

Semi-Annual Management Report of Fund Performance

BMO Harris International Special Equity Portfolio

For the period ended June 30, 2012

This semi-annual management report of fund performance contains financial highlights but does not contain semi-annual financial statements of the Portfolio. If the semi-annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the semi-annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by e-mailing us at **contact.centre@bmonb.com**, by writing to us at BMO Harris Investment Management Inc., 1 First Canadian Place, 100 King St. W., 41st Floor, Toronto, Ontario, M5X 1H3 or by visiting our website at **www.bmoharrisprivatebanking.com** or SEDAR at **www.sedar.com**. You may also contact us using one of these methods to request a copy of the Portfolio's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

Management Discussion of Fund Performance

BMO Harris Investment Management Inc. ("BHIMI"), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of BMO Harris Private Portfolios and has engaged GlobeFlex Capital, L.P. as the sub-advisor (the "sub-advisor") of BMO Harris International Special Equity Portfolio (the "Portfolio").

Results of Operations

For the six-month period ended June 30, 2012, the Portfolio returned 2.1% in C\$ (2.2% in US\$), after expenses.

The Portfolio's benchmark is the S&P Developed Ex-U.S. SmallCap Index, which generated a 4.2% total return in C\$ (4.1% US\$) over the same six-month period.

In the first three months of 2012, investors were optimistic. In most countries, companies with strong fundamentals, particularly those that delivered on their earnings prospects and had reasonable valuations, generally outperformed. During the following three months, however, investors became nervous once again, frightened by European sovereign debt concerns and doubts about the sustainability of the global recovery. Companies that were rewarded in the first quarter, particularly international small-capitalization growth companies like those held in the Portfolio, saw their share prices decline as investors reduced their risk exposure in April and May. In June, however, equity markets rallied again on renewed optimism that Europe would stem the debt crisis.

In contrast to difficult macroeconomic conditions, corporate profitability around the world continued to be robust and came in slightly above analysts' expectations. Companies whose stocks are held in the Portfolio posted stronger earnings than expected, but their share prices didn't increase correspondingly. That was typical for the period as investors generally ignored solid company results.

Against this difficult market environment, the Portfolio underperformed its benchmark in the first six months of 2012. The primary performance detractor was weak stock selection in the United Kingdom, South Korea and Japan. The greatest positive contributors to the Portfolio's performance were allocations to the markets in France, Australia and Canada. From a sector performance perspective, the Portfolio's performance was hurt by poor stock selection in the Energy and Industrials sectors. Strong selection in the Consumer Discretionary and Health Care sectors contributed to the Portfolio's performance. Overall, companies in which the Portfolio was invested during the period have benefited from strong operating margins, product leadership and strong emerging economies, even though these positive factors were not reflected in strong relative performance of the companies' stock prices.

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

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Recent Developments

In the sub-advisor's view, the last four years have constituted an extreme market environment that has not been conducive to the Portfolio's investment style; however, during that time the companies held in the Portfolio have also grown more attractive in terms of their profitability and valuation. The sub-advisor believes that the global economy will grow modestly in the second half of 2012 and that the European sovereign debt situation will be contained.

On July 9, 2012, BHIMI announced that it will seek regulatory approval to change the investment objective of the Portfolio. The Portfolio's current investment objective is to achieve long-term growth through capital appreciation by primarily investing in small- and mid-sized companies internationally. BHIMI has determined that, at this time, there are limited opportunities available for a mandate investing in small- and mid-capitalization companies in the international market but that there are better investment opportunities in the U.S. market. As a result, BHIMI proposes that the Portfolio's investment objective be amended to reflect a U.S. small- and mid-capitalization equity mandate.

Providing all necessary regulatory approvals are received, the Portfolio's new investment objective will be to achieve long-term growth through capital appreciation by investing primarily in equity securities of small- and mid-capitalization U.S. companies.

BHIMI also proposes to change the Portfolio's name to BMO Harris U.S. Special Equity Portfolio. In addition, BHIMI proposes to change the sub-advisor of the Portfolio from GlobeFlex Capital, L.P. to a new sub-advisor with expertise in the U.S. small- and mid-capitalization market. It is anticipated that the Portfolio will also adopt new investment strategies to reflect the investment style of the new sub-advisor.

Change to Expenses

The Portfolio is responsible for the payment of all expenses relating to the operation of the Portfolio and the carrying on of its business. Currently, these expenses are capped and the trustee absorbs any expenses above this capped amount.

Effective October 1, 2012, the existing cap on the expenses of the Portfolio will be removed. Also, commencing on that date, any fees payable to the sub-advisor of the Portfolio over 0.15% (plus any applicable HST) will become an expense of the Portfolio.

