BMO Asian Growth and Income Class (the "Fund")

For the period ended September 30, 2012 • Manager: BMO Investments Inc.

Portfolio manager: BMO Asset Management Inc., Toronto, Ontario

Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. If the annual financial statements of the Fund 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 1-800-665-7700, by writing to us at BMO Investments Inc., 77 King Street West, 42nd Floor, Toronto, Ontario, M5K 1J5 or by visiting our website at **www.bmo.com/mutualfunds** or SEDAR at **www.sedar.com**. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund's objective is to provide income and capital appreciation. It seeks a similar return to the BMO Guardian Asian Growth and Income Fund by investing primarily in units of that fund.

The portfolio manager of the underlying fund attempts to achieve that fund's investment objectives by selecting equities and convertible bonds through a bottom-up selection process based on GARP (Growth At a Reasonable Price) methodology.

Risk

No changes affecting the overall level of risk associated with investing in the Fund were made during the period. The risks of this Fund remain as discussed in the Fund's most recent simplified prospectus or its amendments.

Results of Operations

Over the 12-month period ended September 30, 2012 (the "period"), Advisor Series shares of the Fund returned 14.58%. Please see *Past Performance* for information on the performance returns of the Fund's other series.

During the period, there was an incredibly initial stages tepid recovery in the U.S., with only moderate improvement being seen in employment numbers and businesses that were still shying away from incremental investment in their operations despite the availability of cheap funding. In Europe, growth was struggling to reach even tepid levels as fiscal deficits across many countries resulted in a viscous cycle of budget cuts leading to lower growth and lower taxation revenues.

Although the majority of global uncertainty is being driven by developed countries, Asia has not been immune. Clearly, the weakness in demand from developed countries had an impact on growth in Asian countries, particularly those that were more export dependent. Additionally, the portfolio manager saw the beginning of a growth transformation in China, where the days of 10% nominal gross domestic product growth in perpetuity was likely gone as there was now more focus on sustainable, consumer driven growth.

Against this backdrop, the portfolio manager was unwavering in their approach to look for those companies that provided exposure to Asia's long-term domestic growth. It was more important than ever to maintain a focus on companies that were long-term winners within their areas of expertise and those that had strong corporate governance. The portfolio manager also took advantage of instances in which there had been a dislocation in short-term performance of a share price and the long-term fundamentals of quality businesses.

Almost 85% of holdings within the Fund provided positive contribution over the course of the period, the majority of which was attributable to stock selection. Some of the Fund's strongest performers were in the Telecommunication Services sector. The combination of macroeconomic uncertainty and low yields across the most investable securities led to a search amongst market participants for sustainable and visible growth, accompanied by some form of income, a potent combination that this sector offered. Stock selection also benefited the Fund, as it's holding in Australia's Telstra Ltd. (a leading provider of mobile phones, phone devices and broadband Internet), performed very strongly as the company was able to take advantage of a competitor's network issues and gain a substantial number of new subscribers to its wireless business.

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Another area of strength for the Fund was in the Industrials sector, particularly those companies based in Singapore. Entities such as ST Engineering Ltd., an integrated engineering group operating in sectors as varied as aviation and defense, and Keppel Corp., an offshore and marine operator, both performed particularly well. The overriding observation was that no single sub-sector saw cyclical improvement. The market-leading positions that these firms held in their respective fields had allowed them to generate good returns even in today's challenging slower growth environment.

Key detractors to relative performance primarily came from holdings in Japan, as both Rohm, a semiconductor manufacturer, and Hamamatsu Photonics K.K., a maker of photonic equipment, were poor performers as both companies suffered from weakening demand for their key products. As a result of this fundamental shift in their operations, and a change in the stance of management towards shareholder distributions, the portfolio manager exited these positions during the period.

The only addition to the top 10 holdings over the course of the period was AIA Group, a regional life insurance company with a very long history in the Asian region having been founded in 1919. AIA Group has a leading position in both developed markets such as Hong Kong and Singapore, as well as in developing markets throughout the continent. Not only do they have a strong geographic footprint, but more importantly they have an impressive historic track record on the quality of their underwriting and the management of their distribution network in order to maintain their competitive advantage.

For information on the Fund's performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.

Recent Developments

In these turbulent times, the portfolio manager remains focussed on exposure to the domestic demand-driven growth within the Asian Pacific region, whilst also trying to mitigate risk and protect capital in what are inherently volatile markets. The incremental opportunities that the portfolio manager sees still exist within these businesses across the region.

