

Semi-Annual Financial Statements

BMO Harris Private Portfolios

June 30, 2012

BMO Harris International Equity Portfolio

BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF NET ASSETS <i>As at (in thousands of Canadian dollars, except per unit data)</i>	June 30, 2012	December 31, 2011
Assets		
Cash	52,699	23,344
Investments at fair value	457,740	436,963
Income receivable	1,009	463
Unrealized gain on forward currency contracts at fair value	17	59
Subscriptions receivable	218	55
Due from broker	2,044	175
Total assets	513,727	461,059
Liabilities		
Due to broker	2,779	1,154
Accrued expenses	135	110
Unrealized loss on forward currency contracts at fair value	60	432
Redemptions payable	485	219
Total liabilities	3,459	1,915
Net assets representing unitholders' equity	510,268	459,144
Net assets per unit	\$ 8.12	\$ 7.77

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

BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF OPERATIONS	June 30, 2012	June 30, 2011
<i>For the periods ended (in thousands of Canadian dollars, except per unit data)</i>		
Investment Income		
Dividends	10,726	10,587
Interest	3	15
Foreign taxes	(1,562)	(1,539)
	9,167	9,063
Expenses		
Audit fees	6	10
Independent Review Committee fees	1	1
Custodian fees and interest	135	160
Legal and filing fees	18	25
Unitholder servicing fees (note 5)	201	207
Printing and stationery fees	9	6
Commissions and other portfolio transaction costs (note 5)	365	798
	735	1,207
Net investment income for the period	8,432	7,856
Realized gain (loss) on sale of investments	(8,817)	12,272
Realized loss on foreign exchange	(7)	(476)
Realized loss on forward currency contracts	(871)	(1,078)
Change in unrealized appreciation (depreciation) in value of investments	21,210	(1,876)
Change in unrealized appreciation in value of forward currency contracts	330	92
Increase in net assets from operations	20,277	16,790
Increase in net assets from operations per unit (note 2)	0.33	0.27

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

BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF CHANGES IN NET ASSETS <i>For the periods ended (in thousands of Canadian dollars)</i>	June 30, 2012	June 30, 2011
Net assets – beginning of period	459,144	559,157
Increase in net assets from operations	20,277	16,790
Unit Transactions:		
Proceeds from sale of units	75,125	67,705
Amounts paid on units redeemed	(44,278)	(86,772)
Total unit transactions	30,847	(19,067)
Net assets – end of period	510,268	556,880

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

BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost ^{†*} (\$)	Fair Value (\$)
Equities			
<i>Australia – 4.2%</i>			
Amcor Limited	186,150	1,408	1,381
BHP Billiton Limited	26,815	990	890
Brambles Industries Limited	300,226	1,990	1,939
Computershare Limited	209,000	1,736	1,627
Orica Limited	59,400	1,591	1,539
QBE Insurance Group Limited	194,440	3,551	2,729
Rio Tinto Limited	32,497	2,160	1,944
Suncorp Group Limited	71,290	655	606
Telstra Corporation Limited	1,148,583	3,761	4,431
Woodside Petroleum Ltd.	46,924	1,766	1,530
Woolworths Limited	98,230	2,492	2,751
		22,100	21,367
<i>Belgium – 1.6%</i>			
Anheuser-Busch InBev NV/SA	34,970	2,543	2,768
Belgacom SA	60,210	2,256	1,742
Colruyt SA	76,730	3,729	3,481
		8,528	7,991
<i>Brazil – 1.0%</i>			
BM&FBOVESPA S.A.	152,600	1,055	793
Embraer Empresa Brasileira de Aeronutica S.A., ADR	32,600	898	881
Itau Unibanco Banco Holdings SA, ADR	102,400	2,078	1,450
Natura Cosméticos S.A.	82,300	1,569	1,960
		5,600	5,084
<i>China – 3.0%</i>			
Baidu, Inc., ADR	17,960	2,289	2,103
China Life Insurance Company Limited, H Shares	542,727	1,768	1,451
China Merchants Bank Co., Ltd., H Shares	737,584	1,768	1,418
China Minsheng Banking Corp., Ltd., H Shares	1,604,500	1,560	1,461
CNOOC Limited	2,500,564	4,162	5,135
Industrial and Commercial Bank of China, H Shares	3,051,500	2,383	1,737
Sinopharm Medicine Holding Co., Ltd.	422,700	1,833	1,192
Tencent Holdings Limited	31,578	741	949
		16,504	15,446
<i>Denmark – 1.3%</i>			
FLSmidth & Co. A/S	22,250	1,560	1,242
Novo Nordisk A/S, Class B	36,580	2,628	5,388
		4,188	6,630
<i>Finland – 0.5%</i>			
KONE Oyj	24,190	1,328	1,492
Konecranes Plc	33,910	1,029	912
		2,357	2,404

