

ANNUAL FINANCIAL STATEMENTS
BMO Harris Private Portfolios
December 31, 2009



BMO Harris International Special Equity Portfolio

Auditors' Report

To the Unitholders of:

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

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 International Special Equity Portfolio

STATEMENT OF NET ASSETS <i>As at (in thousands of dollars, except per unit data)</i>	December 31, 2009	December 31, 2008
Assets		
Cash	948	218
Investments at fair value (note 2)	33,992	28,907
Interest and dividends receivable	42	21
Subscriptions receivable	440	18
Due from broker	—	668
Total assets	35,422	29,832
Liabilities		
Accrued expenses	21	51
Unrealized loss on forward currency contracts at fair value	—	8
Redemptions payable	5	26
Total liabilities	26	85
Net assets representing unitholders' equity (note 2)	35,396	29,747
Net assets per unit (note 2)	\$4.78	\$4.59

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

BMO Harris International Special Equity Portfolio

STATEMENT OF OPERATIONS <i>For the periods ended (in thousands of dollars, except per unit data)</i>	December 31, 2009	December 31, 2008
Investment Income		
Dividends	812	2,267
Interest	1	23
Income from investment trust units	63	63
Foreign withholding taxes	(63)	(275)
	813	2,078
Expenses		
Audit fees	13	29
Independent Review Committee fees	1	3
Custodian fees and interest (note 5)	80	139
Legal and filing fees	10	22
Unitholder servicing fees (note 5)	108	194
Printing and stationery fees	5	12
Commissions and other portfolio transaction costs (note 5)	127	194
	344	593
Net investment income for the period	469	1,485
Realized loss on sale of investments	(13,038)	(37,389)
Loss on forward currency contract	(3)	(65)
Loss on foreign exchange	(2)	(48)
Change in unrealized appreciation (depreciation) in value of investments	14,063	(7,443)
Change in unrealized appreciation (depreciation) in value of forward currency contracts	8	(8)
Increase (decrease) in net assets from operations	1,497	(43,468)
Increase (decrease) in net assets from operations per unit (note 2)	\$0.22	\$(4.73)

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

BMO Harris International Special Equity Portfolio

STATEMENT OF CHANGES IN NET ASSETS <i>For the periods ended (in thousands of dollars)</i>	December 31, 2009	December 31, 2008
Net assets – beginning of period (note 2)	29,747	85,560
Increase (decrease) in net assets from operations	1,497	(43,468)
Unit Transactions:		
Proceeds from sale of units	18,348	26,406
Reinvested distributions	530	1,746
Amounts paid on units redeemed	(14,184)	(38,716)
Total unit transactions	4,694	(10,564)
Distributions to Unitholders from:		
Net investment income	(539)	(1,777)
Return of capital	(3)	(4)
Total distributions paid to unitholders	(542)	(1,781)
Net assets – end of period (note 2)	35,396	29,747
Change in Units <i>(in thousands of units)</i>		
Units issued and outstanding, beginning of period	6,487	9,292
Issued for cash	3,889	3,182
Issued on reinvestment of distributions	112	383
Redeemed during the period	(3,086)	(6,370)
Units issued and outstanding, end of period	7,402	6,487

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

BMO Harris International Special 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			
<i>Australia – 8.0%</i>			
Aditya Birla Minerals Limited	81,400	122	94
Ausdrill Limited	38,300	67	75
Boart Longyear Limited	1,773,600	582	590
David Jones Limited	168,000	612	851
GrainCorp Limited	12,900	88	76
Independence Group NL	31,500	144	143
JB Hi-Fi Limited	15,600	206	332
Kagara Limited	101,600	93	100
Minara Resources Limited	162,700	152	124
Mincor Resources NL	146,000	312	244
Straits Resources Limited	114,300	139	185
		2,517	2,814
<i>Belgium – 0.6%</i>			
Nyrstar NV	8,500	90	107
ThromboGenics NV	4,700	125	107
		215	214
<i>Canada – 10.7%</i>			
Aastra Technologies Limited	9,700	315	334
Ag Growth International Inc.	3,800	127	132
Alimentation Couche-Tard Inc., Class B	14,400	217	298
Boardwalk Real Estate Investment Trust	4,800	220	177
Cascades Inc.	33,200	255	297
Dorel Industries Inc., Class B	3,200	96	103
Franco-Nevada Corporation	2,600	68	73
Garda World Security Corporation	11,600	116	119
Grande Cache Coal Corporation	14,600	72	78
Home Capital Group Inc.	3,200	121	133
Keyera Facilities Income Fund	12,219	270	298
Laurentian Bank of Canada	17,900	660	763
Linamar Corporation	7,000	105	96
Lundin Mining Corporation	28,600	91	122
Maple Leaf Foods Inc.	9,100	103	106
New Gold Inc.	37,800	89	143
Northgate Minerals Corporation	35,500	84	114
SXC Health Solutions Corporation	5,000	104	284
Western Coal Corporation	32,400	104	105
		3,217	3,775