Transition to International Financial 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 Generally Accepted Accounting Principles ("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.

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BHIMI has not identified any changes that will impact net asset value per unit as a result of the changeover to IFRS. However, this determination is subject to change as BHIMI 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 IFRS Financial Instruments: Presentation Standard may require unit-holders' equity to be classified as a liability within the Portfolio's Statement of Net Assets, unless certain conditions are met. BHIMI is currently assessing the Portfolio's unitholder structure to confirm classification.

Related Party Transactions

BMO Trust Company, an indirect, wholly-owned subsidiary of Bank of Montreal, is the trustee (the "trustee") and BHIMI is the manager of the Portfolio. From time to time, BHIMI may, on behalf of the Portfolio, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Portfolio (each, a "related party" and collectively, the "related parties").

Portfolio Manager

BHIMI has hired GlobeFlex Capital, L.P. to provide investment advice and make investment decisions for the Portfolio's investment portfolio. GlobeFlex Capital, L.P. receives an investment advisory fee based on assets under management that is paid quarterly. GlobeFlex Capital, L.P. is paid by BHIMI and not by the Portfolio.

Wealth Management Fee

Units of the Portfolio are only available through the wealth management service offered through BMO Financial Group. The trustee, a related party, receives an annual fee from each investor for the wealth management service offered through BMO Financial Group. A tiered schedule is applied to calculate the annual fee for this service; the fee schedule starts at 1.95% and declines to 0.20% (depending on the nature and size of the investor's investment portfolio), and is calculated as a percentage of the assets under management. The actual investment management fee payable by each investor is set out in the BHIMI Investment Management Fee Schedule that has been provided to the investor in conjunction with the

investment management agreement between the investor, the trustee and BHIMI. This fee is paid directly by the investor to the trustee. The trustee may compensate financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

Unitholder Services

The Portfolio is provided with certain facilities and services by related parties. BMO Asset Management Inc. ("BMO AM") is the registrar of the Portfolio. The trustee and BMO AM are paid by the Portfolio for fees relating to the custodial and administrative services they provide, respectively. Administrative services include fund accounting, record keeping and purchases/redemption order processing. The fees charged to the Portfolio during the period were as follows:

	2012 (\$000s)	2011 (\$000s)
Unitholder Services	53	79

Management Fee

There is no management fee charged to the Portfolio. The trustee receives an annual fee from investors for the wealth management service offered through BMO Financial Group.

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Financial Highlights

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

The Portfolio's Net Assets Per Unit ⁽¹⁾	Six months ended		Years ended December 31			
	June 30, 2012	2011	2010	2009	2008	2007
Net assets, beginning of period	\$ 4.44	5.46	4.78	4.59	9.21	10.96
Increase (decrease) from operations:						
Total revenue	\$ 0.09	0.12	0.10	0.12	0.23	0.19
Total expenses	\$ (0.03)	(0.06)	(0.06)	(0.05)	(0.07)	(0.09)
Realized gains (losses) for the period	\$ (0.02)	(0.09)	(0.02)	(1.94)	(4.08)	(0.54)
Unrealized gains (losses) for the period	\$ 0.07	(0.89)	0.69	2.09	(0.81)	(1.43)
Total increase (decrease) from operations ⁽²⁾	\$ 0.11	(0.92)	0.71	0.22	(4.73)	(1.87)
Distributions:						
From income (excluding dividends)	\$ —	0.00	—	0.01	0.23	0.13
From dividends	\$ —	0.12	0.08	0.07	0.01	—
From capital gains	\$ —	—	—	—	—	—
Return of capital	\$ —	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽³⁾	\$ —	0.12	0.08	0.08	0.24	0.13
Net assets, end of period	\$ 4.54	4.44	5.46	4.78	4.59	9.21

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements and unaudited June 30, 2012, semi-annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for Portfolio pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

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

⁽³⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data	Six months ended		Years ended December 31			
	June 30, 2012	2011	2010	2009	2008	2007
Total net asset value (000s) ⁽¹⁾	\$ 27,030	29,201	38,417	35,416	29,765	85,781
Number of units outstanding (000s) ⁽¹⁾	5,957	6,573	7,030	7,402	6,487	9,292
Management expense ratio ⁽²⁾	% 0.76	0.76	0.70	0.70	0.58	0.46
Management expense ratio before waivers or management absorptions	% 0.76	0.76	0.70	0.70	0.58	0.46
Trading expense ratio ⁽³⁾	% 0.43	0.44	0.45	0.42	0.28	0.38
Portfolio turnover rate ⁽⁴⁾	% 39.86	99.55	97.54	86.50	77.46	94.49
Net asset value per unit	\$ 4.54	4.44	5.46	4.79	4.59	9.23

⁽¹⁾ This information is provided as at June 30 or December 31 of the period shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The portfolio turnover rate indicates how actively the Portfolio's sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio turnover rate in a year, the greater the trading costs payable by the Portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Portfolio.

