Annual Financial Statements
BMO Harris Private Portfolios
December 31, 2009

BMO Harris Canadian Growth Equity Portfolio

BMO Harris Private Banking®

Auditors' Report

To the Unitholders of:

BMO Harris Canadian Money Market Portfolio
BMO Harris Canadian Bond Income Portfolio
BMO Harris Canadian Total Return Bond Portfolio
BMO Harris Canadian Corporate Bond Portfolio
BMO Harris Diversified Yield Portfolio
BMO Harris Canadian Income Equity Portfolio
BMO Harris Canadian Conservative Equity Portfolio
BMO Harris Canadian Growth Equity Portfolio
BMO Harris Growth Opportunities Portfolio
BMO Harris Canadian Special Growth Portfolio
BMO Harris U.S. Equity Portfolio
BMO Harris U.S. Growth Portfolio
BMO Harris International Equity Portfolio
BMO Harris International Special Equity Portfolio
BMO Harris Emerging Markets Equity Portfolio
(referred to as the Portfolios)

We have audited the statements of net assets of each of the Portfolios as at December 31, 2009 and 2008, the statements of operations and changes in net assets for the periods stated in note 1 and the statements of investment portfolio as at December 31, 2009. These financial statements are the responsibility of the Portfolios' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Portfolios as at December 31, 2009 and 2008, the results of each of their operations and changes in each of their net assets for the periods stated in note 1, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 11, 2010

BMO Harris Canadian Growth Equity Portfolio

STATEMENT OF NET ASSETS *As at (in thousands of dollars, except per unit data)*	**December 31, 2009**	**December 31, 2008**
Assets		
Cash	2,535	138
Investments at fair value (note 2)	80,341	64,657
Dividends receivable	160	142
Subscriptions receivable	1,624	3
Total assets	84,660	64,940
Liabilities		
Accrued expenses	7	5
Redemptions payable	37	9
Total liabilities	44	14
Net assets representing unitholders' equity (note 2)	84,616	64,926
Net assets per unit (note 2)	$8.81	$6.48

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Growth Equity Portfolio

STATEMENT OF OPERATIONS *For the periods ended (in thousands of dollars, except per unit data)*	**December 31, 2009**	**December 31, 2008**
Investment Income		
Dividends	1,496	1,581
Interest	71	434
Foreign withholding taxes	(2)	(3)
	1,565	2,012
Expenses		
Audit fees	8	14
Independent Review Committee fees	1	2
Custodian fees (note 5)	11	19
Legal and filing fees	8	15
Unitholder servicing fees (note 5)	42	64
Printing and stationery fees	4	1
Commissions and other portfolio transaction costs (note 5)	127	206
	201	321
Net investment income for the period	1,364	1,691
Realized loss on sale of investments	(934)	(20,079)
Loss on foreign exchange	—	(2)
Change in unrealized appreciation (depreciation) in value of investments	23,319	(41,304)
Increase (decrease) in net assets from operations	23,749	(59,694)
Increase (decrease) in net assets from operations per unit (note 2)	$2.45	$(5.23)

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Growth Equity Portfolio

STATEMENT OF CHANGES IN NET ASSETS *For the periods ended (in thousands of dollars)*	**December 31, 2009**	**December 31, 2008**
Net assets – beginning of period (note 2)	64,926	131,797
Increase (decrease) in net assets from operations	23,749	(59,694)
Unit Transactions:		
Proceeds from sale of units	20,291	36,013
Reinvested distributions	1,480	1,893
Amounts paid on units redeemed	(24,323)	(43,150)
Total unit transactions	(2,552)	(5,244)
Distributions to Unitholders from:		
Net investment income	(1,504)	(1,929)
Return of capital	(3)	(4)
Total distributions paid to unitholders	(1,507)	(1,933)
Net assets – end of period (note 2)	84,616	64,926
Change in Units *(in thousands of units)*		
Units issued and outstanding, beginning of period	10,012	11,153
Issued for cash	2,705	3,807
Issued on reinvestment of distributions	171	300
	12,888	15,260
Redeemed during the period	(3,279)	(5,248)
Units issued and outstanding, end of period	9,609	10,012

The accompanying notes are an integral part of these financial statements.