*For the purpose 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.

BMO Harris International Special Equity Portfolio

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 (\$)
Denmark – 1.2%			
NKT Holding A/S	1,800	119	106
Topdanmark A/S	2,225	400	316
		519	422
Finland – 1.7%			
HKScan Oyj	7,400	81	88
Huhtamaki Van Leer Oyi	6,200	71	91
Kemira Oyj	5,700	95	89
Oriola-KD Oyj	43,400	197	288
Uponor Corporation	1,500	32	34
		476	590
France – 8.6%			
Boiron S.A.	1,000	48	45
Eutelsat Communications	3,000	78	101
Faiveley S.A.	400	35	34
Legrand S.A.	17,800	544	522
Rhodia S.A.	5,600	107	105
Rubis	1,200	89	111
SCOR S.A.	16,600	485	439
SEB S.A.	10,000	605	597
Societe BIC S.A.	3,600	233	262
Societe de la Tour Eiffel	1,300	116	103
Societe Immobiliere de Location pout l'Industrie et le Commerce	800	85	103
Sperian Protection S.A.	800	71	61
Technip-Coflexip S.A.	7,800	555	578
		3,051	3,061
Germany – 6.7%			
Aixtron AG	13,700	347	485
Hannover Rueckversicherungs AG	12,100	516	595
Hochtief Aktiengesellschaft	6,700	349	538
Software AG	1,500	129	172
Suedzucker AG	12,200	292	268
Vossloh AG, Werdohl	3,000	390	314
		2,023	2,372
Greece – 0.2%			
Hellenic Exchanges, S.A.	7,600	99	83
Hong Kong – 4.6%			
Dah Sing Banking Group Limited	75,000	108	117
Galaxy Entertainment Group Limited	304,000	95	131

*For the purpose 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.

BMO Harris International Special Equity Portfolio

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 (\$)
<i>Hong Kong (cont'd)</i>			
Geely Automobile Holdings Limited	820,000	178	472
Midland Holdings Limited	160,000	150	145
Singamas Containers Holdings Ltd.	516,000	101	84
Skyworth Digital Holdings Limited	522,000	126	564
VTech Holdings Limited	11,000	93	111
		851	1,624
<i>Italy – 5.3%</i>			
Ansaldo STS S.p.A.	12,000	217	241
Banca Generali S.p.A.	8,000	99	102
Davide Campari Milano S.p.A.	10,100	85	111
DiaSorin S.p.A.	12,700	283	475
Esprinet S.p.A.	8,400	97	115
I.M.A. Industria Macchine Automatiche S.p.A.	6,400	152	124
Maire Tecnimont S.p.A.	81,000	333	302
Recordati S.p.A.	21,900	165	171
Trevi Finanziaria S.p.A.	14,900	235	248
		1,666	1,889
<i>Japan – 19.0%</i>			
ADEKA CORPORATION	11,000	83	103
Arcs Company Limited	5,000	79	69
CANON ELECTRONICS INC.	5,200	192	118
Central Glass Co., Ltd.	66,000	293	266
Century Tokyo Leasing Corporation	16,300	244	183
Daihatsu Diesel Mfg. Co., Ltd.	10,000	76	38
FP Corporation	3,000	156	143
Hanwa Co., Ltd.	7,000	31	27
Hitachi Capital Corp.	33,000	448	423
Hosokawa Micron Corporation	21,000	102	82
IT Holdings Corporation	5,000	92	60
Iwatani Corporation	28,000	76	85
Japan Radio Co., Ltd.	26,000	68	51
Keiyo Co., Ltd.	23,800	171	107
K's Holdings Corporation	3,000	97	95
KURODA ELECTRIC CO., LTD.	24,000	354	369
KYORIN Co., Ltd.	5,000	87	77
Kyoritsu Maintenance Co., Ltd.	5,900	127	86
KYOWA EXEO CORPORATION	8,000	85	72
MEGANE TOP CO., LTD.	5,000	96	57
Miraca Holdings Inc.	10,100	223	293
MITSUBISHI STEEL MFG. CO., LTD.	43,000	139	77
Money Partners Group Co., Ltd.	115	77	45

*For the purpose 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.