[†]Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

*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 Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost ^{†*} (\$)	Fair Value (\$)
France – 5.1%			
Air Liquide S.A.	52,139	5,395	6,072
Alstom	33,860	1,974	1,095
Compagnie Generale des Etablissements Michelin, Class B	31,911	2,287	2,125
Legrand S.A.	64,740	2,468	2,242
LVMH Moet Hennessy Louis Vuitton S.A.	27,636	3,297	4,288
Publicis Groupe SA	60,005	2,814	2,794
Sanofi	41,950	3,220	3,239
Total S.A.	95,500	5,717	4,388
		27,172	26,243
Germany – 9.6%			
adidas AG	78,626	5,228	5,742
Allianz SE	26,200	3,496	2,682
BASF SE	30,310	2,609	2,144
Bayerische Motoren Werke Aktiengesellschaft	32,820	2,929	2,421
Deutsche Post AG	99,000	1,834	1,785
Fresenius Medical Care AG & Co. KGaA	87,660	5,451	6,317
Fuchs Petrolub AG	39,493	1,568	2,196
HUGO BOSS AG	11,605	945	1,160
Kabel Deutschland Holding AG	23,300	1,451	1,476
Lanxess AG	21,980	1,608	1,412
SAP AG	167,284	9,086	10,058
Siemens AG	34,237	4,160	2,930
Suedzucker AG	60,280	1,689	2,171
Symrise AG	64,785	1,620	2,004
Volkswagen AG	17,257	2,279	2,786
Wincor Nixdorf AG	43,596	2,489	1,573
		48,442	48,857
Hong Kong – 5.1%			
AIA Group Limited	898,000	2,867	3,153
ASM Pacific Technology Limited	110,300	849	1,432
Hang Lung Properties Limited	561,038	2,148	1,944
Hang Seng Bank Limited	202,000	3,302	2,818
Hong Kong Exchanges & Clearing Ltd.	177,400	3,535	2,591
HSBC Holdings PLC	440,988	3,910	4,025
Lenovo Group Limited	1,988,000	1,367	1,727
Melco Crown Entertainment Limited, ADR	81,820	931	959
Power Assets Holdings Limited	654,500	4,283	5,003
VTech Holdings Limited	188,000	1,458	2,282
		24,650	25,934

