BMO NESBITT BURNS

BMO Nesbitt Burns Group of Funds

Annual Financial Statements

BMO NESBITT BURNS GROWTH PORTFOLIO FUND

DECEMBER 31, 2009

BMO Nesbitt Burns®

AUDITORS' REPORT

To the Unitholders of:

BMO Nesbitt Burns Canadian Stock Selection Fund
BMO Nesbitt Burns U.S. Stock Selection Fund
BMO Nesbitt Burns Bond Fund
BMO Nesbitt Burns Balanced Fund
BMO Nesbitt Burns Balanced Portfolio Fund
BMO Nesbitt Burns Growth Portfolio Fund
BMO Nesbitt Burns Maximum Growth Portfolio Fund
BMO Nesbitt Burns International Equity Fund

(Collectively referred to as the "Funds")

We have audited the statements of investment portfolio of each of the Funds as at December 31, 2009, the statements of net assets, the statements of operations and changes in net assets of each of the Funds as at and for the periods indicated in Note 1. These financial statements are the responsibility of the Funds' 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 Funds, the results of each of their operations and the changes in each of their net assets as at and for the periods indicated in Note 1, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
March 10, 2010

STATEMENT OF NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)

As at	December 31, 2009	December 31, 2008
ASSETS		
Cash	442,002	112,192
Investments at fair value (note 2)	51,370,008	47,470,070
Due from broker	65,000	–
Subscriptions receivable	39,944	109,018
Total assets	**51,916,954**	**47,691,280**
LIABILITIES		
Accrued expenses	121,484	28,107
Redemptions payable	31,936	14,889
Total liabilities	**153,420**	**42,996**
Net assets representing unitholders' equity	**51,763,534**	**47,648,284**
Total net assets representing unitholders' equity		
Class A units	51,732,168	47,638,503
Class F units	31,366	9,781
Net assets per unit (note 2)		
Class A units	$10.00	$8.27
Class F units	$10.55	$8.63

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

STATEMENT OF OPERATIONS (ALL AMOUNTS IN CANADIAN DOLLARS)

For the periods ended	December 31, 2009	December 31, 2008
INCOME		
Dividends	633,982	1,680,868
Interest	2,514	3,030
	636,496	**1,683,898**
EXPENSES		
Management fees (note 5(a))	1,092,393	1,358,481
Audit fees	26,004	17,005
Independent Review Committee Fees	2,551	1,922
Custody fees	7,570	6,212
Legal and filing fees	19,138	18,084
Securityholder servicing fees (note 5(b))	187,007	168,682
Printing and stationery fees	11,770	10,286
	1,346,433	**1,580,672**
Net (loss)/gain investment income for the year	(709,937)	103,226
Net realized loss on sale of investments	(10,597,626)	(605,780)
Change in unrealized appreciation/(depreciation) in value of investments	20,677,069	(19,755,438)
Increase/(decrease) in net assets from operations	**9,369,506**	**(20,257,992)**
Increase/(decrease) in net assets from operations		
Class A units	9,363,646	(20,257,773)
Class F units	5,860	(219)
Increase/(decrease) in net assets from operations per unit (note 2)		
Class A units	$1.71	($3.62)
Class F units	$1.92	($0.20)

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

STATEMENT OF CHANGES IN NET ASSETS (ALL AMOUNTS IN CANADIAN DOLLARS)

	Class A Units		Class F Units	
For the periods ended	**December 31 2009**	**December 31 2008**	**December 31 2009**	**December 31 2008**
Net assets – beginning of year (note 2)	**47,638,503**	**63,358,082**	**9,781**	**–**
Increase/(decrease) in net assets from operations	**9,363,646**	**(20,257,773)**	**5,860**	**(219)**
UNIT TRANSACTIONS:				
Proceeds from sale of units	5,674,013	17,660,459	27,774	10,000
Reinvested distributions	–	1,163,897	–	201
Amount paid on units redeemed	(10,943,994)	(13,114,553)	(12,049)	–
Total unit transactions	**(5,269,981)**	**5,709,803**	**15,725**	**10,201**
DISTRIBUTIONS TO UNITHOLDERS FROM:				
Net investment income	–	(674,958)	–	(103)
Return of Capital	–	(496,651)	–	(98)
Total distributions paid to unitholders	**–**	**(1,171,609)**	**–**	**(201)**
Net assets – end of year (note 2)	**51,732,168**	**47,638,503**	**31,366**	**9,781**
Change in Units				
Units issued and outstanding, beginning of year	5,758,452	5,252,516	1,133	–
Issued for cash	656,189	887,194	2,998	1,109
Issued for reinvestment of distributions	–	141,997	–	24
	6,414,641	**6,281,707**	**4,131**	**1,133**
Redeemed during the year	(1,243,105)	(523,255)	(1,158)	–
Units issued and outstanding, end of year	**5,171,536**	**5,758,452**	**2,973**	**1,133**