BMO Harris International Special Equity Portfolio

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 (\$)
<i>Japan (cont'd)</i>			
Morinaga Milk Industry Co., Ltd.	20,000	101	83
NIPPO CORPORATION	42,000	383	316
Nippon Shinyaku Co., Ltd.	23,000	240	271
Nippon Soda Co., Ltd.	96,000	460	365
Nippon Synthetic Chemical Industry Co., Ltd., The,	44,000	313	356
Nissan Shatai Co., Ltd.	56,000	425	528
Nof Corporation	19,000	102	84
Okinawa Electric Power Company, Inc	6,000	480	338
Ricoh Leasing Company Ltd.	7,500	204	157
Round One Corporation	9,000	94	56
SEINO HOLDINGS CO., LTD.	10,000	92	67
TACHI-S CO., LTD.	16,000	178	167
TOAGOSEI CO., LTD.	56,000	219	222
Toby Industries Group	23,000	47	44
Tokai Rika Co., Ltd.	5,100	100	122
Tokyo Tatemono Co Ltd.	19,000	104	77
TOSHIBA TEC Corporation	21,000	92	84
Toyo Tire & Rubber Co., Ltd.	179,000	413	353
TS TECH Co., Ltd.	5,300	103	114
		7,546	6,730
<i>Mexico – 0.3%</i>			
Capstone Mining Corp.	37,500	108	105
<i>Netherlands – 1.3%</i>			
Accell Group N.V.	1,900	99	83
Binckbank N.V.	7,100	128	134
CSM N.V.	4,600	130	127
James Hardie Industries N.V.	14,900	114	119
		471	463
<i>Norway – 0.1%</i>			
SpareBank 1 SMN	4,200	41	41
<i>Singapore – 2.1%</i>			
Hong Leong Asia Ltd.	68,500	109	148
Rotary Engineering Limited	152,700	94	119
Yongnam Holdings Limited	2,392,700	445	488
		648	755
<i>Spain – 4.6%</i>			
Banco De Sabadell S.A.	14,600	111	85
Bolsas y Mercados Espanoles	2,500	101	85

*For the purpose 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.

BMO Harris International Special Equity Portfolio

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 (\$)
Spain (cont'd)			
Construcciones y Auxiliar de Ferrocarriles, S.A.	932	474	529
Corporacion Financiera Alba, S.A.	7,900	549	434
Duro Felguera, S.A.	10,600	122	115
Obrascon Huarte Lain, S.A.	3,500	98	99
Viscofan, S.A.	10,200	242	273
		1,697	1,620
Sweden – 1.4%			
Betsson AB	8,100	134	131
Billerud Atkiebolag	16,600	115	130
NCC AB, Class B	12,900	226	224
		475	485
Switzerland – 5.7%			
Actelion Ltd.	2,700	171	152
Adecco S.A.	2,000	110	116
Allreal Holdings AG	700	89	88
Baloise Holding AG	6,600	700	577
Bank Sarasin & Cie AG, Class B	2,200	102	87
EMS-CHEMIE HOLDING AG	1,100	132	138
Logitech International SA	18,400	347	336
PSP Swiss Property AG	4,200	231	250
Schweizerischen National-Versicherungs- Gesellschaft	2,000	68	63
Valora Holding AG	400	94	104
Vontobel Holdings AG	3,400	124	102
		2,168	2,013
United Kingdom – 13.9%			
Amlin plc	28,300	203	172
ARM Holdings PLC	39,100	82	118
Babcock International Group PLC	18,200	219	184
Bellway PLC	10,100	146	140
Catlin Group Limited	11,200	71	65
Chaucer Holdings PLC	40,800	35	32
CSR plc	37,400	294	259
Debenhams Plc	256,700	356	339
Delta PLC	58,600	142	139
Dimension Data Holdings Plc	81,700	103	104
Enterprise Inns PLC	137,900	110	218
Fidessa Group Plc	2,500	52	50
Galiform plc	42,000	28	53
Game Group Plc, The,	229,000	906	412
Inchcape PLC	271,700	81	137
Intec Telecom Systems PLC	140,500	222	247
International Power PLC	115,500	896	607
JKX Oil & Gas plc	76,100	376	366

*For the purpose 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.