[†]Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

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BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost ^{†*} (\$)	Fair Value (\$)
Indonesia – 0.4%			
PT Bank Rakyat Indonesia (Persero) TBK	2,081,000	1,547	1,450
Sakari Resources Limited	706,800	1,161	790
		2,708	2,240
Ireland – 1.1%			
Accenture PLC, Class A	14,050	826	859
Anglo Irish Bank Corporation plc**	124,300	1,325	—
Covidien Public Limited Company	54,500	2,571	2,968
CRH Plc	93,600	2,080	1,832
		6,802	5,659
Israel – 2.3%			
Bezeq The Israel Telecommunication Corp., Ltd.	831,897	1,815	896
Check Point Software Technologies Ltd.	78,869	3,525	3,977
Teva Pharmaceutical Industries Ltd.	72,885	3,786	2,925
Teva Pharmaceutical Industries Ltd., ADR	102,700	5,230	4,124
		14,356	11,922
Italy – 0.5%			
Lottomatica S.p.A.	46,970	982	924
Prada SpA	240,900	1,497	1,667
		2,479	2,591
Japan – 11.2%			
Anritsu Corporation	99,000	1,196	1,142
Canon Inc.	42,863	1,993	1,747
Clarion Co., Ltd.	1,009,000	2,659	2,373
Dai-ichi Mutual Life Insurance, The	2,535	3,960	2,990
FANUC CORPORATION	14,526	1,529	2,430
Hitachi Ltd.	455,000	1,997	2,849
JGC Corp	54,000	1,592	1,591
KDDI Corp.	427	2,716	2,804
Komatsu Ltd.	201,295	4,743	4,912
Lawson, Inc.	19,600	1,169	1,396
Makita Corporation	66,600	2,353	2,384
Mitsubishi Electric Corporation	298,000	2,495	2,529
Mitsubishi Estate Company Ltd.	91,000	1,589	1,662
Mitsubishi UFJ Financial Group, Inc.	640,700	4,101	3,122
Net One Systems Co., Ltd.	157,000	2,059	2,127
Nissan Motor Co., Ltd.	268,600	2,506	2,590
Oriental Land Co., Ltd.	20,100	2,280	2,340
Shin-Etsu Chemical Co., Ltd.	39,200	2,236	2,196
SUMITOMO CORPORATION	45,900	615	654
Sumitomo Rubber Industries, Ltd.	192,600	1,914	2,555
TOKYU REIT, Inc.	331	1,801	1,655

[†]Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

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

**These securities have no quoted market value and are valued using valuation techniques (note 2).

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

BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost ^{†*} (\$)	Fair Value (\$)
TOYO SUISAN KAISHA, LTD.	47,000	1,255	1,277
Toyota Motor Corporation	137,069	6,498	5,624
Toyota Tsusho Corporation	114,100	2,028	2,216
		57,284	57,165
<i>Malaysia – 1.2%</i>			
Lafarge Malayan Cement Berhad	635,360	1,116	1,489
Malayan Banking Berhad	815,385	2,166	2,280
Telekom Malaysia Berhad	1,200,700	1,084	2,179
		4,366	5,948
<i>Mexico – 0.3%</i>			
Wal-Mart de Mexico S.A.B. de C.V., Series V	650,300	1,167	1,771
<i>Netherlands – 2.9%</i>			
Core Laboratories N.V.	11,800	1,214	1,393
ING Groep N.V.	162,710	1,730	1,118
Koninklijke (Royal) KPN NV	296,500	4,125	2,890
Koninklijke Vopak NV	49,190	2,667	3,211
Reed Elsevier NV	223,760	3,245	2,606
Unilever N.V.	104,561	3,336	3,564
		16,317	14,782
<i>Norway – 0.8%</i>			
DnB ASA	151,350	1,907	1,533
Telenor ASA	159,240	2,297	2,704
		4,204	4,237
<i>Philippines – 0.4%</i>			
Alliance Global Group, Inc.	6,442,500	1,863	1,815
<i>Russia – 0.2%</i>			
Yandex N.V.	43,300	1,308	838
<i>Singapore – 1.3%</i>			
ComfortDelGro Corporation Limited	1,592,000	1,910	1,986
StarHub Limited	445,600	939	1,230
United Overseas Bank Limited	129,400	1,793	1,958
Venture Corporation Limited	244,000	1,527	1,538
		6,169	6,712
<i>South Korea – 1.4%</i>			
Hyundai Motor Company	11,853	1,234	2,475
KIA Motors Corporation	31,420	1,626	2,107
Samsung Electronics Co., Ltd.	2,440	2,055	2,634
		4,915	7,216