Going forward, the outlook for markets generally is exceptionally difficult to predict at this juncture. Aggressive monetary policy from developed countries and political transitions that are taking place in major global powers like China and the U.S. can frequently result in short-term sentiment shifts with little fundamental backing. It is during times like these that the portfolio manager must remain steadfastly disciplined and focussed on their long-term time horizon to invest in high quality Asian companies at appealing valuations.

Future Accounting Standards

Canadian investment entities will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2014. For reporting periods commencing October 1, 2014, the Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will report its financial results for the interim period ending March 31, 2015, prepared on an IFRS basis. It will also provide comparative data on an IFRS basis, including an opening balance sheet as at October 1, 2013 (transition date). A summary of the significant standards impacting the Fund under IFRS are outlined below.

Based on the Fund's analysis to date, the more significant accounting changes that will result from its adoption of IFRS will be in the areas of fair valuation, cash flow presentation, consolidation of investments and classification of net assets representing shareholders' equity. The differences described in the sections that follow are based on Canadian generally accepted accounting principles (GAAP) and IFRS that are in effect as of this date. This should not be considered a comprehensive list of the main accounting changes when the Fund adopts IFRS.

The framework for fair valuation is set out under IFRS 13 Fair Value Measurement, which includes the requirements for the measurement and disclosure of fair value. If an asset or liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. Thus this standard will impact the net assets per share for financial statement reporting purposes compared to current standards, and may also result in the elimination of the differences between the net asset per share and net asset value per share ("NAVPS") at the financial statement reporting date. The Manager has not identified any changes that will impact NAVPS as a result of the transition to IFRS.

Where the Fund holds controlling interest in an investment, it is the Manager's expectation that the Fund will qualify as an investment entity in accordance with IFRS 10 Consolidated

Financial Statements. As such, the Fund will not be required to consolidate its investments, but rather to fair value its investments regardless of whether those investments are controlled. However, where in certain circumstances the Fund does not have all the typical characteristics of an investment entity, even though it qualifies as an investment entity, it may be required to make additional financial statements disclosures on its investments in accordance with IFRS 12 Disclosure of Interests in Other Entities.

In addition to the financial statements currently presented for the Fund, Statement of Cash Flows will now be included in the financial statements in accordance with the requirement of IFRS 1 First-time adoption of International Financial Reporting Standards, and prepared in line with IAS 7 Statement of Cash Flows.

The criteria contained within IAS 32 Financial Instruments: Presentation may require shareholders' equity to be classified as a liability within the Fund's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the Fund's shareholder structure to confirm classification.

RELATED PARTY TRANSACTIONS

BMO Investments Inc. ("BMOII"), an indirect, wholly-owned subsidiary of Bank of Montreal, is the Manager of the Fund. From time to time, the Manager may, on behalf of the Fund, 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 Manager (each a "Related Party"). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

Portfolio Manager

The Fund's portfolio manager is BMO Asset Management Inc. ("BMOAM"), an affiliate of the Manager. BMOAM provides portfolio management services to the Fund. BMOAM receives a management fee based on assets under management, calculated daily and payable monthly.

Administration Fees

The Fund pays a fixed administration fee to the Manager. The Manager in return pays the operating expenses of the Fund, other than certain specified expenses that are paid directly by the Fund ("Fund Expenses"). Fund Expenses include interest or other borrowing expenses, costs and expenses related to the operation of the Fund's Independent Review Committee ("IRC"), including fees and expenses of IRC members, taxes to which the Fund is or might be subject, and costs associated with compliance with any new governmental or regulatory requirement introduced after December 1, 2007 (e.g., cost associated with the production of Fund Facts, filed in compliance with the relevant amendments to NI 81-101). Fund Expenses are allocated proportionately among the series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund and, for the most part, replaces the previous cost recovery method under which operating expenses were charged or allocated to the Fund. Further details about the fixed administration fee and/or Fund Expenses can be found in the Fund's most recent simplified prospectus at **www.bmo.com/mutualfunds** or **www.sedar.com**.

Distribution Services

The Manager markets and distributes the Fund directly through Bank of Montreal branches and through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates on an ongoing basis annual service or trailing commissions based on the average daily value of the shares that are held in investor accounts.

Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the Fund. The Manager monitors and evaluates the Fund's performance, pays for the investment advice provided by the Fund's portfolio manager and provides certain administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a management fee payable monthly, calculated based on the daily NAV of each series of the Fund at the maximum annual rate set out in the table below.