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Past Performance

General

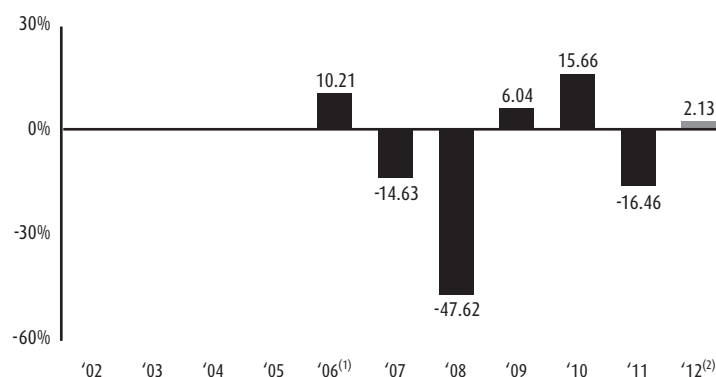
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were used to purchase additional units of the Portfolio and is based on the net asset value of the Portfolio.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember, how the Portfolio has performed in the past does not indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart(s) show the performance for each of the financial years and for the six-month period ended June 30, 2012 shown. The chart(s) 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 the financial year.

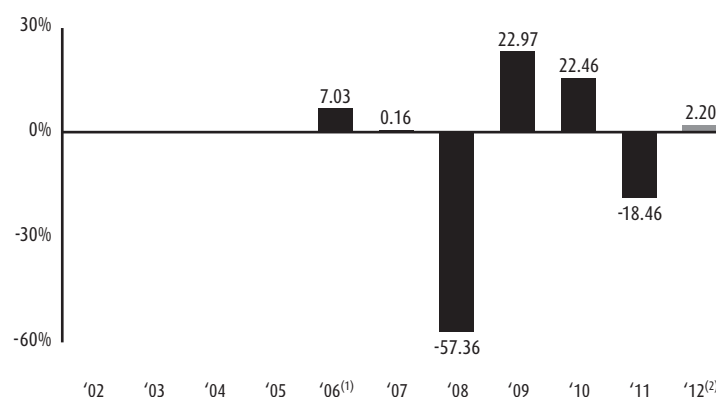
BMO Harris International Special Equity Portfolio (C\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

⁽²⁾ For the six-month period ended June 30, 2012.

BMO Harris International Special Equity Portfolio (US\$)



⁽¹⁾ Return from November 1, 2006 to December 31, 2006.

⁽²⁾ For the six-month period ended June 30, 2012.

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Summary of Investment Portfolio

as at June 30, 2012

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings	% of Net Asset Value
United Kingdom	20.8	Toyo Tire & Rubber Co., Ltd.	1.5
Japan	17.9	Hannover Ruckversicherung AG	1.5
Canada	11.2	Boart Longyear Limited	1.4
Germany	6.8	Senior PLC	1.4
Switzerland	6.4	Unipres Corporation	1.1
Australia	6.3	Ferrexpo plc	1.0
France	5.0	Debenhams Plc	1.0
Italy	4.0	Enterprise Inns PLC	1.0
Other	3.7	HUGO BOSS AG	1.0
South Korea	2.9	Macnica Inc.	0.9
Finland	2.7	Prima Meat Packers, Ltd.	0.9
Israel	2.5	Greencore Group Public Limited Company	0.9
Spain	2.4	Vector Limited	0.8
Hong Kong	2.2	Topdanmark A/S	0.8
Belgium	1.7	easyJet plc	0.8
New Zealand	1.5	Zodiac Aerospace	0.8
Ireland	1.4	Sunlight REIT	0.8
Cash/Receivables/Payables	0.6	Implenia AG	0.8
		Riso Kagaku Corporation	0.8
		Smiths News PLC	0.8
		London Stock Exchange Group PLC	0.8
		Intershop Holding AG	0.8
		888 Holdings Public Limited Company	0.8
		Spark Infrastructure Group	0.7
		Century Tokyo Leasing Corporation	0.7
		Top holdings as a percentage of net asset value	23.8
		Total Net Asset Value	\$27,029,858

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

Manager

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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 Portfolio may invest and the risks detailed from time to time in BMO Harris Private Portfolios’ 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 Portfolio, 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 Harris Investment Management 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.

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