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BMO Harris International Equity Portfolio

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STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost ^{†*} (\$)	Fair Value (\$)
Spain – 0.4%			
Amadeus IT Holding S.A., Class A	91,540	1,858	1,974
Sweden – 2.8%			
Assa Abloy AB, Class B	123,000	3,149	3,502
H & M Hennes & Mauritz AB	104,874	3,002	3,839
Sandvik Aktiebolag	128,360	1,674	1,682
Svenska Handelsbanken AB, Class A	42,300	1,150	1,420
Swedbank AB	134,690	2,192	2,168
Swedish Match AB	43,450	811	1,785
		11,978	14,396
Switzerland – 9.2%			
Givaudan SA	1,008	839	1,008
Julius Baer Group Ltd.	56,813	1,860	2,094
Nestle S.A.	165,160	7,892	10,030
Novartis AG	137,174	7,549	7,790
Panalpina Welttransport Holding AG	12,410	1,089	1,134
Roche Holding AG	49,930	8,336	8,776
Schindler Holding Ltd.	8,757	989	997
Swatch Group AG, The, Class B	9,585	3,308	3,861
Swiss Re AG	51,140	2,929	3,271
Syngenta AG	8,900	2,704	3,093
UBS AG	128,484	1,906	1,530
Wolseley PLC	39,100	1,500	1,487
Zurich Financial Services AG	8,820	1,963	2,026
		42,864	47,097
Taiwan – 1.1%			
Advantech Co., Ltd.	465,300	942	1,578
Chunghwa Telecom Co., Ltd.	571,165	1,595	1,831
HIWIN Technologies Corp	102,030	1,173	1,067
MediaTek Inc.	111,669	1,298	1,054
		5,008	5,530
Thailand – 0.9%			
Bangkok Bank Public Company Limited	315,000	1,496	1,942
Charoen Pokphand Foods Public Company Limited, Foreign Market	1,938,000	1,669	2,403
		3,165	4,345
United Kingdom – 19.1%			
Aberdeen Asset Management PLC	574,470	2,220	2,382
Anglo American plc	47,100	2,146	1,573
ARM Holdings PLC	191,394	1,047	1,552
BG Group PLC	274,193	5,884	5,715

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BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost ^{†*} (\$)	Fair Value (\$)
BHP Billiton Plc	68,180	2,323	1,982
BP p.l.c.	475,230	4,245	3,242
British American Tobacco p.l.c.	220,239	7,961	11,412
British Sky Broadcasting Group plc	153,200	1,463	1,702
Carnival PLC	77,818	3,187	2,711
Diageo plc	127,470	2,594	3,338
GlaxoSmithKline plc	102,000	2,181	2,354
Imperial Tobacco Group PLC	58,050	2,089	2,274
Kingfisher plc	911,692	3,087	4,197
Legal & General Group Plc	1,091,300	2,003	2,228
Meggitt PLC	233,676	1,439	1,443
National Grid plc	176,760	1,832	1,905
Pearson plc	208,326	3,225	4,213
Petrofac Limited	99,450	2,525	2,213
Reckitt Benckiser Group plc	80,350	4,283	4,315
Rio Tinto plc	56,724	3,151	2,759
Rolls-Royce Group PLC, C Shares Entitlement	16,286,900	—	26
Rolls-Royce Holdings PLC	153,650	1,482	2,110
Royal Dutch Shell Plc, Class A	138,600	4,517	4,768
Royal Dutch Shell plc, Class B	68,400	2,226	2,430
SABMiller plc	66,800	2,051	2,732
Shire plc	66,660	1,886	1,951
SSE plc	82,700	1,794	1,836
Standard Chartered PLC	196,893	4,594	4,370
Tesco PLC	1,008,362	6,896	4,990
United Utilities Group Plc	184,950	2,284	1,992
Vodafone Group Plc	2,421,750	6,640	6,927
		93,255	97,642
<i>United States – 0.8%</i>			
Schlumberger Limited	59,077	4,345	3,904
Total Investment Portfolio – 89.7%		445,952	457,740
Total Unrealized Gain on Forward Currency Contracts – 0.0%			17
Total Unrealized Loss on Forward Currency Contracts – (0.0)%			(60)
Other Assets Less Liabilities – 10.3%			52,571
NET ASSETS – 100.0%			510,268