BMO Harris International Special Equity Portfolio

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 (\$)
<i>United Kingdom (cont'd)</i>			
Keller Group plc	9,300	204	102
McBride plc	39,400	96	141
Meggitt PLC	28,200	77	124
Micro Focus International plc	14,500	109	112
Pace Plc	43,800	148	156
Petrofac Limited	5,800	101	102
The Paragon Group of Companies PLC	98,000	227	218
Tullett Preblon plc	71,800	530	339
		5,814	4,936
Total Investment Portfolio – 96.0%		33,602	33,992
Other Assets Less Liabilities – 4.0%			1,404
NET ASSETS – 100.0%			35,396

*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.

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

	December 31, 2009	December 31, 2008
Australia	8.0%	7.3%
Belgium	0.6%	0.9%
Canada	10.7%	7.6%
Denmark	1.2%	1.5%
Finland	1.7%	0.6%
France	8.6%	7.0%
Germany	6.7%	3.8%
Greece	0.2%	0.5%
Hong Kong	4.6%	0.8%
Italy	5.3%	5.6%
Japan	19.0%	28.7%
Mexico	0.3%	—
Netherlands	1.3%	2.0%
Norway	0.1%	0.4%
Singapore	2.1%	2.3%
Spain	4.6%	3.5%
Sweden	1.4%	1.4%
Switzerland	5.7%	7.3%
United Kingdom	13.9%	15.9%
Other Assets Less Liabilities	4.0%	2.9%
	100.0%	100.0%

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of dollars except per unit data)

December 31, 2009

1. The Portfolio

BMO Harris International Special 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

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

(All amounts in thousands of dollars except per unit data)

December 31, 2009

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

BMO Harris International Special Equity Portfolio

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

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of dollars except per unit data)

December 31, 2009

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.

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of dollars except per unit data)

December 31, 2009

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.

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS *(cont'd)*

(All amounts in thousands of dollars except per unit data)

December 31, 2009

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.

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of dollars except per unit data)

December 31, 2009

8. Portfolio Specific Information

(a) Portfolio information

The Portfolio's inception date was September 29, 2006.

(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
4.79	(0.01)	4.78	4.59	—	4.59

(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 (\$)
55,966	—	—	—	—

(d) Related party transactions

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

	31-Dec-09	31-Dec-08
Unitholder Servicing (\$)	89	132
Custodian (\$)	15	31

(e) Financial instrument risk

The Portfolio's objective is to achieve long term growth through capital appreciation by primarily investing in small and mid-sized companies internationally.

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

Currency risk

The table below summarizes the Portfolio's exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principle (notional) amount of forward currency contracts, if any).

Currency	31-Dec-09		31-Dec-08	
	Currency Exposure (\$)	As a % of Net Assets (%)	Currency Exposure (\$)	As a % of Net Assets (%)
Euro dollar	10,227	28.9	7,127	24.0
Pound sterling	4,944	14.0	4,738	15.9
Japanese yen	6,740	19.0	8,572	28.8
U.S. dollar	16	—	(7)	—
Other European currencies	2,998	8.5	3,135	10.5
Other Pacific currencies	5,359	15.1	3,121	10.5

All amounts in CA\$

As at the periods ended December 31, 2009 and 2008, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all factors remaining constant, Net Assets could possibly have decreased or increased by approximately \$1,514 (December 31, 2008 – \$1,334). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

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, 96% (December 31, 2008 – 97%) 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 \$3,399 (December 31, 2008 – \$2,891), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

BMO Harris International Special Equity Portfolio

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of dollars except per unit data)

December 31, 2009

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:

Financial assets	Fair value measurements classifications			Total
	Level 1	Level 2	Level 3	
Equity Securities	3,880	30,112	—	33,992
Debt Securities	—	—	—	—
Derivatives	—	—	—	—
Total	3,880	30,112	—	33,992

Financial liabilities

Derivatives	—	—	—	—
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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)