$ —	—	—	—	—
From dividends	\$ —	—	—	—	0.02
From capital gains	\$ —	—	—	—	—
Return of capital	\$ —	—	—	—	—
Total Annual Distributions ⁽⁴⁾	\$ —	—	—	—	0.02
Net assets, end of period	\$ 16.29	14.01	11.09	12.29	9.87

⁽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⁾	\$ 444,143	310,938	294,554	379,996	270,834
Number of units outstanding (000s) ⁽¹⁾	27,257	22,199	26,550	30,907	27,430
Management expense ratio ⁽²⁾	%	0.38	0.38	0.41	0.36
Management expense ratio before waivers or management absorptions ⁽²⁾	%	0.55	0.53	0.57	0.53
Trading expense ratio ⁽³⁾	%	0.02	0.03	0.02	0.02
Portfolio turnover rate ⁽⁴⁾	%	33.27	28.22	18.81	31.06
Net asset value per unit	\$ 16.29	14.01	11.09	12.29	9.87

⁽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.

⁽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

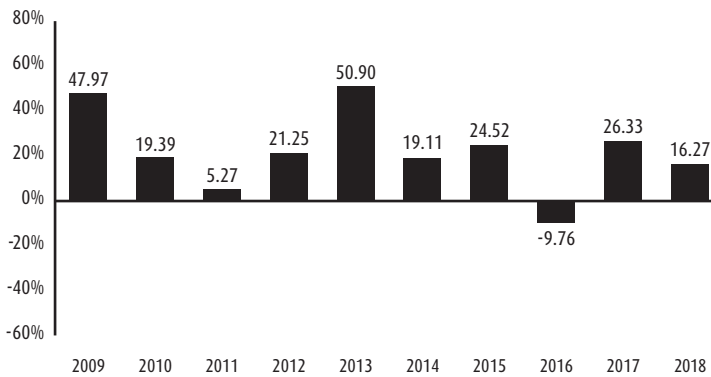
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio.

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.

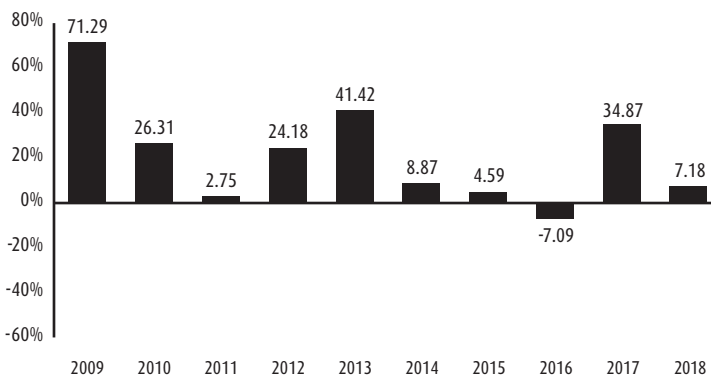
Year-by-Year Returns

The following bar charts show the performance for each of the financial years 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 U.S. Growth Equity Portfolio (C\$)



BMO Private U.S. Growth Equity Portfolio (US\$)



Annual Compound Returns

These charts compare the historical annual compound returns of the Portfolio with the Russell 1000 Growth Index, which measures the performance of those Russell 1000 Index companies with higher price-to-book ratios and higher earnings and sales growth rates.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private U.S. Growth Equity Portfolio (C\$) [‡]	16.27	9.85	14.47	20.93
Russell 1000 Growth Index (C\$)	7.38	10.63	16.05	16.54

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private U.S. Growth Equity Portfolio (US\$) [‡]	7.18	10.33	8.87	19.56
Russell 1000 Growth Index (US\$)	(1.51)	11.15	10.40	15.29

[‡]The Portfolio's return is after the deduction of expenses, while the benchmark does not include any costs of investing.

A commentary on the market and/or information regarding the relative performance of the Portfolio as compared to its benchmark can be found under the Results of Operations section of this report.

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Summary of Investment Portfolio

as at December 31, 2018

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
Information Technology	37.1	Amazon.com, Inc.	8.3
Health Care	18.9	Visa Inc., Class A	8.2
Consumer Discretionary	18.8	ServiceNow, Inc.	7.0
Communication Services	16.3	Alibaba Group Holding Limited, ADR	6.7
Consumer Staples	3.2	salesforce.com, inc.	6.5
Industrials	3.2	Alphabet Inc.	6.1
Cash/Receivables/Payables	2.5	Netflix, Inc.	5.9
Total portfolio allocation	100.0	Adobe Inc.	5.2
		Illumina, Inc.	3.8
		Edwards Lifesciences Corporation	3.8
		Monster Beverage Corporation	3.2
		CoStar Group, Inc.	3.1
		Palo Alto Networks, Inc.	2.8
		Facebook, Inc., Class A	2.7
		Cash/Receivables/Payables	2.5
		Regeneron Pharmaceuticals, Inc.	2.4
		Booking Holdings Inc.	2.4
		Splunk Inc.	2.4
		Align Technology, Inc.	2.2
		Match Group, Inc., Class A	2.0
		Workday, Inc., Class A	2.0
		BioMarin Pharmaceutical Inc.	1.8
		Activision Blizzard, Inc.	1.7
		Alexion Pharmaceuticals, Inc.	1.6
		Loxo Oncology, Inc.	1.4
		Top holdings as a percentage of total net asset value	95.7
		Total Net Asset Value	\$444,143,099

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

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