[†]Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

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BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

Unrealized Gain On Forward Currency Contracts

As at June 30, 2012, the Portfolio had the following open positions:

Settlement Date	Currency Buys	Position (in \$000s)	Currency Sells	Position (in \$000s)	Contract Rates	Counterparty	Credit Rating***	Unrealized Gain
3-Jul-12	€	1,445	CAS	(1,858)	0.7778	CIBC Mellon	A-1+	4
3-Jul-12	CAS	120	¥	(9,316)	0.0129	CIBC Mellon	A-1+	1
3-Jul-12	CAS	160	¥	(12,337)	0.0130	CIBC Mellon	A-1+	3
3-Jul-12	CAS	1,773	£	(1,106)	1.6029	CIBC Mellon	A-1+	9
Total Unrealized Gain on Forward Currency Contracts								17

Unrealized Loss on Forward Currency Contracts

As at June 30, 2012, the Portfolio had the following open positions:

Settlement Date	Currency Buys	Position (in \$000s)	Currency Sells	Position (in \$000s)	Contract Rates	Counterparty	Credit Rating***	Unrealized Loss
3-Jul-12	HK\$	657	CAS	(88)	7.4977	CIBC Mellon	A-1+	(1)
3-Jul-12	HK\$	331	CAS	(44)	7.4977	CIBC Mellon	A-1+	(1)
15-Oct-12	CAS	14,324	AUD	(13,900)	1.0305	State Street Bank and Trust Co.	A-	(58)
Total Unrealized Loss on Forward Currency Contracts								(60)

***Credit rating provided by Standard & Poor's.

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

BMO Harris International Equity Portfolio

(unaudited)

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2012 (in thousands of Canadian dollars, unless otherwise noted)

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

	June 30, 2012	December 31, 2011
Australia	4.2%	5.1%
Belgium	1.6%	1.0%
Brazil	1.0%	1.4%
China	3.0%	2.3%
Denmark	1.3%	1.0%
Finland	0.5%	—%
France	5.1%	5.7%
Germany	9.6%	9.7%
Hong Kong	5.1%	5.0%
Indonesia	0.4%	0.5%
Ireland	1.1%	0.9%
Israel	2.3%	2.4%
Italy	0.5%	0.6%
Japan	11.2%	12.3%
Macau	—%	0.3%
Malaysia	1.2%	1.3%
Mexico	0.3%	0.4%
Netherlands	2.9%	3.4%
Norway	0.8%	0.7%
Philippines	0.4%	—%
Russia	0.2%	0.2%
Singapore	1.3%	1.4%
South Korea	1.4%	2.3%
Spain	0.4%	0.6%
Sweden	2.8%	2.4%
Switzerland	9.2%	9.5%
Taiwan	1.1%	1.3%
Thailand	0.9%	1.0%
Turkey	—%	0.6%
United Kingdom	19.1%	21.0%
United States	0.8%	0.9%
Other Assets Less Liabilities	10.3%	4.8%
	100.0%	100.0%

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

BMO Harris International Equity Portfolio

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS

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

June 30, 2012

1. The Portfolio

BMO Harris International 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, most recently amended on September 18, 2007. BMO Harris Investment Management Inc. (“the Manager”) is the Manager of the Portfolio.

The information provided in these unaudited financial statements is for the periods ended June 30, 2012 and 2011 except for the comparative information on the Statement of Net Assets and related notes which are as at December 31, 2011.

2. Summary of significant accounting policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”), including 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.