BMO Harris Canadian Growth Equity Portfolio

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2009 (in thousands of Canadian dollars unless otherwise noted)

Security	Number of Shares or Units	Cost* ($)	Fair Value ($)
Equities			
Consumer Discretionary – 3.7%			
Gildan Activewear Inc.	61,800	1,150	1,580
Tim Hortons Inc.	49,400	1,520	1,584
		2,670	3,164
Consumer Staples – 1.4%			
Shoppers Drug Mart Corporation	26,100	1,125	1,183
Energy – 21.8%			
Bankers Petroleum Ltd.	151,200	813	937
Canadian Natural Resources Limited	12,100	556	915
Canadian Oil Sands Trust	56,100	865	1,668
Cenovus Energy Inc.	39,700	699	1,048
EnCana Corporation	39,700	768	1,352
Nexen Inc.	80,400	2,539	2,021
Niko Resources Ltd.	26,900	1,724	2,639
Pacific Rubiales Energy Corp.	130,333	1,228	2,007
Paladin Energy Ltd.	296,800	780	1,160
PetroBakken Energy Ltd., Class A	36,698	1,014	1,184
Progress Energy Resources Corp.	54,800	1,277	769
Suncor Energy Inc.	72,700	2,690	2,698
		14,953	18,398
Financials – 27.2%			
Bank of Nova Scotia	90,200	2,977	4,437
Gluskin Shef + Associates Inc.	68,400	1,292	1,406
Home Capital Group Inc.	33,600	1,310	1,398
Manulife Financial Corporation	142,200	3,815	2,744
National Bank of Canada	34,900	1,788	2,093
Royal Bank of Canada	75,400	2,778	4,249
Sun Life Financial Inc.	63,950	2,415	1,929
Toronto-Dominion Bank, The	59,900	3,018	3,950
Uranium Participation Corporation	124,200	846	817
		20,239	23,023
Health Care – 1.6%			
SXC Health Solutions Corporation	23,800	562	1,349
Industrial – 5.3%			
AG Growth International Inc.	35,600	868	1,239
Canadian Pacific Railway Limited	32,000	1,398	1,809
SNC-Lavalin Group Inc.	27,200	872	1,467
		3,138	4,515

**For the purposes of the Statement of Investment Portfolio, cost includes commissions and other portfolio transaction costs (note 2).*

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENT PORTFOLIO *(cont'd)*

As at December 31, 2009 (in thousands of Canadian dollars unless otherwise noted)

Security	Number of Shares or Units	Cost* ($)	Fair Value ($)
Information Technology – 5.5%			
Research In Motion Limited	52,700	4,070	3,739
Ruggedcom, Inc.	51,700	1,331	929
		5,401	4,668
Materials – 23.1%			
Agnico-Eagle Mines Limited	30,100	1,869	1,708
Agrium Inc.	10,800	1,196	699
Atrium Innovations Inc.	29,500	783	465
Centamin Egypt Limited	362,200	813	739
Eldorado Gold Corporation	154,800	933	2,297
Goldcorp Inc.	45,283	813	1,871
HudBay Minerals Inc.	63,100	785	852
Kinross Gold Corporation	48,900	660	945
Lundin Mining Corporation	350,400	929	1,493
Osisko Mining Corporation	106,700	907	899
Potash Corporation of Saskatchewan Inc.	15,800	3,380	1,803
Red Back Mining Inc.	93,400	762	1,387
Silver Wheaton Corp.	98,000	807	1,546
Sino-Forest Corporation	73,500	1,299	1,420
Thompson Creek Metals Company Inc.	112,500	1,010	1,384
		16,946	19,508
Telecommunications Services – 5.4%			
BCE Inc.	84,433	2,928	2,443
Rogers Communications Inc., Class B	64,200	1,604	2,090
		4,532	4,533
Total Investment Portfolio – 95.0%		**69,566**	**80,341**
Currency (Canadian Dollars) – 3.0%			**2,541**
Other Assets Less Liabilities – 2.0%			**1,734**
NET ASSETS – 100.0%			**84,616**

