

Semi-Annual Management Report of Fund Performance

BMO NESBITT BURNS INTERNATIONAL EQUITY FUND ("the Fund")

JUNE 30, 2010

Portfolio Manager: Pyrford International Limited, London, United Kingdom

This semi-annual management report of fund performance contains financial highlights, but does not contain semi-annual or annual financial statements of the Fund. If the semi-annual or annual financial statements of the Fund do not accompany the mailing of this report, you can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by writing to us at BMO Nesbitt Burns Inc., 1 First Canadian Place, 54th Floor, P.O. Box 150, Toronto, Ontario, M5X 1H3 or by visiting our website at www.bmonesbittburns.com or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The Fund's Class A units returned -9.1% net of expenses, whereas the Morgan Stanley Capital Investment Index (MSCI EAFE) returned -11.8% for the six month period ending June 30, 2010.

Stock selection was the primary contributor to this relative outperformance. The most significant areas of positive relative stock selection were Norway (15.8%), Taiwan (10.7%), Hong Kong (6.8%), Malaysia (8.0%), Switzerland (5.7%), Singapore (3.3%) and United Kingdom (UK) (2.4%).

Country allocation was also a positive contributor over the period. The most significant elements within this were overweight positions in the Pacific Basin (excluding Japan). The underweight position in UK was also a positive contributor.

Currency allocation was marginally positive; the key positive contribution came from the overweight exposure to the currencies of Asia excluding Japan; the hedge in place against the Australian dollar was also a positive contributor. The marginal overweight exposure to the Euro was a negative as was the underweight exposure to the yen.

During the period country allocations to Switzerland and Euro Area were increased and allocations were decreased to Thailand, Singapore, Taiwan and Malaysia.

The Fund remained significantly underweight Japan and UK throughout the period under review. The significant overweight positions were in the Asia-excluding Japan region, namely in Hong Kong, Malaysia, Singapore and Taiwan which continue to enjoy superior economic fundamentals and growth prospects.

Markets experienced significant turmoil over the period experiencing minor falls during the first quarter which accelerated during the second quarter. The Fund remains very defensively positioned with zero positions in European and UK banks and very low exposure to deep cyclicals.

The Fund benefited from an overweight position in defensive stocks such as telecommunications, utilities, consumer staples and pharmaceuticals. The very underweight positions in far more economically cyclical sectors such as materials, capital goods and automobiles/components also contributed to negative performance from stock selection.

The average dividend yield in the Fund continues to be higher than that of the benchmark, debt to equity lower and return on equity higher.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (cont.)

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

Recent Developments

The Portfolio Manager expects the current global economic recovery to be fragile. As the substantial fiscal stimulus used to rescue the world's banking systems and economies is withdrawn throughout 2010 and beyond, there remains a clear risk of many developed countries slipping back into recession.

The most recent turmoil to beset world economies has been the threat of sovereign default, led by Greece. Firstly let there be no mistake about the severe mess that Greece finds itself in. For years the Greek politicians and population have awarded themselves benefits and a standard of living that their economy and demographics simply could not afford and they have paid for these with debt. Bond market investors have realised the full extent of the fiscal position and have voted with their feet. The threat of contagion is very real. Portugal, Ireland, Spain and Italy all have similar economic problems to Greece. None of them is quite as bad as Greece but that does not make their positions sustainable. Historically, they have dealt with such economic difficulties by devaluing their currencies. Within the euro that is simply not possible. Bond market vigilantes have already started to turn their attentions towards these countries as witnessed by expanding sovereign credit spreads over German bonds.

The Portfolio Manager believes these developments have given many governments no option but to address their fiscal deficits at a time when economic recovery remains anaemic.

Corporations reacted swiftly to the previous crisis by attacking costs to protect margin. However, in the long term the key driver of corporate operating margins is revenue growth and the economies of scale that it brings. Cost cutting alone may work in the short term but it will not generate a long term recovery in corporate earnings, not least because the reduced wage costs of the corporate sector largely translate to reduced revenues for the same corporate sector at the whole economy level.

Despite declines in international equity markets in 2010, valuations have far to go before they approach bargain levels. The Portfolio Manager continues to employ a defensive strategy. Key geographical overweights are to Asia excluding Japan with corresponding underweight positions in Japan and UK. The focus of stock selection remains value and quality with particular emphasis on high dividend yields, strong balance sheets and robustly sustainable return on equity.

Harmonized Sales Tax

Certain fees and expenses paid by the Fund are subject to sales tax, such as the goods and services tax ("GST"). Prior to June 30, 2010, the Fund paid GST on management fees, administrative fees and most operating expenses. Beginning on July 1, 2010, GST was replaced by the harmonized sales tax ("HST") in certain provinces, which will be imposed at higher rates than the GST. Since the applicable HST will be paid by the Fund, it will increase the overall expenses incurred by the Fund.