Valuation of investments

Canadian GAAP requires the use of bid prices for long positions and ask prices for short positions in the fair valuation of investments traded in an active market, rather than the use of closing prices currently used for the purpose of determining Net Asset Value (“NAV”). For investments that are not traded in an active market, Canadian GAAP requires the use of valuation techniques, incorporating factors that market participants would consider in setting a price.

The NAV is the fair value of the total assets of a Portfolio less the fair value of its total liabilities at a Valuation Date (“the Valuation Date” is each day on which the Toronto Stock Exchange is open for trading) determined in accordance with Part 14 of National Instrument 81-106 – Investment Portfolio Continuous Disclosure (“NI 81-106”) for the purpose of processing unitholder transactions. For financial statement purposes, valuations are determined in accordance with Canadian GAAP. This may result in a difference between the Net Assets per unit and the NAV per unit. Refer to Note 8(b) for the details of the comparison between NAV per unit and Net Assets per unit.

Investments are deemed to be held for trading.

Investments are recorded at their fair value with the change between this amount and average cost being recorded as unrealized appreciation (depreciation) in value of investments in the Statement of Operations.

Securities listed on a recognized public securities exchange in North America are valued for financial statement purposes at their bid prices for long positions and ask prices for short positions. Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market. The Manager uses fair value pricing when the price of a security held in a Portfolio is unavailable, unreliable or not considered to reflect the current value, and may determine another value which it considers to be fair and reasonable using the services of third-party valuation service providers, or using a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data including volatility, comparable companies and other applicable rates or prices.

For bonds, debentures, asset-backed securities and other debt securities, the fair value represents 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.

Investment transactions

Investment transactions are accounted for on the trade date. Realized gains (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, and are included in the Statement of Operations.

Client brokerage commissions, where applicable, are used as payment for order execution services or research services. The portfolio advisers or Managers may select brokers, including their affiliates, who charge a

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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commission in excess of that charged by other brokers ("soft dollars") if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. It is the Manager's objective that over time, all clients receive benefits from client brokerage commissions.

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 accrual basis. Dividend income and distributions from investment trust units are recognized on the ex-dividend and ex-distribution date, respectively.

Interest on inflation-indexed bonds will be paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Operations. 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 and is included in "Interest" in the Statement of Operations.

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 transactions. Foreign exchange gains (losses) on completed transactions are included in "Realized gain (loss) on sale of investments" and unrealized foreign exchange gains (losses) are included in "Change in

unrealized appreciation (depreciation) in value of investments" in the Statement of Operations. Realized and unrealized foreign exchange gains (losses) on assets (other than investments) and liabilities are included in "Realized 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 "Realized gain (loss) on forward currency contracts" in the Statement of Operations.

Securities lending

A Portfolio may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. Collateral held is government Treasury Bills and qualified Notes.

Income from securities lending, where applicable, is included in the Statement of Operations and is recognized when earned. The securities on loan continue to be displayed in the Statement of Investment Portfolio. The market value of the securities loaned and collateral held is determined daily. Aggregate values of securities on loan and related collateral held in trust as at June 30, 2012 and December 31, 2011, where applicable, are disclosed in Note 8(g).

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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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 weighted 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 and is included in “Interest” in the Statement of Operations.

Other assets and liabilities

Income receivable, subscriptions receivable and due from broker are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to broker, redemptions payable and accrued expenses are designated as financial liabilities and reported at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost which 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 NAV per unit. The NAV per unit for the purposes of subscription or redemption is computed by dividing the NAV of the Portfolio (that is, the total fair value of the assets less its liabilities) by the total number of units outstanding at such time. This amount may be different from the Net Asset 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 Canadian GAAP purposes while NAV typically utilizes closing price to determine fair value for the purchase and redemption of units. See Note 8(b) for the details of the comparison between NAV per unit and Net Assets per unit.