**For the purposes of the Statement of Investment Portfolio, cost includes commissions and other portfolio transaction costs (note 2).*

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENT PORTFOLIO *(cont'd)*

As at December 31, 2009 (in thousands of Canadian dollars unless otherwise noted)

The Portfolio's Investment Portfolio is concentrated in the following segments as at:

	December 31, 2009	December 31, 2008
Consumer Discretionary	3.7%	3.1%
Consumer Staples	1.4%	—
Energy	21.8%	29.3%
Financials	27.2%	29.7%
Health Care	1.6%	—
Industrial	5.3%	5.5%
Information Technology	5.5%	2.2%
Materials	23.1%	21.2%
Telecommunications Services	5.4%	8.6%
Other Assets Less Liabilities	5.0%	0.4%
	100.0%	**100.0%**

NOTES TO THE FINANCIAL STATEMENTS
(All amounts in thousands of dollars except per unit data)
December 31, 2009

1. The Portfolio

BMO Harris Canadian Growth Equity Portfolio ("the Portfolio") is an open-ended mutual fund trust established by a Declaration of Trust under the laws of the Province of Ontario. BMO Harris Investment Management Inc. ("the Manager") is the Manager of the Portfolio.

The information provided in these audited financial statements is for period(s) ended December 31, 2009 and 2008. Financial information for the Portfolio established during the period(s) is presented from the date of inception as noted in Note 8(a).

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and include estimates and assumptions made by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results could differ from estimates. Certain prior period balances have been reclassified to conform with the current period presentation.

Adoption of new accounting policies – Emerging Issues Committee–173 ("EIC–173")

For the year ended December 31, 2009, the Portfolio adopted EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". EIC-173 clarifies that credit risk and counter party risk should be considered in determining the fair value of financial instruments. The adoption of this new standard did not have a significant impact on the Portfolio's financial statements.

Financial instruments disclosure and presentation

On January 1, 2008, the Portfolio adopted Canadian Institute of Chartered Accountants Handbook ("CICA") Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". These standards replaced Section 3861, "Financial Instruments – Disclosure and Presentation" and increase the emphasis on the disclosure of risks associated with financial instruments and how those risks are managed.

The adoption of the standards did not impact the daily price of the Portfolio's units for subscription and redemption purposes, nor for the calculation of Net Assets. Refer to Note 6 and Note 8 for disclosure relating to the adoption of the requirements.

The Accounting Standards Board of the CICA recently issued an amendment to CICA Handbook Section 3862, "Financial Instruments – Disclosures". The Portfolio adopted this amendment for the fiscal 2009 financial statements in line with the requirement of the standard.

The amendments to the existing standard require classification of the Portfolio's financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are based on quoted prices in active markets for identical securities. Level 2 securities are based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets. Level 3 securities are based on significant unobservable inputs that reflect the Portfolio's determination of assumptions that market participants might reasonably use in valuing the securities. Refer to Note 8(f) for the relevant disclosure.

Mutual Fund Mergers

The Manager has adopted the purchase method of accounting for any mergers of its Portfolios. Under this method, one of the Portfolios in each merger is identified as the acquiring Portfolio, and is referred to as the "Continuing Portfolio", and any other Portfolio involved in the merger is referred to as the "Terminated Portfolio". This identification is based on a comparison of the relative net asset values of the Portfolios as well as consideration of the continuation of such aspects of the Continuing Portfolio as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses. Refer to Note 8(a) for the details of the merger transactions.

Valuation of investments

CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement" ("Section 3855"), requires the fair value of financial instruments traded in active markets to be measured based on a security's bid price.

The Canadian Securities Administrators ("CSA") allow investment funds to calculate the daily net asset value for the purpose of processing unitholder transactions ("Net Asset Value") using fair value measures as defined in National Instrument 81-106, "Investment Fund Continuous Disclosure" ("NI 81-106").