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

STATEMENT OF INVESTMENT PORTFOLIO (ALL AMOUNTS IN CANADIAN DOLLARS)

As at December 31, 2009

Description	Number of Units	Cost* ($)	Fair Value ($)
Holdings in Underlying Investment Funds – 99.2%			
Capital International Global Equity Fund, Class I	148,086	2,241,103	1,979,050
CI American Value Corporate Class, I Shares	661,808	7,230,807	8,590,261
CI Harbour Fund, Class I	476,079	9,363,763	9,307,337
CI Synergy Canadian Corporate Class, I Shares	1,029,833	10,157,936	11,410,552
Dynamic Canadian Value Class, Series O	950,892	9,661,674	10,450,298
Fidelity American High Yield Fund, Series O	364,569	2,325,886	2,505,991
Mackenzie Cundill Value Fund, Class O	341,398	1,573,108	2,068,224
TD Canadian Bond Fund, Class O	494,941	4,875,345	5,058,295
		47,429,622	**51,370,008**
Total Investment Portfolio – 99.2%		**47,429,622**	**51,370,008**
Other Assets less Liabilities – 0.8%			**393,526**
Total Net Assets – 100%			**51,763,534**

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

THE FUND'S INVESTMENT PORTFOLIO IS CONCENTRATED IN THE FOLLOWING SEGMENTS AS AT:	December 31 2009	December 31 2008
Canadian Fixed Income	9.8%	12.1%
Canadian Focused Equity	64.2%	39.2%
Global Equity	3.8%	42.0%
Natural Resources	–	6.3%
US Fixed Income	4.8%	–
US Equity	16.6%	–
Other Assets less Liabilities	0.8%	0.4%
	100.0%	**100.0%**

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

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1. THE FUND

BMO Nesbitt Burns Growth Portfolio Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the province of Ontario and is governed by a Master Declaration of Trust dated November 1, 2004, amended October 31, 2008. The Fund is authorized to issue an unlimited number of units in an unlimited number of classes. Each class is intended for different kinds of investors and has different management fees and administration fees. Refer to Note 8(a) for the classes issued in this Fund and the launch date, and Note 8(d) for management fee rates and administration fee rates for each class.

Class A units are available to all investors.

Class F units are available for purchase by investors who are enrolled in dealer sponsored wrap programs or flat fee accounts. Instead of paying a commission on each transaction, these investors pay an annual fee to the Manager based on the value of their assets.

BMO Nesbitt Burns Inc. (the "Manager") is responsible for the management of the Fund.

The information provided in these audited financial statements is for the period ended December 31, 2009 and 2008. Financial information for the Fund or class 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.

Adoption of new accounting policies

Emerging Issues Committee – 173 ("EIC-173")
For the year ended December 31, 2009, the Fund 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 Fund's financial statements.

Financial Instruments Disclosure and Presentation
On January 1, 2008, the Fund 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 Fund's securities 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 Fund 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 Fund'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 Fund's determination of assumptions that market participants might reasonably use in valuing the securities. Refer to note 8 (f) for the relevant disclosure.

Valuation of investments

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

The Canadian Securities Administrators ("CSA") allow investment funds to calculate the daily Net Asset Value for the purpose of processing unitholder transactions ("Net Asset Value") using fair value measures as defined in National Instrument 81-106 ("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 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. Mutual fund units held as investments are valued at their respective net asset values on the relevant valuation dates, as these values are the most readily and regularly available. Asian 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 maximum use of inputs and assumptions based on observable market data including volatility, comparable companies and other applicable rates and 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 Fund are expensed and included in "Commissions and other portfolio transaction costs" in the Statement of Operations.