Change in the Composition of the Fund's Independent Review Committee

Effective March 31, 2010, Kenneth W. McArthur and R. Jamie Plant retired from their position as an IRC member. The current members of the Fund's IRC are Allen B. Clarke, John K. McBride and Louise Vaillancourt-Châtillon (Chair). Additional information regarding the Fund's IRC is available in the Fund's most recent annual information form.

Transition to International Financial Reporting Standards

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that all Canadian publicly accountable enterprises, which include investment 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 ("IASB"), for financial years commencing on or after January 1, 2011. However, in June 2010, the AcSB issued a proposal to defer the adoption of IFRS for investment companies, which include investment funds, by one year. This proposal could result in the Fund deferring its adoption of IFRS from January 1, 2011 to January 1, 2012. The AcSB is expected to finalize their proposal in September 2010.

In order to meet the requirement to transition to IFRS, the Manager established a committee for the development and implementation of a transition plan and to provide oversight of the transition to IFRS. The transition plan is comprised of three phases: a diagnostic assessment to identify potential IFRS differences relative to current policies; implementation and education, which includes confirming actual IFRS differences relative to current policies; and completion of all integration requirements for any actual differences identified. The Fund's transition to IFRS remains on track: its diagnostic assessment to identify potential IFRS differences is completed, and the Committee is currently working through the second phase of the transition plan.

The diagnostic assessment of the Fund revealed the following:

The criteria contained within the IFRS Financial Instruments: Presentation standard (IAS 32) may require unitholders' equity to be classified as a liability within the Fund's statement of net assets, unless certain conditions are met. The Manager is currently assessing the Fund's unitholder structure to confirm classification.

The requirements contained within the IFRS Consolidated and Separate Financial Statements standard (IAS 27) may impact the accounting of certain investments held by the Fund. To the extent any of the Fund's investments in other funds are deemed to be controlled by the Fund, as determined under the criteria contained within IAS 27, the Fund will need to consolidate the financial statements of those investments within the Fund's financial statements. However, the IASB is planning to replace IAS 27 with a new standard. This new standard may be in effect prior to Fund's transition date, such that the IFRS may differ at transition date from its current form. The Manager is currently monitoring the IASB's project to replace IAS 27, and will amend its implementation plans accordingly.

Presentation changes to unitholders' equity and presenting certain investments held by the Fund on a consolidated basis will not have an impact on the Fund's results of operations or financial position. The diagnostic assessment did not reveal any other potential material differences between the Fund's current accounting policies and the requirements under IFRS. The Manager does not foresee any impact or change to the Fund's business arrangements or any accounting policy or implementation decisions that the Fund will need to make as a result of the changeover to IFRS.

The Manager has not identified any changes that will impact NAV per share as a result of the changeover to IFRS. However, this determination is subject to change as new standards are issued or interpretations of existing standards evolve.

Related Party Transactions

BMO Nesbitt Burns Inc., an indirect, wholly-owned subsidiary of Bank of Montreal is the Manager, and principal distributor of the Fund. From time to time, BMO Nesbitt Burns Inc. may, on behalf of the Fund enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to (a Related Party).

Portfolio Manager

BMO Nesbitt Burns Inc., as Manager of the Fund, has hired Pырford International Limited (Pырford), a Related Party, to provide investment advice and make investment decisions for the Fund's investment portfolio. Pырford receives an investment advisory fee based on assets under management that is paid monthly. Pырford is paid by BMO Nesbitt Burns Inc. and not by the Fund.

Distribution Services

BMO Nesbitt Burns Inc. sells units of the Fund through its sales representatives. The Manager pays trailer fees to these sales representatives based on the amount of assets held in the investor's account and additionally, in some cases, on the amount of the initial purchase. There may be other fees and expenses payable in respect to the operation of the investor's account with BMO Nesbitt Burns Inc. that could affect the investment in units of the Fund, if the investor receives special services, such as switch fees and registered plan fees. The amount of these fees should be discussed with your sales representative at the time of purchase or switch and when your account or registered tax plan is established.