The net asset value calculated in accordance with Section 3855 is referred to as "Net Assets" herein.

Investments are deemed to be held for trading in accordance with Section 3855. Investments are recorded at their fair value with the difference between this amount and cost being recorded as unrealized appreciation (depreciation) in value of investments in the Statement of Operations. In the case of securities (excluding Asian and European exchange traded securities) listed on stock exchanges, the fair value means the latest bid price. For bonds, debentures, asset-backed securities and other debt securities, the fair value means the bid price provided by independent security pricing services. Short-term investments are included in the Statement of Investment Portfolio at their fair value. Unlisted warrants are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price and terms of the warrant. Asian and European exchange traded securities and other investments, for which reliable quotations are not readily available, are valued at their fair value as determined by the Manager using a valuation technique that, to the extent possible, makes use of inputs and assumptions based on observable market data including volatility, comparable securities and other applicable rates or prices.

Investment transactions

Investment transactions are accounted for on the trade date. Realized gains and losses from the sale of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments which exclude brokerage commissions and other trading expenses. All net realized gains (losses), unrealized appreciation (depreciation) in value, and transaction costs are attributable to investments and derivative instruments which are deemed held for trading.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Portfolio are expensed and included in "Commissions and other portfolio transaction costs" in the Statement of Operations.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Income recognition

Interest income is recognized on the accrual basis. Dividend income is recognized on the ex-dividend date.

Interest on inflation-indexed bonds will be paid based on a principal value, which is adjusted for inflation. At maturity, the Portfolio will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each valuation day based on the inflation adjusted par value at that time. The change in par value of the bonds in respect of inflation adjustments is recognized as income by adjusting the cost of the investments.

Distributions received from trust units are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Amounts recorded as a return of capital reduce the cost of the investment in the trust unit.

Translation of foreign currencies

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*
(All amounts in thousands of dollars except per unit data)
December 31, 2009

transactions. Foreign exchange gains (losses) on completed transactions are included in "Realized gain (loss) on sale of investments" and unrealized gains (losses) are included in "Unrealized appreciation (depreciation) in value of investments" in the Statement of Operations. Realized and unrealized exchange gains (losses) on assets (other than investments) and liabilities are included in "Gain (loss) on foreign exchange" in the Statement of Operations.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Portfolio and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Portfolio may enter into forward currency contracts for hedging purposes which can include the hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly. The Portfolio may also enter into these contracts for non-hedging purposes which can include increasing the exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another.

The value of forward currency contracts entered into by the Portfolio is recorded as the difference between the value of the contract on the valuation date and the value on the date the contract originated.

Changes in the value of open forward currency contracts at each valuation date are recognized in the Statement of Operations as "Change in unrealized appreciation (depreciation) in value of forward currency contracts."

Amounts realized at the close of the contracts are recorded as "Gain (loss) on forward currency contracts" in the Statement of Operations.

Increase or decrease in net assets from operations per unit

"Increase (decrease) in net assets from operations per unit" in the Statement of Operations represents the increase (decrease) in net assets from operations divided by the average number of units outstanding during the period.

Short-term trading penalty

To discourage excessive trading, the Portfolio may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Portfolio.

Cash

Cash is comprised of cash on deposit and cash equivalents and is deemed to be held for trading carried at fair value.

Other assets and liabilities

Interest and dividends receivable, subscriptions receivable and due from broker are designated as loans and receivables and recorded at cost or amortized cost. Amounts due to broker, accrued expenses and redemptions payable are designated as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of issuance. Other assets and liabilities are short-term in nature and amortized cost approximates fair value.