Capital

The capital of the Portfolio is represented by issued and 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 NAV per unit upon redemption. The Portfolio has no restrictions or specific

capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8(a), if any. The relevant movements in capital 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 endeavors 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”). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders. Part of the Portfolio’s net income and net realized capital gains not paid or payable, is subject to income tax. 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. 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.

Non-capital losses that arose in 2004 and 2005 are available to be carried forward for ten years and applied against future taxable income. Non-capital losses that arose in 2006 and thereafter 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 non-capital and capital losses for income tax purposes as of the tax year-ended December 2011 are included in Note 8(c), if applicable.

5. Related party transactions

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

The Portfolio is provided with certain facilities and services by affiliates of the Manager. Expenses incurred in the administration of the Portfolio were paid to BMO Trust Company (the Trustee) and to BMO Asset Management Inc. (the Registrar) and charged to the Portfolio. These expenses are included in “Unitholder servicing fees” in the Statement of Operations.

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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The Portfolio may execute trades with and or through BMO Nesbit 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(d) for related party fees charged to the Portfolio for the periods ended June 30, 2012 and 2011.

(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 Group of Companies, BMO Trust Company, BMO Nesbitt Burns Inc., Harris Investment Management Inc., BMO Asset Management Inc., BMO Investments Inc., Pyrford International Ltd, Lloyd George Management Inc. or other investment funds offered by BMO, 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, 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.

6. Financial Instrument Risk

The Portfolio may be exposed to a variety of financial risks that are 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 managers 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 investments 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(f).

(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, short-term investments 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(f).

(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, and 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(f).

(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

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for over-the-counter derivative instruments is based on the Portfolio's unrealized gain (loss) 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(f).

The Portfolio may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Portfolio must be at least 102% of the fair value of securities loaned, if any, as disclosed in Note 8(h).

(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 securities to NAV 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.

7. Transition to International Reporting Standards

In March 2011, the Canadian Accounting Standards Board ("AcSB") amended its mandatory requirement for all Canadian publicly accountable enterprises to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), permitting investment companies, which includes mutual funds, to defer the adoption of IFRS. On December 12, 2011, the AcSB decided to extend by one year the deferral from fiscal years beginning on or after January 1, 2013 to January 1, 2014.

The deferral of the mandatory IFRS changeover date to January 1, 2014 is to prevent Canadian investment companies and segregated accounts of life insurance enterprises from having to change their current accounting treatment for controlled investees while the IASB finalizes its proposed investment entities standard. Under IFRS 10 Consolidated Financial Statements, investment companies are required to consolidate their controlled investments. The IASB has issued an exposure draft that will exempt entities that qualify as investment entities from consolidating their controlled investments and requires such entities to record, with very limited exceptions, all of their investments at fair value through profit or loss account. This exposure draft is still under review. Canadian GAAP permits investment companies to fair value their investments regardless of whether those investments are controlled. The AcSB will continue to monitor the need to revise the IFRS changeover date for these entities.

The Portfolio has not elected to early adopt IFRS, therefore it will adopt IFRS effective January 1, 2014. The Portfolio expects to report its financial results for the six month period ending June 30, 2014 prepared on an IFRS basis. The Portfolio will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2013. Further revisions by the AcSB to the IFRS adoption date for investment companies are possible.

The Manager has not identified any changes that will impact NAV per unit as a result of the changeover to IFRS. However, this determination is subject to change as the Manager finalizes its assessment of potential IFRS differences and as new standards are issued by the IASB prior to the Portfolio's adoption of IFRS. The criteria contained within the IAS 32 Financial Instruments: Presentation Standard may require unitholders' equity to be classified as a liability within the Portfolio's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the Portfolio's unitholder structure to confirm classification.

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(unaudited)

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June 30, 2012

8. Portfolio specific information

(a) Portfolio information and change in units

The Portfolio's inception date was January 28, 1998.

The number of units that have been issued and are outstanding are disclosed in the table below.