Unitholder Services

The Fund is provided with certain facilities and services by affiliates of the Manager. Unitholder services, such as fund accounting, record keeping and purchase/redemption order processing, are provided by Bank of Montreal Ireland p.l.c. and BMO Asset Management Inc. ("BMO AM"), in its capacity as the Fund's Registrar. BMO AM was formerly known as Jones Heward Investment Counsel Inc. having changed its name on May 7, 2010. These expenses are paid by the Manager and charged to the Fund. The fees charged to the Fund during the period were as follows:

	Six-month period ended June 30, 2010	Six-month period ended June 30, 2009
Unitholder Servicing Fees	\$6,671	\$759

FINANCIAL HIGHLIGHTS

Management Fees

As Manager of the Fund, BMO Nesbitt Burns Inc. is responsible for the day-to-day management of the business and operations of the Fund. It monitors and evaluates the Fund's performance, pays for the investment advice provided by Pyrford and provides certain administrative services required by the Fund. As compensation for its services, BMO Nesbitt Burns Inc. is entitled to receive a management fee payable monthly, calculated based on the daily net asset value of each class of the Fund at the maximum annual rate set out in the below table.

	As a percentage of Management Fees		
	Annual Management Fee Rate* %	Dealer Compensation %	General Administration Investment Advice and Profit %
Class A Units	2.25	57.14	42.86
Class F Units	1.25	-	100.00

* Because the Manager pays lower or no distribution, service or trailing fees on Class F units, Class F units have a lower management fee than Class A.

Financial Highlights

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

The Fund's Net Assets per Unit¹

CLASS A	Period ended	Periods ended December 31				
	June 30, 2010	2009	2008	2007	2006	2005
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Assets, beginning of year	10.60	10.11	10.00	-	-	-
Increase (decrease) from operations:						
Total revenue	0.23	0.26	0.05	-	-	-
Total expenses ³	(0.14)	(0.23)	(0.07)	-	-	-
Realized gains (losses) for the period	(0.04)	(0.08)	(0.09)	-	-	-
Unrealized gains (losses) for the period	(1.00)	0.77	0.23	-	-	-
Total increase (decrease) from operations²	(0.95)	0.72	0.12	-	-	-
Distributions:						
From income (excluding dividends)	-	0.12	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions³	-	0.12	-	-	-	-
Net Assets, end of period	\$9.65	\$10.60	\$10.11	-	-	-

CLASS F	Period ended	Periods ended December 31				
	June 30, 2010	2009	2008 ⁴	2007	2006	2005
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Assets, beginning of year	10.75	10.11	10.00	-	-	-
Increase (decrease)						
from operations:						
Total revenue	0.23	0.22	0.04	-	-	-
Total expenses	(0.09)	(0.14)	(0.04)	-	-	-
Realized gains (losses)						
for the period	(0.04)	0.03	(0.09)	-	-	-
Unrealized gains (losses)						
for the period	(1.01)	1.80	0.22	-	-	-
Total increase (decrease)						
from operations²	(0.91)	1.91	0.13	-	-	-
Distributions:						
From income						
(excluding dividends)	-	0.15	0.02	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions³	-	0.15	0.02	-	-	-
Net Assets, end of period	\$9.83	\$10.75	\$10.11	-	-	-

¹⁾ This information is derived from the Fund's audited annual financial statements and unaudited June 30, 2010 semi-annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value per unit calculated for Fund pricing purposes. An explanation of these differences can be found in the notes to the Fund's financial statements.

²⁾ Net assets and distributions are based on the actual number of 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 Fund, or both, where applicable.

⁴⁾ The information shown in this column is for the period beginning October 31, 2008 (the class' inception date) and ending December 31, 2008.

Ratios and Supplemental Data

CLASS A	Period ended	Periods ended December 31				
	June 30, 2010	2009	2008	2007	2006	2005
Total net assets (000's) ¹	\$2,338	\$1,535	\$1,023	-	-	-
Number of units outstanding ¹	242,344	144,594	100,971	-	-	-
Management expense ratio ²	2.36%	2.36%	2.14%	-	-	-
Management expense ratio before waivers or management absorptions ²	2.36%	2.36%	2.14%	-	-	-
Portfolio turnover rate ³	18.30%	26.10%	4.18%	-	-	-
Trading expense ratio ⁴	0.20%	0.45%	-	-	-	-
Net asset value per unit⁵	\$9.65	\$10.62	\$10.13	-	-	-

CLASS F	Period ended	Periods ended December 31				
	June 30, 2010	2009	2008 ⁶	2007	2006	2005
Total net assets (000's) ¹	\$6,974	\$5,562	\$10	-	-	-
Number of units outstanding ¹	709,150	516,595	1,002	-	-	-
Management expense ratio ²	1.31%	1.30%	0.88%	-	-	-
Management expense ratio before waivers or management absorptions ²	1.31%	1.30%	0.88%	-	-	-
Portfolio turnover rate ³	18.30%	26.10%	4.18%	-	-	-
Trading expense ratio ⁴	0.20%	0.43%	-	-	-	-
Net asset value per unit⁵	\$9.83	\$10.77	\$10.13	-	-	-

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

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. In the period a Fund is established, the management expense ratio is annualized from the date of inception to December 31.