		As a Percentage of Management Fees	
	Maximum Annual Management Fee Rate %	Dealer Compensation %	General Administration, Investment Advice and Profit %
Advisor Series Shares[1]	2.25	62	38
Series H Shares[2]	2.00	50	50

[1] Advisor Series Shares refers to BMO Guardian Asian Growth and Income Class Advisor Series Shares ("Advisor Series" or "Advisor Series Shares").

[2] Series H Shares refers to BMO Guardian Asian Growth and Income Class Series H Shares ("Series H" or "Series H Shares").

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FINANCIAL HIGHLIGHTS

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

The Fund's Net Assets per Share [1]

Advisor Series

		Periods ended Sep. 30			
		2012	2011	2010	2009[4]
Net assets, beginning of period	$	13.55	14.74	13.02	10.00*
Increase (decrease) from operations:					
Total revenue	$	0.55	0.40	0.35	0.41
Total expenses	$	-0.41	-0.42	-0.39	-0.30
Realized gains (losses) for the period	$	0.29	0.07	0.00	0.01
Unrealized gains (losses) for the period	$	1.50	-1.37	2.00	3.25
Total increase (decrease) from operations [2]	$	1.93	-1.32	1.96	3.37
Distributions:					
From income (excluding dividends)	$	—	—	—	—
From dividends	$	—	—	—	—
From capital gains	$	—	—	—	—
Return of capital	$	—	—	—	—
Total Annual Distributions [3]	$	—	—	—	—
Net assets, end of period	$	15.53	13.55	14.74	13.02

Series H

		Periods ended Sep. 30			
		2012	2011	2010	2009[4]
Net assets, beginning of period	$	13.65	14.82	13.05	10.00*
Increase (decrease) from operations:					
Total revenue	$	0.46	0.42	0.69	0.50
Total expenses	$	-0.38	-0.39	-0.37	-0.28
Realized gains (losses) for the period	$	0.29	0.07	0.00	0.02
Unrealized gains (losses) for the period	$	1.44	-1.51	3.21	4.95
Total increase (decrease) from operations [2]	$	1.81	-1.41	3.53	5.19
Distributions:					
From income (excluding dividends)	$	—	—	—	—
From dividends	$	—	—	—	—
From capital gains	$	—	—	—	—
Return of capital	$	—	—	—	—
Total Annual Distributions [3]	$	—	—	—	—
Net assets, end of period	$	15.69	13.65	14.82	13.05

* Initial net assets.

(1) This information is derived from the Fund's audited financial statements. The net assets per share presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the Fund's financial statements.

(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

(3) Distributions were either paid in cash or reinvested in additional shares of the Fund, or both.

(4) The information shown in this column is for the period beginning November 3, 2008 (the series' launch date) and ending September 30, 2009.

Ratios and Supplemental Data

Advisor Series

		Periods ended Sep. 30			
		2012	2011	2010	2009[5]
Total net asset value (000's) [1]	$	28,988	28,915	22,023	9,441
Number of shares outstanding (000's) [1]		1,867	2,134	1,494	725
Management expense ratio [2]	%	2.91	2.91	2.90	2.78
Management expense ratio before waivers or absorptions	%	2.91	2.91	3.12	2.80
Trading expense ratio [3]	%	0.08	0.09	0.11	0.13
Portfolio turnover rate [4]	%	6.08	4.65	0.41	2.86
Net asset value per share	$	15.53	13.55	14.74	13.02

Series H

		Periods ended Sep. 30			
		2012	2011	2010	2009[5]
Total net asset value (000's) [1]	$	546	859	330	34
Number of shares outstanding (000's) [1]		35	63	22	3
Management expense ratio [2]	%	2.64	2.66	2.65	2.52
Management expense ratio before waivers or absorptions	%	2.64	2.70	3.04	2.53
Trading expense ratio [3]	%	0.08	0.09	0.11	0.13
Portfolio turnover rate [4]	%	6.08	4.65	0.41	2.86
Net asset value per share	$	15.69	13.65	14.82	13.05

(1) This information is provided as at September 30 of the period shown, as applicable.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transactions 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 Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 fund.

(5) The information shown in this column is for the period beginning November 3, 2008 (the series' launch date) and ending September 30, 2009.

PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were used to purchase additional units or shares of the Fund and is based on the net asset value of the Fund.

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 that how the Fund has performed in the past does not indicate how it will perform in the future.

The returns of each series may differ from one another for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of the different levels of management fees and expenses allocated and payable by each series.