For the periods ended (in thousands of units)	Jun. 30, 2012	Jun. 30, 2011
Units issued and outstanding, beginning of period	59,109	63,875
Issued for cash	9,209	7,626
Redeemed during the period	(5,441)	(9,772)
Units issued and outstanding, end of period	62,877	61,729

(b) Comparison of NAV per unit to Net Assets per unit

Jun. 30, 2012		Dec. 31, 2011	
NAV per unit	Net Assets per unit	NAV per unit	Net Assets per unit
8.12	8.12	7.77	7.77

(c) Income taxes

As at the tax year-ended December 2011, the Portfolio had the following capital and non-capital losses available for income tax purposes:

Total capital losses (\$)	Total non- capital losses (\$)	Non-capital losses that expire in 2026 and thereafter		
		2014 (\$)	2015 (\$)	(\$)
181,082	—	—	—	—

(d) Related party transactions

The related party fees charged for unitholder servicing fees are as follows:

	Jun. 30, 2012	Jun. 30, 2011
Unitholder servicing (\$)	151	150

(e) Brokerage commissions and soft dollars

Brokerage commissions paid on securities transactions and amounts paid to related parties of the Manager for brokerage services provided to the Portfolio for the periods are as follows:

	Jun. 30, 2012	Jun. 30, 2011
Total brokerage amounts paid (\$)	252	554
Total brokerage amounts paid to related parties (\$)	nil	nil

The ascertainable soft dollar value of services received as a percentage of total brokerage commissions paid under the soft dollar arrangement entered into by the portfolio adviser for the periods ended is as follows:

	Jun. 30, 2012	Jun. 30, 2011
Total soft dollars (\$)	98	251
Total soft dollars as a percentage of total commissions (%)	39	45

(f) Financial instrument risk

The Portfolio's objective is to provide a long term capital appreciation by investing in a diversified portfolio of primarily equity securities of issuers throughout the world, other than in Canada and the United States.

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

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June 30, 2012

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).

As at June 30, 2012

Currency	Cash and other current receivables & payables (\$)	Investments (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
Euro dollar	(1,749)	108,381	1,862	108,494	21.3
Japanese yen	554	57,165	(276)	57,400	11.2
Pound sterling	2,207	94,361	(1,764)	94,828	18.6
U.S. dollar	54	23,456	—	23,510	4.6
Other European currencies	—	70,873	—	70,873	13.9
Other Pacific currencies	(46)	73,198	(14,252)	58,901	11.5
Other Emerging Market currencies	651	30,305	—	30,956	6.1

As at December 31, 2011

Currency	Cash and other current receivables & payables (\$)	Investments (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
Euro dollar	53	101,432	—	101,485	22.1
Japanese yen	68	56,158	—	56,226	12.3
Pound sterling	336	90,771	—	91,107	19.8
U.S. dollar	567	17,482	—	18,049	3.9
Other European currencies	1	62,926	—	62,927	13.7
Other Pacific currencies	1,101	69,806	(13,839)	57,068	12.4
Other Emerging Market currencies	527	38,388	(8)	38,907	8.5

All amounts in CA\$

As at the periods ended June 30, 2012 and December 31, 2011, 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, respectively, by approximately \$22,249 (December 31, 2011 – \$21,288). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

As at June 30, 2012 and December 31, 2011, the Portfolio did not have any significant exposure to interest rate risk.

Other market risk

As at June 30, 2012, 90% (December 31, 2011 – 95%), 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, respectively, by approximately \$45,774 (December 31, 2011 – \$43,696). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

As at June 30, 2012 and December 31, 2011, the Portfolio did not have any significant exposure to credit risk.

(g) Fair value hierarchy

There was no significant change in the composition of the Portfolio's financial instruments levels as at June 30, 2012 compared to the classification as at December 31, 2011. Please refer to the December 31, 2011 audited annual financial statements disclosure of the Portfolio's financial assets and liabilities into the fair value levels classification.

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