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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.

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.

Distributions received from investment fund holdings are recognized by the Fund in the same form in which they were received from the underlying funds.

Translation of foreign currencies

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Fund'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 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.

Securities lending

A Fund 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 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 December 31, 2009, where applicable, are disclosed in Note 8.

Increase or decrease in net assets from operations per unit

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

Short-term trading penalty

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

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, receivable for margin on futures, 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. Other assets and liabilities are short-term in nature and amortized cost approximates fair value.

3. UNIT VALUATION

Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any valuation date at the Net Asset Value of a particular class. A valuation date is each day on which the Toronto Stock Exchange is open for trading. The Net Asset Value per unit of a class for the purposes of subscription or redemption is computed by dividing the Net Asset Value of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time. This amount may be different from the Net Asset per unit of a class calculation, 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(b) for the Net Asset Value per unit as of December 31, 2009 and 2008 for each class of the Fund.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative Net Asset Value of each class.

Capital disclosure

The capital of the Fund 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 Fund's Net Asset Value per unit upon redemption. The Fund 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 Fund 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 Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada), 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 unit holders as at the end of the tax year. However, such part of the Fund'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 Fund to distribute all of its income and sufficient net realized capital gains so that the Fund 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 Fund's available non-capital and capital losses for income tax purposes as of the tax year ended December 2009 are included in Note 8(c).

5. RELATED PARTY TRANSACTIONS

(a) **Management Fees**
The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the investment advisors and provides all related administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a fee payable monthly, calculated at the maximum annual rates included in Note 8(d).

(b) **Securityholder servicing, commissions and other portfolio transaction costs**
The Fund is provided with certain facilities and services by the Manager and its affiliates. A portion of the securityholder servicing expenses include expenses incurred in the administration of the Fund that were paid to Bank of Montreal.

Refer to Note 8(d) for related party fees charged to the Fund for the periods ended December 31, 2009 and 2008 where applicable.

(c) **Initial investments**
In order to establish a new fund, the Manager makes initial investments in the Fund. Pursuant to the policies of the CSA, an initial investor cannot redeem its investments until an additional $500,000 has been received from other investors with respect to the same series of units. Refer to Note 8(d) for the investment in units of the Fund held by the Manager as at December 31, 2009, where applicable.

(d) **Other related party transactions**
From time to time, the Manager may on behalf of the Fund 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 Fund. These transactions or arrangements may include transactions or arrangements with or involving Bank of Montreal, BMO Harris Investment Management Inc., Jones Heward Investment Counsel Inc., BMO InvestorLine Inc., HIM Monegy Inc., BMO Trust Company, Harris Investment Management Inc., Pyrford International Ltd. or other mutual funds, 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, a fund 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 funds or the provision of services to the Manager.

6. FINANCIAL INSTRUMENT RISK

A fund may be exposed to a variety of financial risks. A fund's exposure to financial risks 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 Fund's risk management practice includes the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where the Fund invests in other mutual fund(s), it may be indirectly exposed to the financial instruments risks of the underlying fund(s), depending on the investment objectives and the type of securities held by the underlying fund(s). The decision to buy or sell an underlying fund is based on the investment quidelines and positions, rather than the exposure of the underlying fund(s).

(a) **Currency risk**
Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. All investments and derivative instruments, denominated in foreign currencies are identifiable on the Statement of Investment Portfolio. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Fund's exposure to currency risk, if any, is further discussed in Note 8(e).

(b) **Interest rate risk**
Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The Fund'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 Fund's exposure to interest rate risk, if any, is further discussed in Note 8(e).

(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 are not subject to other market risk. The Fund's exposure to other market risk, if any, is further discussed in Note 8(e).

(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 it's financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk

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exposure for over-the-counter derivative instruments is based on the Fund'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 Fund's exposure to credit risk, if any, is further discussed in Note 8(e).

The Fund 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 Fund must be at least 102% of the fair value of securites loaned, as disclosed in Note 8.

(e) **Liquidity risk**
The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. The Fund 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 the total Net Assets of the Fund 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 Fund's financial obligations.