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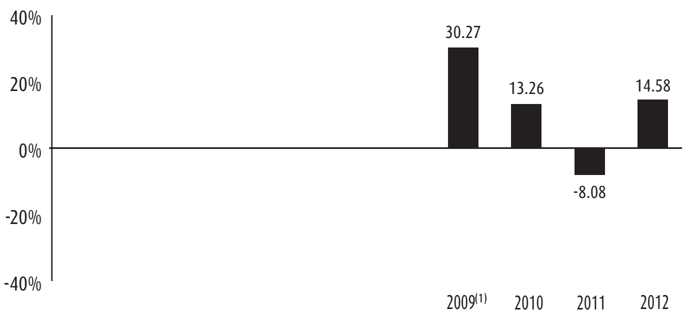
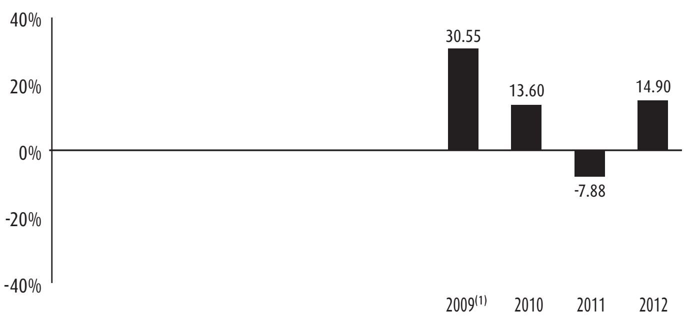
Year-by-Year Returns

The following bar charts show the performance for each series of the Fund for each of the financial years shown. The 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.

Advisor Series



Series H



(1) For the period beginning November 3, 2008 to September 30, 2009.

Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its benchmark, the Morgan Stanley Capital International ("MSCI") All Country ("AC") Asia-Pacific Index (C$), a broad-based index.

The MSCI All Country Asia-Pacific Index is a free float-adjusted market capitalization index measuring the equity market performance in 14 emerging and developed markets of the Asia-Pacific region.

Advisor Series

		1 year	3 years	5 years	10 years	Since Inception[1]
BMO Asian Growth and Income Class	%	14.58	6.06			11.94
MSCI AC Asia Pacific Index (C$)	%	4.69	1.17			6.84

Series H

		1 year	3 years	5 years	10 years	Since Inception[1]
BMO Asian Growth and Income Class	%	14.90	6.34			12.23
MSCI AC Asia Pacific Index (C$)	%	4.69	1.17			6.84

(1) Return from November 3, 2008 to September 30, 2012.

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

BMO Asian Growth and Income Class

SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2012

Portfolio Allocation	% of Net Asset Value
Financials	23.5
Other	14.6
Telecommunication Services	12.5
Industrials	10.7
Consumer Discretionary	7.2
Health Care	6.9
Utilities	5.7
Information Technology	4.7
Cash/Receivables/Payables	4.4
Consumer Staples	3.9
Energy	3.4
Materials	2.5
Total Portfolio Allocation	**100.0**

Top 25 Holdings	% of Net Asset Value
Issuer	
Cash/Receivables/Payables	4.4
Singapore Technologies Engineering Ltd.	4.1
Taiwan Semiconductor Manufacturing Company Ltd.	3.3
Hisamitsu Pharmaceutical Co., Inc.	3.1
Ascendas REIT	3.0
HSBC Holdings plc, ADR	2.9
China Petroleum and Chemical Corporation, Series SINO, Senior, Unsecured, Unsubordinated, Putable, Convertible, Callable, Zero Coupon, Apr 24, 2014	2.8
CLP Holdings Limited	2.6
PTT Public Company Limited, Foreign Market	2.5
AMMB Holdings Berhad	2.4
Japan Real Estate Investment Corporation	2.3
Keppel Corporation Limited	2.2
CSL Limited	2.2
BEC World Public Company Limited, Foreign Market	2.2
AIA Group Limited	2.0
BHP Billiton Plc	2.0
Television Broadcasts Limited	1.9
QBE Funding Trust, Senior, Unsecured, Convertible, Callable, Putable, Zero Coupon, May 12, 2030	1.9
Axiata Group Berhad	1.8
United Overseas Bank Limited	1.8
Hang Lung Properties Limited	1.8
Telstra Corporation Limited	1.8
PT Perusahaan Gas Negara (Persero) TBK	1.7
Globe Telecom, Inc.	1.6
Tata Power Company, Senior, Unsecured, Unsubordinated, Convertible, 1.750% Nov 21, 2014	1.6
Top Holdings as a Percentage of Total Net Asset Value	**59.9**
Total Net Asset Value	**$29,533,574**

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

www.bmo.com/mutualfunds

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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest in and the risks detailed from time to time in BMO Mutual Funds' simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Investments Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.