Nesbitt Burns absorbed certain expenses or waived certain fees otherwise payable by a class. In doing so, Nesbitt Burns attempts to maintain the overall MER of the Fund at a relatively consistent level. Nesbitt Burns may discontinue the absorption or waiver at any time.

³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund. The rate is calculated based on the lesser of purchases or sales of investments divided by the average market value of the portfolio investments, excluding short-term investments.

⁴⁾ The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁵⁾ This information is derived from the Fund's audited financial statements and unaudited June 30, 2010 semi-annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value per unit calculated for portfolio pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

⁶⁾ The information shown in this column is for the period beginning October 31, 2008 (the class' inception date) and ending December 31, 2008.

PAST PERFORMANCE

General

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

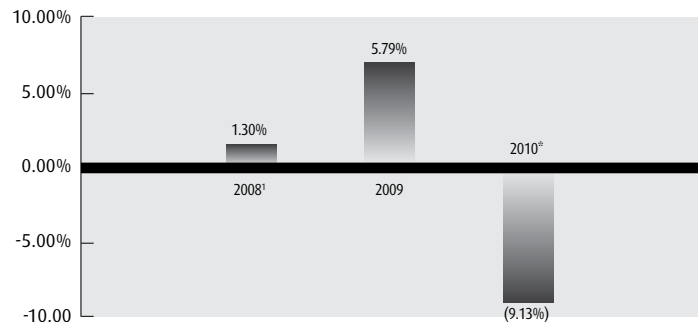
The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember, how the Fund has performed in the past does not indicate how it will perform in the future.

If a Fund offers more than one class, the class returns may differ for a number of reasons, including if the class was not issued and outstanding for the entire reporting period and because of the different levels of management fees payable by each class.

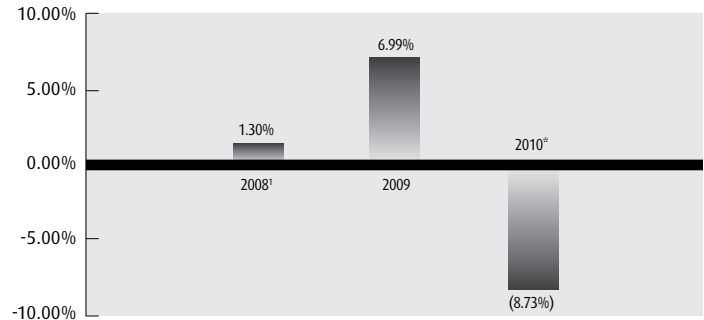
Year-by-Year Returns

The following bar charts show the performance for each class of the Fund for each of the financial years shown. The charts show in percentage terms how much an investment made on the first day of each financial year would have increased or decreased by the last day of the financial year.

CLASS A



CLASS F



^{*} For the six-month period ended June 30, 2010.

¹ For the period beginning October 31, 2008 to December 31, 2008.

² For the period beginning October 31, 2008 to December 31, 2008.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2010

Portfolio Allocation	% of Net Asset Value
United Kingdom	13.2
Switzerland	11.8
Australia	9.7
Japan	9.5
The Netherlands	8.4
Hong Kong	7.6
Germany	7.2
France	6.7
Cash/Receivables/Payables	6.0
Singapore	3.9
Belgium	3.3
Malaysia	2.9
Taiwan	2.7
Spain	2.4
Italy	1.6
Ireland	1.2
Sweden	1.0
Norway	0.9

Top 25 Holdings	% of Net Asset Value
Cash/Receivables/Payables	6.0
Total SA	3.1
Nestle SA	3.0
Roche Holding AG	2.7
SAP AG	2.5
Royal Dutch Shell plc	2.4
Novartis SA	2.4
Telefonica SA	2.4
Hong Kong Electric Holdings Limited	2.2
Colruyt SA	2.0
Vodafone Group plc	2.0
Reed Elsevier NV	2.0
Koninklijke KPN NV	1.9
Sanofi-Aventis	1.9
Deutsche Post AG	1.8
Woolworths Limited	1.8
Hang Seng Bank Limited	1.7
Air Liquide SA	1.7
Telstra Corp Limited	1.6
QBE Insurance Group Limited	1.6
Snam Rete Gas S.P.A.	1.6
Wincor Nixdorf AG	1.6
Fosters Group Limited	1.5
CNOOC Limited	1.4
Vtech Holdings Limited	1.3
Top holdings as a percentage of total net asset value	54.1
Total Net Asset Value	\$9.3 million

* The prospectus and other information about the underlying investment funds held in this portfolio are available on the internet at www.sedar.com.

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

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 in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in BMO Nesbitt Burns Group of Funds' simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Nesbitt Burns 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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