3. Unit valuation

Units of the Portfolio are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the Net Asset Value. A valuation date is each day on which the Toronto Stock Exchange is open for business. The Net Asset Value per unit for the purposes of subscription or redemption is computed by dividing the Net Asset Value of the Portfolio (that is, the total fair value of the assets of the Portfolio less its liabilities) by the total number of units of the Portfolio outstanding at such time. This amount may be different from the Net Assets per unit, which is presented on the Statement of Net Assets. Generally, any differences are due to valuing actively traded securities at bid prices for GAAP purposes while Net Asset Value typically utilizes closing price to determine fair value for the purchase and redemption of units. See Note 8 for the Reconciliation of Net Asset Value Per Unit to Net Assets Per Unit as at December 31, 2009 and 2008.

Capital disclosure

The capital of the Portfolio is represented by issued redeemable units with no par value. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Portfolio's Net Asset Value per unit upon redemption. The Portfolio has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 6, the Portfolio endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

4. Income taxes

The Portfolio qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act"), and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Portfolio's net income and net realized capital gains as is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Portfolio to distribute all of its income and sufficient net realized capital gains so that the Portfolio will not be subject to income tax.

Non-capital losses that arose in taxation years before 2004 are available to be carried forward for seven years and applied against future taxable income. Non-capital losses that arose in 2004 and 2005 are available to be carried forward for ten years. Non-capital losses that arose in 2006 and after are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

The Portfolio's estimated capital and non-capital losses available for income tax purposes as of the tax year ended December 2009 are included in Note 8.

5. Related party transactions

(a) Unitholder servicing, commissions and other portfolio transaction costs

The Portfolio was provided with certain facilities and services by affiliates of the Manager. Expenses incurred in the administration and custody of the Portfolio were paid to BMO Trust Company (the Trustee and former Custodian) and to Jones Heward Investment Counsel Inc. (the Registrar) and charged to the Portfolio. These expenses are included in the unitholder servicing fees and custody fees in the Statement of Operations.

As at the close of business on December 4, 2009, BMO Trust Company resigned as the custodian of the Portfolio and CIBC Mellon Trust Company was appointed as the custodian.

The Portfolio may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Manager based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Operations.

Refer to Note 8 for related party fees charged to the Portfolio for the period(s) ended December 31, where applicable.

(b) Other related party transactions

From time to time, the Manager may on behalf of the Portfolio enter into transactions or arrangements with or involving other members of Bank of Montreal Group of Companies, or certain other persons or companies that are related or connected to the Manager of the Portfolio. These transactions or arrangements may include transactions or arrangements with or involving Bank of Montreal, BMO Trust Company, BMO Nesbitt Burns Inc., Jones Heward Investment Counsel Inc., BMO Investment Inc., Pryford International Ltd., and may involve the purchase or sale of portfolio securities through or from a member of Bank of Montreal Group of Companies, the purchase or sale of securities issued or guaranteed by a member of Bank of Montreal Group of Companies, entering into forward contracts with a member of Bank of Montreal Group of Companies acting as counterparty, the purchase or redemption of units of other BMO Harris Private Portfolios or the provision of services to the Manager.

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6. Financial Instrument Risk

A Portfolio may be exposed to a variety of financial risks. A Portfolio's exposure to financial risks is concentrated in its investment holdings, including derivative instruments. The Statement of Investment Portfolio groups securities by asset type, geographic region and/or market segment. The Portfolio's risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Portfolio's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Portfolio's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Portfolio, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Portfolio's functional currency in determining fair value. The Portfolio may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Portfolio's exposure to currency risk, if any, is further discussed in Note 8.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Portfolio's interest-bearing investments will fluctuate due to changes in market interest rates. The Portfolio's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market instruments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Portfolio's exposure to interest rate risk, if any, is further discussed in Note 8.

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other market risk. The Portfolio's exposure to other market risk, if any, is further discussed in Note 8.

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Portfolio's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Portfolio's exposure to credit risk, if any, is further discussed in Note 8.

(e) Liquidity risk

The Portfolio's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Portfolio primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio retains sufficient cash and cash equivalent positions to maintain liquidity. The Portfolio may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified on the Statement of Investment Portfolio. The proportion of illiquid assets to Net Asset Value of the Portfolio is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Portfolio's financial obligations.