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 Fund will adopt IFRS as the basis for preparing its financial statements. The Fund will issue its financial results for semi-annual period ending June 30, 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.

8. FUND SPECIFIC INFORMATION

(a) **Fund and Unit Class information**
The Fund's inception date was November 1, 2004. The Fund may issue an unlimited number of units in each of Class A and F.

Unit Class	Launch Date
Class A Units	November 1, 2004
Class F Units	October 31, 2008

(b) **Reconciliation of Net Asset Value per Unit to Net Assets per Unit**

	December 31, 2009		
Unit Class	Net Asset Value per Unit	Section 3855 Adjustment	Net Assets per Unit
Class A Units	10.00	–	10.00
Class F Units	10.55	–	10.55

	December 31, 2008		
Unit Class	Net Asset Value per Unit	Section 3855 Adjustment	Net Assets per Unit
Class A Units	8.27	–	8.27
Class F Units	8.63	–	8.63

(c) **Income Taxes**
As at the tax year ended December 2009, the Fund has the following available non-capital and capital losses for income tax purposes:

		Non-Capital Losses That Expire in		
Total Capital Losses ($)	Total Non-Capital Losses ($)	2009 ($)	2010 ($)	2011 and thereafter ($)
11,221,470	–	–	–	–

(d) **Related party transactions**

Management and Administration Fees
The Manager is entitled to receive the following fees payable monthly, calculated at the following maximum annual rates:

Unit Class	Management Fees (%)	Administration Fees (%)
Class A Units	2.25	as incurred
Class F Units	1.25	as incurred

Initial investments

The manager held the following investments in units of the Fund:

	As at December 31, 2009		As at December 31, 2008	
Unit Class	Units held by the Manager ($)	Fair value of units ($)	Units held by the Manager ($)	Fair value of units ($)
Class A Units	–	–	–	–
Class F Units	1,135	11,974	1,133	9,778

Securityholder servicing, commissions and other portfolio transaction costs

The related party fees charged relating to securityholder servicing, commissions and other portfolio transaction costs are as follows:

Unit Class	Period ending December 31, 2009 Securityholder Servicing ($)	Period ending December 31, 2008 Securityholder Servicing ($)
Class A Units	129,942	132,834
Class F Units	111	4

(e) **Financial instrument risk**

The Fund's objective is to achieve long-term capital growth consistent with the preservation of capital by investing primarily in other mutual funds that have long-term growth potential. No changes affecting the overall level of risk of investing in the Fund were made during the period. The risks of this Fund remain as discussed in the most recent Simplified Prospectus.

Currency risk

The Fund invests only in mutual fund units and may be exposed to indirect currency risk to the extent that the underlying funds invest in financial instruments that are denominated in a currency other than the functional currency of the Fund.

Interest rate risk

As at December 31, 2009 and 2008, the Fund invested in mutual fund units and may have been exposed to indirect interest rate risk to the extent that the underlying funds invested in interest-bearing financial instruments.

Other market risk

As at December 31, 2009 and 2008, the Fund invested only in mutual fund units and may have been exposed to other market risk to the extent that the underlying funds invested in securities that trade on global markets. If the global markets 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 $5,137,001 (December 31, 2008 $4,747,007). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

As at December 31, 2009 and December 31, 2008, the Fund was exposed to credit risk from investment in mutual fund units. These mutual funds invested in debt securities and could enter into over-the-counter derivative contracts.

(f) **Fair Value Hierarchy**

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

	Fair value measurements classifications			
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Securities	51,370,008	–	–	**51,370,008**
Total	**51,370,008**	**–**	**–**	**51,370,008**

No significant transfers were made between Level 1, Level 2 or Level 3 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 Trustees of the Funds. 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 Funds are described in Note 2 to the financial statements. The Trustees are responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Trustees review the financial statements of the Funds, adequacy of internal controls, the audit process and financial reporting with management and the external auditors.

PricewaterhouseCoopers LLP are the external auditors of the Funds. The auditors have been appointed by the Respective Boards and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the security holders. 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. This report is included as an integral part of the financial statements.

Sarah E.A. Widmeyer

President
BMO Nesbitt Burns Group of Funds

Robert J. Schauer

Chief Financial Officer
BMO Nesbitt Burns Group of Funds

March 10, 2010

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