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*
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7. Transition to International Financial Reporting Standards

Canadian publicly accountable enterprises, which include mutual funds, will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, for financial years beginning on or after January 1, 2011. Effective January 1, 2011, the Portfolio will adopt IFRS as the basis for preparing its financial statements. The Portfolio will issue its financial results for the annual period ending December 31, 2011 prepared in accordance with IFRS, which will include comparative data on an IFRS basis, and an opening statement of Net Assets as at January 1, 2010.

The Manager has not currently identified any changes that will impact Net Asset Value per unit as a result of the changeover to IFRS. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

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(All amounts in thousands of dollars except per unit data)
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8. Portfolio Specific Information

(a) Portfolio information

The Portfolio's inception date was January 4, 1999.

(b) Reconciliation of Net Asset Value Per Unit to Net Assets Per Unit

31-Dec-09			31-Dec-08		
Net Asset Value Per Unit	Section 3855 Adjustment	Net Assets Per Unit	Net Asset Value Per Unit	Section 3855 Adjustment	Net Assets Per Unit
8.83	(0.02)	8.81	6.51	(0.03)	6.48

(c) Income taxes

As at the tax year ended December 2009, the Portfolio has the following estimated capital and non-capital losses available for income tax purposes:

Total Capital Losses ($)	Total Non-Capital Losses ($)	Non-Capital Losses That Expire in		
		2010 ($)	2011 ($)	2012 and thereafter ($)
29,435	—	—	—	—

(d) Related party transactions

The related party fees charged relating to unitholder servicing, custodian fees and brokerage commissions are as follows:

	31-Dec-09	31-Dec-08
Unitholder Servicing ($)	39	59
Custodian ($)	10	19
Brokerage commissions ($)	16	26

(e) Financial instrument risk

The Portfolio's objective is to provide the above average long term returns through investing primarily in growth oriented equity securities of Canadian issuers.

No changes affecting the overall level of risk of investing in the Portfolio were made during the period.

Currency risk

As at December 31, 2009 and 2008, the Portfolio did not have any significant exposure to currency risk.

Interest rate risk

As at December 31, 2009 and 2008, the Portfolio did not have any significant exposure to interest rate risk.

Other market risk

As at December 31, 2009, 95% (December 31, 2008 – 100%) of the Portfolio's Net Assets were traded on respective stock exchanges. If equity prices on respective stock exchanges had increased or decreased by 10% as at the periods ended, with all other factors remaining constant, Net Assets could possibly have increased or decreased by approximately $8,034 (December 31, 2008 – $6,466), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

As at December 31, 2009 and 2008, the Portfolio did not have any significant exposure to credit risk.

(f) Fair value hierarchy

The Portfolio uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value. The use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) in the valuation of securities, fair value liabilities, derivative assets and derivative liabilities was as follows:

	Fair value measurements classifications			Total
Financial assets	Level 1	Level 2	Level 3	
Equity Securities	80,341	—	—	80,341
Debt Securities	—	—	—	—
Derivatives	—	—	—	—
Total	**80,341**	**—**	**—**	**80,341**
Financial liabilities				
Derivatives	—	—	—	—

Significant transfers

There were no significant transfers between the levels during the period.

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by an affiliate of the Manager and approved by the Board of Trustees of the Portfolios. Management is responsible for the information and representations contained in these financial statements.

The affiliate of the Manager maintains appropriate processes to ensure that relevant and reliable information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgements. The significant accounting policies which management believes are appropriate for the Portfolios are described in Note 2 to the financial statements. The Trustee is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Trustee reviews the financial statements of the Portfolios, adequacy of internal controls, the audit process and financial reporting with management and the external auditors.

PricewaterhouseCoopers LLP are the external auditors of the Portfolios. The auditors have been appointed by Board of the Manager and of the Trustees and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the Unitholders. They have audited the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. Their report is included as an integral part of the financial statements.

Andrew B. Auerbach
Chief Executive Officer
BMO Harris Private Portfolios

Robert J. Schauer
Chief Financial Officer
BMO Harris Private Portfolios

March 11, 2010

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(12/09)

BMO Harris Private Banking®